

Registered number: 02769705

MEP Solutions Limited
Director's report and financial statements
31 March 2015

THURSDAY



A4MYHO96

A35

24/12/2015

#162

COMPANIES HOUSE

MEP Solutions Limited

Officers and professional advisers

Director	B I Trench
Company secretary	B I Trench
Registered number	02769705
Registered office	Jubilee Industrial Estate Ashington Northumberland NE63 8UG
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	Lloyds Bank Plc 102 Grey Street Newcastle upon Tyne NE99 1SL

MEP Solutions Limited

Contents

	Page
Director's report	1
Director's responsibilities statement	2
Independent auditor's report to the members of MEP Solutions Limited	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 14

MEP Solutions Limited

Director's report Year ended 31 March 2015

The director presents his report and the audited financial statements for the year ended 31 March 2015.

Directors

The directors who served during the year were:

B I Trench
L Billings (resigned 30 April 2015)

Disclosure of information to auditor

The director at the time when this director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, UNW LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 21 December 2015 and signed on its behalf by:



B I Trench
Director

MEP Solutions Limited

Director's responsibilities statement Year ended 31 March 2015

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Independent auditor's report to the members of MEP Solutions Limited

We have audited the financial statements of MEP Solutions Limited for the year ended 31 March 2015, set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of MEP Solutions Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.



Andrew Wilson BA FCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

21 December 2015

MEP Solutions Limited

Profit and loss account Year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	2	1,164,964	5,982,105
Cost of sales		<u>(1,294,925)</u>	<u>(3,815,004)</u>
Gross (loss)/profit		(129,961)	2,167,101
Distribution costs		<u>(79,954)</u>	<u>(324,639)</u>
Administrative expenses		<u>(828,500)</u>	<u>(1,304,049)</u>
Operating (loss)/profit		(1,038,415)	538,413
Interest receivable and similar income		-	69
Interest payable and similar charges		<u>(1,597)</u>	<u>(213)</u>
(Loss)/profit on ordinary activities before taxation	3	(1,040,012)	538,269
Tax on (loss)/profit on ordinary activities	5	<u>-</u>	<u>-</u>
(Loss)/profit for the financial year	11	<u>(1,040,012)</u>	<u>538,269</u>

The notes on pages 7 to 14 form part of these financial statements.

MEP Solutions Limited

Balance sheet At 31 March 2015

	Note	£	2015 £	2014 £
Fixed assets				
Tangible assets	6		36,841	103,172
Current assets				
Stocks		66,328	141,428	
Debtors	7	801,189	1,448,507	
Cash at bank		796	11,176	
		<u>868,313</u>	<u>1,601,111</u>	
Creditors: amounts falling due within one year	8	<u>(1,318,412)</u>	<u>(1,052,955)</u>	
Net current (liabilities)/assets			<u>(450,099)</u>	548,156
Total assets less current liabilities			<u>(413,258)</u>	651,328
Creditors: amounts falling due after more than one year	9		-	(24,574)
Net (liabilities)/assets			<u><u>(413,258)</u></u>	<u><u>626,754</u></u>
Capital and reserves				
Called up share capital	10		305,010	305,010
Profit and loss account	11		<u>(718,268)</u>	<u>321,744</u>
Shareholders' (deficit)/funds			<u><u>(413,258)</u></u>	<u><u>626,754</u></u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



B I Trench
Director

Date: 21 December 2015

Company registered number: 02769705

The notes on pages 7 to 14 form part of these financial statements.

MEP Solutions Limited

Notes to the financial statements Year ended 31 March 2015

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Going concern

The ability of the company to continue as a going concern is dependent on the continuing support of its parent company Kelly Group Ventures. Kelly Group Ventures has confirmed that it will continue to provide adequate facilities to enable the company to operate as a going concern. The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

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

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	10% to 33% straight line
Motor vehicles	-	10% to 33% straight line
Fixtures and fittings	-	5% to 10% straight line

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

MEP Solutions Limited

Notes to the financial statements Year ended 31 March 2015

1. Accounting policies (continued)

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

MEP Solutions Limited

Notes to the financial statements Year ended 31 March 2015

2. Turnover

42.8% of the company's turnover (2014 - 1.6%) is attributable to geographical markets outside the United Kingdom.

3. Notes to the profit and loss account

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2015 £	2014 £
Staff pension contributions	10,035	16,061
Depreciation of owned tangible fixed assets	12,345	19,772
Profit on disposal of fixed assets	(318)	-
Foreign exchange differences	11,005	1,698
	<u> </u>	<u> </u>

Auditor's remuneration

Audit of these financial statements	6,100	6,100
	<u> </u>	<u> </u>

4. Director's remuneration

	2015 £	2014 £
Aggregate remuneration	25,721	34,197
	<u> </u>	<u> </u>

During the year retirement benefits were accruing to 1 director (2014 - 1 in respect of defined contribution pension schemes).

MEP Solutions Limited

Notes to the financial statements Year ended 31 March 2015

5. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 21% (2014 - 23%). The differences are explained below:

	2015 £	2014 £
(Loss)/profit on ordinary activities before tax	<u>(1,040,012)</u>	<u>538,269</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 23%)	(218,314)	123,802
Effects of:		
Expenses not deductible for tax purposes	12,116	13,512
Capital allowances for year in excess of depreciation	(459)	(101,303)
R&D tax credit	-	(45,831)
Effect of changes in tax rates	-	9,820
Unrelieved tax losses carried forward	31,812	-
Group relief surrendered	174,845	-
	<u>-</u>	<u>-</u>
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has trading losses carried forward as at 31 March 2015 of approximately £628,000 (2014: £477,000). These losses may reduce the tax charges in future periods if the company makes trading profits. The potential deferred tax asset in relation to such losses has not been recognised due to the uncertainty over recoverability.

MEP Solutions Limited

Notes to the financial statements Year ended 31 March 2015

6. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2014	73,174	86,269	56,900	216,343
Additions	-	5,963	-	5,963
Disposals	-	(25,769)	(44,650)	(70,419)
At 31 March 2015	<u>73,174</u>	<u>66,463</u>	<u>12,250</u>	<u>151,887</u>
Depreciation				
At 1 April 2014	49,568	58,306	5,297	113,171
Charge for the year	5,307	3,653	3,385	12,345
On disposals	-	(7,402)	(3,068)	(10,470)
At 31 March 2015	<u>54,875</u>	<u>54,557</u>	<u>5,614</u>	<u>115,046</u>
Net book value				
At 31 March 2015	<u>18,299</u>	<u>11,906</u>	<u>6,636</u>	<u>36,841</u>
At 31 March 2014	<u>23,606</u>	<u>27,963</u>	<u>51,603</u>	<u>103,172</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2015 £	2014 £
Motor vehicles	<u>-</u>	<u>36,900</u>

7. Debtors

	2015 £	2014 £
Trade debtors	151,118	1,088,236
Amounts owed by group undertakings	433,479	-
Directors current account	2,550	-
Amounts recoverable on contracts	196,504	327,054
Other debtors	17,538	33,217
	<u>801,189</u>	<u>1,448,507</u>

MEP Solutions Limited

Notes to the financial statements Year ended 31 March 2015

8. Creditors: Amounts falling due within one year

	2015 £	2014 £
Bank loans and overdrafts	93,432	61,818
Payments received on account	12,641	-
Net obligations under finance leases and hire purchase contracts	-	11,326
Trade creditors	128,481	799,594
Amounts owed to group undertakings	719,257	15,142
Other taxation and social security	326,926	86,851
Accruals and deferred income	12,212	-
Other creditors	25,463	78,224
	<u>1,318,412</u>	<u>1,052,955</u>

The overdraft is secured by a debenture over all the company's assets in favour of Lloyds Bank PLC dated 16 April 2010. An omnibus guarantee dated 6 March 2014 was entered into by the company and A-Belco Limited whereby each party cross guarantees the other's debts to Lloyds Bank PLC.

9. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Net obligations under finance leases and hire purchase contracts	-	24,574

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

10. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
3,050,101 Ordinary shares shares of £0.10 each	<u>305,010</u>	<u>305,010</u>

MEP Solutions Limited

Notes to the financial statements Year ended 31 March 2015

11. Reserves

	Profit and loss account £
At 1 April 2014	321,744
Loss for the financial year	(1,040,012)
At 31 March 2015	<u>(718,268)</u>

12. Contingent liabilities

MEP Solutions Limited has guaranteed A-Belco Limited's indebtedness in respect of an invoice discounting facility. The aggregate amount outstanding at the balance sheet date to which this guarantee relates is £500,112 (2014: £994,955).

13. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £10,035 (2014: £20,388). Contributions totalling £nil (2014: £3,861) were payable to the fund at the balance sheet date and are included in creditors.

14. Ultimate parent undertaking and controlling party

The company's ultimate parent undertaking (since 1 April 2014) is Kelly Group Ventures Limited.

The largest group in which the results of the company are consolidated is that headed by Kelly Group Ventures Limited. The smallest group in which they are included is that headed by A-Belco (Holdings) Limited. No other group financial statements include the results of the company.

The financial statements of both Kelly Group Ventures Limited and A-Belco (Holdings) Limited are available to the public and may be obtained from Jubilee Industrial Estate, Ashington, Northumberland, NE63 8UG.

The ultimate controlling party of the company is considered to be G Kelly and AW Kelly, insofar as they act in concert.

MEP Solutions Limited

Notes to the financial statements Year ended 31 March 2015

15. Related party disclosures

The company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed details of transactions and balances with wholly-owned entities within the group headed by A-Belco (Holdings) Limited.

During the year A-Belco Property Limited, a subsidiary of Kelly Group Ventures Limited, charged MEP Solutions Limited £59,625 (2014: £nil) for the rental of a property.

During the year fees totalling £32,000 (2014: £25,920) have been paid to C Change Consultancy Limited, a company of which B I Trench is a director. At the year end there is a balance of £800 (2014: £1,080) due to C Change Consultancy Limited (included within creditors).

At the year end, B I Trench owed the company £2,550 (2014: £nil) (included within debtors). The highest balance owed during the year was £2,550.