

Registered number: 02846559

**MEIKO UK LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

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**MEIKO UK LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	P G Barry W M Downie
<b>Company secretary</b>	J Sachs
<b>Company number</b>	02846559
<b>Registered office</b>	393 Edinburgh Avenue Slough SL1 4UF SL1 4UF
<b>Auditor</b>	PKF (UK) LLP Pannell House Park Street Guildford Surrey GU1 4HN
<b>Bankers</b>	HSBC Bank plc 127 High Street Hounslow Middlesex TW3 0QP

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**MEIKO UK LIMITED**

**CONTENTS**

	Page
<b>Directors' report</b>	<b>1 - 2</b>
<b>Directors' responsibilities statement</b>	<b>3</b>
<b>Independent auditor's report</b>	<b>4 - 5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Cash flow statement</b>	<b>8</b>
<b>Notes to the financial statements</b>	<b>9 - 17</b>

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## MEIKO UK LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011

#### Principal activities

The principal activity of the company in the year under review was to import, distribute, install and service commercial dish washing equipment

#### Business review

##### Development of the business

During the year under review, the company continued to develop its core activities. The company had a reasonable year with turnover increasing from £12,104,558 to £14,727,806. While sterling remained weak against the Euro for most of the year, a partial recovery at the year end saw an improvement in the foreign exchange loss position. Despite the increase in sales, the company is showing a loss for the year before taxation of £43,486, with a negligible foreign exchange movement, compared to a profit of £91,917 in 2010.

##### Principal risks and uncertainties

The Board and senior management have invested significant time and resources in identifying specific risks across the company and they continue to assess the significant ongoing and emerging risks facing the business which fall broadly into the following four categories: strategic/commercial, operational, systems and financial.

Some of the most significant strategic/commercial risks facing the Company include the impact of competitor activity. The Company addresses this risk through its associated manufacturing company which is focused on research and development and product innovation to ensure that customer requirements are being anticipated and met on a continuing basis. The release of the new range of MIQ machines has been a success with improved efficiencies and environmental benefits. The Company also closely monitors emerging changes to regulations or legislation on an ongoing basis. The attainment of the highest level of product quality and customer service are also core to reducing the impact of these risks.

Operational risks facing the Group include issues associated with product endemic faults which are now at zero level. A further operational risk to the Company, in common with most companies, is the risk of failure to address increasing compliance requirements particularly in the areas of health and safety, emissions and effluent control. These types of risks are mitigated through the establishment of thorough hygiene and health and safety systems, environmental/discharge controls and ensuring product traceability. In August 2011 the company gained ISO 14001 accreditation.

The Company has a track record of attracting and retaining high quality staff, although the Company always faces risks associated with the potential loss of key management personnel. The Board addresses these risks through incentive and retention initiatives in addition to succession planning.

**Systems risk** such as a significant IT system failure could adversely impact operations. As a result, IT disaster recovery plans and system backup processes are implemented.

**Financial risk** management is less of an issue with the company being a subsidiary of an 86 year old group of companies with a strong credit rating and no net borrowings.

As a part of a multinational Group with substantial operations and interests in and outside the euro zone, the Company is subject to the risk of adverse movements in, mainly, the euro currency exchange rate. Exposures are managed through timing of foreign currency purchases and, when appropriate, hedging with forward exchange contracts. A number of forward exchange contracts were in place at the year end.

##### Future developments

The Company will continue to pursue new product releases and increase shareholder value through both organic growth and strategic partnerships. The new vacuum food waste systems are continuing to grow in sales. The Directors expect turnover growth in 2012.

## **MEIKO UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **Research and development**

The Company is part of a Group which, through its extensive laboratory and testing facilities, pursues ongoing research and development programmes directed towards the development of new value-added products

#### **Financial instruments**

The Company's policy is to finance working capital through retained earnings and through borrowings from group undertakings at fixed rates of interest. The company is exposed to the usual credit and cash flow risk associated with selling on credit and manages this through credit control procedures. The company has entered into forward currency contracts in respect of some of its purchases where the rates are considered advantageous or gains are thereby crystallised. Loans from its parent undertaking are denominated in euros and it is therefore exposed to an exchange rate risk in respect of these transactions.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

#### **Results**

The loss for the year, after taxation, amounted to £48,927 (2010 - profit £53,760)

#### **Directors**

The directors who served during the year were

P G Barry  
W M Downie

#### **Political and charitable contributions**

During the year the company made charitable donations amounting to £2,585 (2010 - £1,152)

#### **Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

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

This report was approved by the board on 5 March 2012 and signed on its behalf



**P G Barry**  
Director

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## **MEIKO UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011**

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 of 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 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 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.

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## **MEIKO UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEIKO UK LIMITED**

We have audited the financial statements of Meiko UK Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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 directors and auditor**

As explained more fully in the directors' responsibilities statement, the directors are 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 directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the 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 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter 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.

**MEIKO UK LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEIKO UK 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*PKF (UK) LLP*

**Michael Bridge** (Senior statutory auditor)  
for and behalf of **PKF (UK) LLP**, Statutory auditor  
**Guildford, UK**  
**06 March 2012**



**MEIKO UK LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
<b>TURNOVER</b>	1,2	<b>14,727,806</b>	12,104,558
Cost of sales		<u>(9,548,905)</u>	<u>(7,186,296)</u>
<b>GROSS PROFIT</b>		<b>5,178,901</b>	4,918,262
Distribution costs		<u>(188,633)</u>	<u>(174,748)</u>
Administrative expenses		<u>(5,014,277)</u>	<u>(4,641,448)</u>
<b>OPERATING (LOSS)/PROFIT</b>	3	<b>(24,009)</b>	102,066
Interest receivable and similar income	6	<b>4,617</b>	13,218
Interest payable and similar charges	7	<u>(24,094)</u>	<u>(23,367)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(43,486)</b>	91,917
Tax on (loss)/profit on ordinary activities	8	<u>(5,441)</u>	<u>(38,157)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	17	<u><b>(48,927)</b></u>	<u>53,760</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The notes on pages 9 to 17 form part of these financial statements

**MEIKO UK LIMITED**  
**REGISTERED NUMBER: 02846559**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2011**

	Note	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Tangible assets	9		617,185		503,967
<b>CURRENT ASSETS</b>					
Stocks	10	1,845,819		1,400,912	
Debtors	11	3,770,889		2,808,289	
Cash at bank and in hand		1,489,984		1,620,492	
		<u>7,106,692</u>		<u>5,829,693</u>	
<b>CREDITORS</b> amounts falling due within one year	12	(6,364,339)		(4,994,193)	
<b>NET CURRENT ASSETS</b>			<u>742,353</u>		<u>835,500</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,359,538</u>		<u>1,339,467</u>
<b>CREDITORS</b> amounts falling due after more than one year	13		651,521		668,754
<b>PROVISIONS FOR LIABILITIES</b>					
Other provisions	15		178,492		92,261
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16	1,500,000		1,500,000	
Profit and loss account	17	(970,475)		(921,548)	
	18		<u>529,525</u>		<u>578,452</u>
			<u>1,359,538</u>		<u>1,339,467</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 March 2012



**P G Barry**  
Director

The notes on pages 9 to 17 form part of these financial statements

**MEIKO UK LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<b>Note</b>	<b>2011 £</b>	<b>2010 £</b>
Net cash flow from operating activities	19	<b>265,359</b>	329,722
Returns on investments and servicing of finance	20	<b>4,617</b>	13,218
Taxation	20	<b>(39,936)</b>	(520)
Capital expenditure and financial investment	20	<b>(360,548)</b>	(114,214)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b><u>(130,508)</u></b>	<b><u>228,206</u></b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<b>2011 £</b>	<b>2010 £</b>
(Decrease)/Increase in cash in the year	<b><u>(130,508)</u></b>	<b><u>228,206</u></b>
<b>CHANGE IN NET FUNDS RESULTING FROM CASH FLOWS</b>	<b><u>(130,508)</u></b>	<b><u>228,206</u></b>
Other non-cash changes	<b>15,714</b>	20,680
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b><u>(114,794)</u></b>	<b><u>248,886</u></b>
Net funds at 1 January 2011	<b><u>1,020,715</u></b>	<b><u>771,829</u></b>
<b>NET FUNDS AT 31 DECEMBER 2011</b>	<b><u><u>905,921</u></u></b>	<b><u><u>1,020,715</u></u></b>

The notes on pages 9 to 17 form part of these financial statements

## MEIKO UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

##### 1.2 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, where the contractual right to such revenue has been satisfied

##### 1.3 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 & machinery	-	25% straight line
Motor vehicles	-	25% straight line
Fixtures & fittings	-	25% straight line
Computer equipment	-	25% straight line

##### 1.4 Leasing

Assets held for leasing are written down over their expected useful lives in line with the accounting policy stated above. Income receivable under operating leases is taken to revenue on a straight line basis over the lease term

##### 1.5 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

##### 1.6 Stocks

Stocks 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

# MEIKO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 1. ACCOUNTING POLICIES (continued)

#### 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

### 2. TURNOVER

The whole of the turnover is attributable to one class of business

A geographical analysis of turnover is as follows

	2011 £	2010 £
United Kingdom	14,583,425	11,975,055
Rest of European Union	97,392	122,660
Rest of World	46,989	6,843
	<u>14,727,806</u>	<u>12,104,558</u>

### 3. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting)

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	230,982	242,686
Auditor's remuneration	18,750	17,750
Operating lease rentals		
- other operating leases	189,000	142,109
Difference on foreign exchange	(15,431)	(102,806)
	<u></u>	<u></u>

# MEIKO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	2,850,249	2,616,041
Social security costs	338,099	296,437
Other pension costs	156,582	146,283
	<u>3,344,930</u>	<u>3,058,761</u>

The average monthly number of employees, including the directors, during the year was as follows

	2011 No.	2010 No.
Sales	19	20
Service	45	42
Administration	4	5
	<u>68</u>	<u>67</u>

### 5. DIRECTORS' REMUNERATION

	2011 £	2010 £
Emoluments	<u>241,746</u>	<u>215,791</u>
Company pension contributions to defined contribution pension schemes	<u>43,072</u>	<u>42,540</u>

During the year retirement benefits were accruing to 2 directors (2010 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £120,900 (2010 - £115,089)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £24,884 (2010 - £24,537)

### 6. INTEREST RECEIVABLE

	2011 £	2010 £
Other interest receivable	<u>4,617</u>	<u>13,218</u>

**MEIKO UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**7. INTEREST PAYABLE**

	2011 £	2010 £
On loans from group undertakings	<u>24,094</u>	<u>23,367</u>

**8. TAXATION**

	2011 £	2010 £
<b>Analysis of tax (credit)/charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax (credit)/charge on (loss)/profit for the year	(16,620)	39,346
Adjustments in respect of prior periods	590	-
<b>Total current tax</b>	<u>(16,030)</u>	<u>39,346</u>
<b>Deferred tax</b> (see note 14)		
Origination and reversal of timing differences	21,471	(1,189)
<b>Tax on (loss)/profit on ordinary activities</b>	<u>5,441</u>	<u>38,157</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2010 - higher than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	<u>(43,486)</u>	<u>91,917</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	(11,524)	25,737
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	7,538	18,532
Capital allowances for year (greater than)/less than depreciation	(11,744)	1,234
Utilisation of tax losses	-	(6,157)
Adjustments to tax charge in respect of prior periods	590	-
Other differences leading to an increase (decrease) in the tax charge	(890)	-
<b>Current tax (credit)/charge for the year</b> (see note above)	<u>(16,030)</u>	<u>39,346</u>

**MEIKO UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**9. TANGIBLE FIXED ASSETS**

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost</b>				
At 1 January 2011	55,210	939,464	169,263	1,163,937
Additions	187,389	197,765	36,044	421,198
Disposals	-	(237,337)	(85,707)	(323,044)
At 31 December 2011	<u>242,599</u>	<u>899,892</u>	<u>119,600</u>	<u>1,262,091</u>
<b>Depreciation</b>				
At 1 January 2011	40,345	477,608	142,017	659,970
Charge for the year	27,927	183,773	19,282	230,982
On disposals	-	(160,340)	(85,706)	(246,046)
At 31 December 2011	<u>68,272</u>	<u>501,041</u>	<u>75,593</u>	<u>644,906</u>
<b>Net book value</b>				
At 31 December 2011	<u>174,327</u>	<u>398,851</u>	<u>44,007</u>	<u>617,185</u>
At 31 December 2010	<u>14,865</u>	<u>461,856</u>	<u>27,246</u>	<u>503,967</u>

Plant and Machinery includes assets held for rental at a cost of £209,100 and a net book value of £174,079

**10. STOCKS**

	2011 £	2010 £
Finished goods and goods for resale	<u>1,845,819</u>	<u>1,400,912</u>

**11. DEBTORS**

	2011 £	2010 £
<b>Due after more than one year</b>		
Deferred tax asset (see note 14)	-	46,066
<b>Due within one year</b>		
Trade debtors	3,460,803	2,542,363
Other debtors	92,760	96,359
Prepayments and accrued income	176,111	123,501
Tax recoverable	16,620	-
Deferred tax asset (see note 14)	24,595	-
	<u>3,770,889</u>	<u>2,808,289</u>



MEIKO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

12. CREDITORS:  
Amounts falling due within one year

	2011 £	2010 £
Trade creditors	309,862	508,076
Amounts owed to group undertakings	4,720,457	3,325,977
Corporation tax	-	39,346
Social security and other taxes	763,159	514,624
Other creditors	16,968	68,594
Accruals and deferred income	553,893	537,576
	<u>6,364,339</u>	<u>4,994,193</u>

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

	2011 £	2010 £
Amounts owed to group undertakings	584,063	599,777
Accruals and deferred income	67,458	68,977
	<u>651,521</u>	<u>668,754</u>

14 DEFERRED TAX ASSET

	2011 £	2010 £
At beginning of year	46,066	44,877
Credited/(charged) during year	(21,471)	1,189
At end of year	<u>24,595</u>	<u>46,066</u>

The deferred tax asset is made up as follows

	2011 £	2010 £
Decelerated capital allowances	24,595	38,528
Short term timing differences	-	7,538
	<u>24,595</u>	<u>46,066</u>

**MEIKO UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**15. PROVISIONS**

	<b>Warranty Provision £</b>
At 1 January 2011	<b>92,261</b>
Additions	<b>163,890</b>
Amounts used	<b>(77,659)</b>
At 31 December 2011	<b>178,492</b>

**Warranty Provision**

The warranty provision represents costs expected to be incurred by the company to fulfil its warranty obligations which are expected to be utilised within two years

**16. SHARE CAPITAL**

	<b>2011 £</b>	<b>2010 £</b>
<b>Authorised, allotted, called up and fully paid</b>		
1,500,000 Ordinary shares of £1 each	<b>1,500,000</b>	<b>1,500,000</b>

**17. RESERVES**

	<b>Profit and loss account £</b>
At 1 January 2011	<b>(921,548)</b>
Loss for the year	<b>(48,927)</b>
At 31 December 2011	<b>(970,475)</b>

**18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2011 £</b>	<b>2010 £</b>
Opening shareholders' funds	<b>578,452</b>	<b>524,692</b>
(Loss)/profit for the year	<b>(48,927)</b>	<b>53,760</b>
Closing shareholders' funds	<b>529,525</b>	<b>578,452</b>

**MEIKO UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2011 £	2010 £
Operating (loss)/profit	(24,009)	102,066
Exchange differences on intercompany loan	(15,714)	(20,680)
Depreciation of tangible fixed assets	230,982	242,686
Loss/(profit) on disposal of tangible fixed assets	16,348	(7,227)
Increase in stocks	(444,907)	(68,064)
Increase in debtors	(967,451)	(412,221)
Increase in creditors and provisions	1,470,110	493,162
<b>Net cash inflow from operating activities</b>	<b>265,359</b>	<b>329,722</b>

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2011 £	2010 £
<b>Returns on investments and servicing of finance</b>		
Interest received	4,617	13,218
	2011 £	2010 £
<b>Taxation</b>		
Corporation tax paid	(39,936)	(520)
	2011 £	2010 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(421,198)	(139,204)
Sale of tangible fixed assets	60,650	24,990
<b>Net cash outflow from capital expenditure</b>	<b>(360,548)</b>	<b>(114,214)</b>

**21. ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2011 £	Cash flow £	Exchange movements £	31 December 2011 £
Cash at bank and in hand	1,620,492	(130,508)	-	1,489,984
Debts falling due after more than one year	(599,777)	-	15,714	(584,063)
<b>Net funds</b>	<b>1,020,715</b>	<b>(130,508)</b>	<b>15,714</b>	<b>905,921</b>

## MEIKO UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

#### 22. 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 £156,582 (2010 - £146,283). £nil (2010 - £26,817) was outstanding at the year end.

#### 23. OPERATING LEASE COMMITMENTS

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Between 2 and 5 years	<b>189,000</b>	<b>189,000</b>

#### 24. OTHER FINANCIAL COMMITMENTS

The company has entered into certain forward exchange contracts, amounting to €5,037,000, to reduce its exposure to currency fluctuations in relation to its loan from Meiko Maschinenbau GmbH & Co. KG, which is in Euro's.

The forward exchange contracts will mature between January and August 2012.

#### 25. RELATED PARTY TRANSACTIONS

During the year the company made purchases of £7,188,824 (2010 - £4,928,193) and sales of £12,804 (2010 - £73,032) from/to Meiko Maschinenbau GmbH & Co. KG, a fellow subsidiary.

At the year end, £4,720,457 (2010 - £3,925,574) was due to Meiko Maschinenbau GmbH & Co. KG.

During the year the company made purchases of £nil (2010 - £18,810) from Meiko Australia Pacific Pty Limited, a fellow subsidiary. At the year end, £nil (2010 - £nil) was outstanding.

During the year, the company made sales to Meiko (Asia) Techcentre Pvt Limited, a fellow subsidiary, amounting to £nil (2010 - £5,117) and £nil (2010 - £nil) of this balance was outstanding at the year end.

During the year, interest of £24,094 (2010 - £23,367) was charged by Meiko Maschinenbau GmbH & Co. KG on outstanding amounts due to it.

#### 26. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking and controlling undertaking is Meiko AngloAmerican GmbH, a company incorporated in Germany. The ultimate parent entity is a German Foundation which is known as the Oskar und Rosel Meier-Stiftung Foundation.