

M.K.W. ENGINEERING LIMITED
ABBREVIATED ACCOUNTS
31st MARCH 2012

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M.K.W. ENGINEERING LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31st MARCH 2012

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M.K.W. ENGINEERING LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

M K Wright
M P Wright
G J Thomson
R S Nassor
P J Bell

Company secretary

L Wright

Registered office

MKW Offices
Stargate Works
Stargate Business Park
Ryton
Tyne and Wear
NE40 3EX

Auditor

Tait Walker LLP
Chartered Accountants
& Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Bankers

Lloyds TSB Bank plc
102 Grey Street
Newcastle upon Tyne
NE99 1SL

Scottish Widows Bank plc
PO Box 12757
67 Morrison Street
Edinburgh
EH3 8YJ

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

M.K.W. ENGINEERING LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31st MARCH 2012

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of general engineering

This year has been a stronger year for the group with some large contracts being won and levels of production increasing above that of the previous year. Turnover has increased due to winning new customers and some large contracts from existing customers. A small increase in staff were able to cope with the added workload through increased productivity and availability of overtime.

Gross profit has increased to 24.91% from 15.12% in the previous year which is more in line with previous years figures.

Towards the year end there was a reduction in contracts in place but this reflects the nature of the business and is not expected to be an issue in the longer term.

RESULTS AND DIVIDENDS

The profit for the year amounted to £277,988. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The company has an established, structured approach to risk management. The company's activities expose it to a variety of financial risks, including the effects of credit, liquidity and cash flow, and interest rate risks. The company has adopted risk management policies that seek to mitigate these risks in a cost effective manner. Financial assets that expose the company to financial risk consist primarily of trade debtors and cash. Financial liabilities that expose the company to financial risk consist principally of trade creditors, and hire purchase agreements.

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The company performs ongoing credit evaluation of its customers' financial condition.

Liquidity risk is the risk that the company does not have sufficient liquid assets to meet its obligations as they fall due. Liquidity is maintained at a prudent level and the company ensures there is an adequate liquidity buffer to cover contingencies. The company maintains sufficient cash and open committed credit lines from its bankers to meet its funding requirements.

Interest rate risk with regards unfavourable movements in interest rates is not perceived as being material to the accounts due to the amount of interest being received on deposits.

DIRECTORS

The directors who served the company during the year were as follows

M K Wright
M P Wright
G J Thomson
R S Nassor
P J Bell
J Treen

(Appointed 5th March 2012)
(Resigned 29th February 2012)

M.K.W. ENGINEERING LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DONATIONS

During the year the company made the following contributions

	2012	2011
	£	£
Charitable	<u>222</u>	<u>80</u>

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

M.K.W. ENGINEERING LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2012

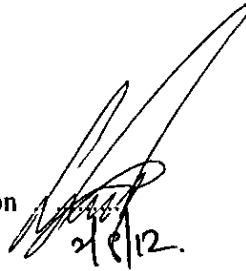
AUDITOR

A resolution to re-appoint Tait Walker LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006

Signed on behalf of the directors

L Wright
Company Secretary

Approved by the directors on



21/3/12.

M.K.W. ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE COMPANY

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 6 to 16, together with the financial statements of M K W Engineering Limited for the year ended 31 March 2012 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

Tait Walker LLP

Mark Brunton BSc FCA (Senior Statutory Auditor)
For and on behalf of
Tait Walker LLP, Chartered Accountants & Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

21.8.2012

M.K.W. ENGINEERING LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31st MARCH 2012

	Note	2012 £	2011 £
TURNOVER		5,318,056	3,789,941
Cost of sales less other operating income		(4,006,275)	(3,119,329)
		1,311,781	670,612
Administrative expenses		1,042,851	812,448
OPERATING PROFIT/(LOSS)	2	268,930	(141,836)
Loss on disposal of fixed assets		(12,128)	(1,092)
		256,802	(142,928)
Interest receivable		14,284	12,165
Interest payable and similar charges	5	(12,031)	(13,409)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		259,055	(144,172)
Tax on profit/(loss) on ordinary activities	6	(18,933)	4,572
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		277,988	(148,744)

All of the activities of the company are classed as continuing
The company has no recognised gains or losses other than the results for the
year as set out above

The notes on pages 8 to 16 form part of these abbreviated accounts

M.K.W. ENGINEERING LIMITED
COMPANY REGISTRATION NUMBER 01242917
ABBREVIATED BALANCE SHEET

31st MARCH 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	7	1,515,939	1,492,082
Investments	8	25,125	25,125
		<u>1,541,064</u>	<u>1,517,207</u>
CURRENT ASSETS			
Stocks	9	24,027	25,529
Debtors	10	1,982,116	1,734,619
Cash at bank and in hand		827,315	889,965
		<u>2,833,458</u>	<u>2,650,113</u>
CREDITORS: Amounts falling due within one year	11	<u>882,044</u>	<u>871,694</u>
NET CURRENT ASSETS		<u>1,951,414</u>	<u>1,778,419</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,492,478</u>	<u>3,295,626</u>
CREDITORS: Amounts falling due after more than one year	12	143,605	214,833
PROVISIONS FOR LIABILITIES			
Deferred taxation	14	211,594	221,502
		<u>3,137,279</u>	<u>2,859,291</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	80,001	80,001
Profit and loss account	16	3,057,278	2,779,290
SHAREHOLDERS' FUNDS	17	<u>3,137,279</u>	<u>2,859,291</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under section 445(3) of the Companies Act 2006

These abbreviated accounts were approved by the directors and authorised for issue on 2/8/12, and are signed on their behalf by

M K Wright
Director

The notes on pages 8 to 16 form part of these abbreviated accounts

M.K.W. ENGINEERING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31st MARCH 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

Turnover represents the value of sales made during the year net of discounts, returns and Value Added Tax. For goods sold, turnover is recognised when the goods are physically delivered to the customer and for services

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion and includes profit in accordance with UITF40

The adjustment in respect of UITF 40 is included within turnover and other debtors

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Alterations to Premises	- 2% Reducing Balance
Plant & Machinery	- 10% Reducing Balance
Office Equipment	- 10% Reducing Balance
Motor Vehicles	- 25% Reducing Balance
Loose Tools	- 20% Reducing Balance
Renewable Energy Installations	- 25% Reducing Balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

M.K.W. ENGINEERING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31st MARCH 2012

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Grants received

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

M.K.W. ENGINEERING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31st MARCH 2012

2. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging

	2012	2011
	£	£
Depreciation of owned fixed assets	174,583	132,055
Depreciation of assets held under hire purchase agreements	31,425	49,915
Auditor's remuneration		
- as auditor	<u>7,700</u>	<u>7,314</u>

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2012	2011
	No	No
Number of production staff	59	51
Number of administrative staff	<u>23</u>	<u>22</u>
	<u>82</u>	<u>73</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	2,212,085	1,691,207
Social security costs	20,354	12,232
Other pension costs	<u>35,500</u>	<u>5,500</u>
	<u>2,267,939</u>	<u>1,708,939</u>

4. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2012	2011
	£	£
Aggregate remuneration	201,812	149,088
Value of company pension contributions to money purchase schemes	<u>35,500</u>	<u>5,500</u>
	<u>237,312</u>	<u>154,588</u>

Remuneration of highest paid director:

	2012	2011
	£	£
Total remuneration (excluding pension contributions)	<u>51,758</u>	<u>-</u>

M.K.W. ENGINEERING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31st MARCH 2012

4. DIRECTORS' REMUNERATION *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows

	2012	2011
	No	No
Money purchase schemes	<u>1</u>	<u>2</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Interest payable on bank borrowing	275	560
Finance charges	11,806	12,466
Other similar charges payable	(50)	383
	<u>12,031</u>	<u>13,409</u>

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012	2011
	£	£
Current tax		
UK Corporation tax based on the results for the year at 20% (2011 - 21%)	2,812	-
Over/under provision in prior year	(11,837)	-
Total current tax	<u>(9,025)</u>	-
Deferred tax		
Origination and reversal of timing differences (note 14)		
Capital allowances	(9,908)	4,572
Tax on profit/(loss) on ordinary activities	<u>(18,933)</u>	<u>4,572</u>

M.K.W. ENGINEERING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31st MARCH 2012

6. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2011 - 21%)

	2012 £	2011 £
Profit/(loss) on ordinary activities before taxation	<u>259,055</u>	<u>(144,172)</u>
Profit/(loss) on ordinary activities by rate of tax	51,811	(30,276)
Expenses not deductible for tax purposes	803	465
Capital allowances for period in excess of depreciation	(628)	(4,560)
Utilisation of tax losses	(13,750)	31,925
Unrelieved tax losses	-	2,446
Tax chargeable at lower rates	(35,424)	-
Adjustments to tax charge in respect of previous periods	<u>(11,837)</u>	<u>-</u>
Total current tax (note 6(a))	<u>(9,025)</u>	<u>-</u>

7. TANGIBLE FIXED ASSETS

	Leasehold Property £	Renewable energy installations £	Plant & Machinery £	Office Equipment £	Other Assets £	Total £
COST						
At 1 Apr 2011	3,020	-	3,036,773	299,513	247,037	3,586,343
Additions	-	94,995	25,473	61,729	76,045	258,242
Disposals	-	-	(25,200)	(42,179)	(54,560)	(121,939)
At 31 Mar 2012	<u>3,020</u>	<u>94,995</u>	<u>3,037,046</u>	<u>319,063</u>	<u>268,522</u>	<u>3,722,646</u>
DEPRECIATION						
At 1 Apr 2011	290	-	1,711,722	216,220	166,029	2,094,261
Charge for the year	55	23,747	134,897	13,642	33,667	206,008
On disposals	-	-	(19,776)	(33,579)	(40,207)	(93,562)
At 31 Mar 2012	<u>345</u>	<u>23,747</u>	<u>1,826,843</u>	<u>196,283</u>	<u>159,489</u>	<u>2,206,707</u>
NET BOOK VALUE						
At 31 Mar 2012	<u>2,675</u>	<u>71,248</u>	<u>1,210,203</u>	<u>122,780</u>	<u>109,033</u>	<u>1,515,939</u>
At 31 Mar 2011	<u>2,730</u>	<u>-</u>	<u>1,325,051</u>	<u>83,293</u>	<u>81,008</u>	<u>1,492,082</u>

M.K.W. ENGINEERING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31st MARCH 2012

7. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements

Included within the net book value of £1,515,939 is £282,829 (2011 - £449,231) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £31,425 (2011 - £49,915)

Capital commitments

	2012 £	2011 £
Contracted but not provided for in the financial statements	<u>152,661</u>	<u>-</u>

8. INVESTMENTS

	Unlisted Investments £
COST	
At 1st April 2011 and 31st March 2012	<u>25,125</u>
NET BOOK VALUE	
At 31st March 2012 and 31st March 2011	<u>25,125</u>

Unlisted investments comprise an investment in Newcastle United Platinum Club of £24,000 held at cost

In addition the company owns 48% of the issued share capital of Gazelle Wind Turbines Limited. The aggregate capital and reserves at 31st March 2012 was £91,753 (2011 - £104,255) and the loss for the year was (£12,503 (2011 - (£4,700)))

9. STOCKS

	2012 £	2011 £
Raw materials	<u>24,027</u>	<u>25,529</u>

M.K.W. ENGINEERING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31st MARCH 2012

10. DEBTORS

	2012	2011
	£	£
Trade debtors	1,336,451	951,633
Amounts owed by group undertakings	350,000	430,000
Corporation tax repayable	6,699	—
Other debtors	128,833	250,682
Prepayments and accrued income	160,133	102,304
	<u>1,982,116</u>	<u>1,734,619</u>

11. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Overdrafts	57	—
Trade creditors	536,794	501,332
Amounts owed to group undertakings	—	13,055
PAYE and social security	30,336	42,396
VAT	158,957	116,994
Hire purchase agreements	71,227	82,890
Other creditors	26,430	72,417
Accruals and deferred income	58,243	42,610
	<u>882,044</u>	<u>871,694</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2012	2011
	£	£
Overdrafts	57	—
Hire purchase agreements	71,227	82,890
	<u>71,284</u>	<u>82,890</u>

Assets held under hire purchase contracts provide security for the amounts outstanding under the related loans. Interest on these agreements are charged on normal commercial terms

12. CREDITORS: Amounts falling due after more than one year

	2012	2011
	£	£
Hire purchase agreements	<u>143,605</u>	<u>214,833</u>

M.K.W. ENGINEERING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31st MARCH 2012

12. CREDITORS: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2012 £	2011 £
	57	—
Hire purchase agreements	143,605	214,833
	<u>143,662</u>	<u>214,833</u>

Assets held under hire purchase contracts provide security for the amounts outstanding under the related loans. Interest on these agreements are charged on normal commercial terms.

13. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2012 £	2011 £
Amounts payable within 1 year	71,227	82,890
Amounts payable between 1 and 2 years	71,227	71,227
Amounts payable between 3 and 5 years	72,378	143,606
	<u>214,832</u>	<u>297,723</u>

14. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2012 £	2011 £
Provision brought forward	221,502	216,930
Profit and loss account movement arising during the year	(9,908)	4,572
Provision carried forward	<u>211,594</u>	<u>221,502</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2012 £	2011 £
Excess of taxation allowances over depreciation on fixed assets	211,594	221,502
	<u>211,594</u>	<u>221,502</u>

M.K.W. ENGINEERING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31st MARCH 2012

15. SHARE CAPITAL

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
80,001 Ordinary shares of £1 each	<u>80,001</u>	<u>80,001</u>	<u>80,001</u>	<u>80,001</u>

16. PROFIT AND LOSS ACCOUNT

	2012	2011
	£	£
Balance brought forward	2,779,290	2,928,034
Profit/(loss) for the financial year	<u>277,988</u>	<u>(148,744)</u>
Balance carried forward	<u>3,057,278</u>	<u>2,779,290</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Profit/(Loss) for the financial year	277,988	(148,744)
Opening shareholders' funds	<u>2,859,291</u>	<u>3,008,035</u>
Closing shareholders' funds	<u>3,137,279</u>	<u>2,859,291</u>

18. ULTIMATE PARENT COMPANY

MKW Group Holdings Limited is the Ultimate Parent Company