

MEIKO UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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MEIKO UK LIMITED

COMPANY INFORMATION

Directors	P G Barry W M Downie
Company secretary	J Sachs
Company number	02846559
Registered office	Baden House 348-349 Edinburgh Avenue Slough Berkshire SL1 4TU
Auditors	PKF (UK) LLP Pannell House Park Street Guildford Surrey GU1 4HN
Bankers	HSBC Bank plc 127 High Street Hounslow Middlesex TW3 0QP

MEIKO UK LIMITED

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MEIKO UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and the financial statements for the year ended 31 December 2009

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 enjoyed a profitable year despite turnover decreasing from £12,735,749 to £10,705,217. While sterling remained weak against the Euro, a partial recovery from the previous years low saw a small improvement in margins. This recovery has also seen the company report an exchange gain of £431,032. Therefore, despite the decline in sales, the company is showing a profit for the year before taxation of £414,491 compared to a loss of £638,611 in 2008.

Principal risks and uncertainties

The Board and senior management have invested significant time and resources in identifying specific risks across the company and continue to identify 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 focussed on research and development and product innovation to ensure that customer requirements are being anticipated and met on a continuing basis. 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 have now dropped to zero. 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.

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 incentivisation 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 83 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 hedging with forward exchange contracts.

MEIKO UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

Future developments

The Company will continue to pursue new product releases and increase shareholder value through both organic growth and strategic partnerships

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. 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 profit for the year, after taxation, amounted to £358,572 (2008 - loss £482,771)

Directors

The directors who served during the year were

P G Barry
W M Downie

Political and charitable contributions

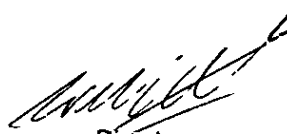
During the year the company made charitable donations amounting to £4,918 (2008 £3,793)

Provision of information to auditors

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 auditors are 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 auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

This report was approved by the board on 9 March 2010 and signed on its behalf


Director
WILLIAM DOWNIE

MEIKO UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2009

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 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.

MEIKO UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEIKO UK LIMITED

We have audited the financial statements of Meiko UK Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds 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 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 directors and auditors

As explained more fully in the directors' responsibilities, 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 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.

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 December 2009 and of its profit 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 AUDITORS' REPORT TO THE SHAREHOLDERS 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

PKF (UK) LLP

Michael Bridge (Senior Statutory auditor)

for and on behalf of PKF (UK) LLP, Statutory auditor

Guildford, UK

Date *17 March 2010*

MEIKO UK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
TURNOVER	1,2	10,705,217	12,735,749
Cost of sales		<u>(6,332,538)</u>	<u>(8,014,829)</u>
GROSS PROFIT		4,372,679	4,720,920
Selling and distribution costs		<u>(259,208)</u>	<u>(343,972)</u>
Administrative expenses		<u>(3,679,375)</u>	<u>(5,015,858)</u>
OPERATING PROFIT/(LOSS)	3	434,096	(638,910)
Interest receivable	6	8,611	34,099
Interest payable	7	<u>(28,216)</u>	<u>(33,800)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		414,491	(638,611)
Tax on profit/(loss) on ordinary activities	9	<u>(55,919)</u>	<u>155,840</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	18	<u>358,572</u>	<u>(482,771)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the Profit and loss account

The notes on pages 9 to 19 form part of these financial statements

MEIKO UK LIMITED
REGISTERED NUMBER: 02846559

BALANCE SHEET
AS AT 31 DECEMBER 2009

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible fixed assets	10		625,212		554,647
CURRENT ASSETS					
Stocks	11	1,332,848		1,134,405	
Debtors	12	2,394,879		2,679,905	
Cash at bank		1,392,286		1,016,804	
		<u>5,120,013</u>		<u>4,831,114</u>	
CREDITORS: amounts falling due within one year	13	(4,425,136)		(3,838,347)	
NET CURRENT ASSETS			694,877		992,767
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,320,089</u>		<u>1,547,414</u>
CREDITORS: amounts falling due after more than one year	14		(703,713)		(1,176,038)
PROVISIONS FOR LIABILITIES					
Other provisions	16		(91,684)		(205,256)
NET ASSETS			<u>524,692</u>		<u>166,120</u>
CAPITAL AND RESERVES					
Called up share capital	17		1,500,000		1,500,000
Profit and loss account	18		(975,308)		(1,333,880)
SHAREHOLDERS' FUNDS	19		<u>524,692</u>		<u>166,120</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 March 2010



Director

WILLIAM DOWNIE

The notes on pages 9 to 19 form part of these financial statements

MEIKO UK LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
Net cash flow from operating activities	20	626,643	(495,750)
Returns on investments and servicing of finance	21	(19,605)	299
Taxation	21	117,046	(116,783)
Capital expenditure and financial investment	21	(275,572)	(423,517)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		448,512	(1,035,751)
Financing	21	(73,030)	(77,069)
INCREASE/(DECREASE) IN CASH IN THE YEAR		375,482	(1,112,820)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009 £	2008 £
Increase/(Decrease) in cash in the year	375,482	(1,112,820)
Cash outflow from decrease in debt and lease financing	73,030	77,069
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	448,512	(1,035,751)
Other non-cash changes	457,777	(260,880)
MOVEMENT IN NET DEBT IN THE YEAR	906,289	(1,296,631)
Net (debt)/funds at 1 January 2009	(134,460)	1,162,171
NET FUNDS/(DEBT) AT 31 DECEMBER 2009	771,829	(134,460)

The notes on pages 9 to 19 form part of these financial statements

MEIKO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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, exclusive of Value Added Tax and trade discounts

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 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.

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.

MEIKO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES (continued)

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

During the year, the company has entered into certain forward exchange contracts, to reduce its exposure to currency fluctuations. More information is in note 25 to the accounts

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

	2009 £	2008 £
United Kingdom	10,537,288	12,595,805
Rest of European Union	164,500	139,642
Rest of World	3,429	302
	<u>10,705,217</u>	<u>12,735,749</u>

MEIKO UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

3 OPERATING PROFIT/(LOSS)

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

	2009	2008
	£	£
Depreciation of tangible fixed assets		
- owned by the company	209,829	140,701
- held under finance leases	15,026	73,239
Auditors' remuneration	15,975	15,475
Operating lease rentals		
- other operating leases	119,000	119,000
Difference on foreign exchange	(431,032)	786,388
Waiver of intercompany loan	(256,454)	-
	<u><u> </u></u>	<u><u> </u></u>

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2009	2008
	£	£
Wages and salaries	2,528,101	2,409,003
Social security costs	297,525	295,597
Other pension costs	129,217	94,506
	<u><u>2,954,843</u></u>	<u><u>2,799,106</u></u>

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

	2009	2008
	No	No
Sales	13	13
Service	46	42
Administration	14	14
	<u><u>73</u></u>	<u><u>69</u></u>

MEIKO UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

5 DIRECTORS' REMUNERATION

	2009	2008
	£	£
Emoluments	245,524	223,196
Company pension contributions to money purchase pension schemes	15,990	15,531

During the year retirement benefits were accruing to 2 directors (2008 - 2) in respect of money purchase pension schemes

The highest paid director received remuneration of £140,031 (2008 - £117,639)

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £9,316 (2008 - £9,051)

6. INTEREST RECEIVABLE

	2009	2008
	£	£
Other interest receivable	8,611	34,099

7 INTEREST PAYABLE

	2009	2008
	£	£
On finance leases and hire purchase contracts	2,761	7,548
On loans from group undertakings	25,455	26,252
	28,216	33,800

8. EXCEPTIONAL ITEMS

Included within administrative expenses are realised and unrealised foreign exchange gains of £431,032 (2008 - losses of £786,388) This was caused by a partial strengthening in the value of sterling against the Euro, following the significant fall at the end of 2008

In addition, administrative expenses also included an exceptional credit of £256,454 (2008 £nil) relating to a waiver of part of the loan owed to Meiko Maschinenbau GmbH & Co KG

MEIKO UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

9 TAXATION

	2009 £	2008 £
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
UK corporation tax charge/(credit) on profit/loss for the year	776	(117,040)
Deferred tax (see note 15)		
Origination and reversal of timing differences	55,143	(38,800)
Tax on profit/loss on ordinary activities	<u>55,919</u>	<u>(155,840)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2008 - lower than) the standard rate of corporation tax in the UK (28%). The differences are explained below

	2009 £	2008 £
Profit/loss on ordinary activities before tax	<u>414,491</u>	<u>(638,611)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 28%)	116,057	(178,811)
Effects of:		
Expenses not deductible for tax purposes	11,942	26,922
Capital allowances for year less than depreciation	(23,917)	34,631
Utilisation of tax losses	(31,241)	8,021
Profits taxed at small companies rate	(258)	(7,803)
Non-taxable income	(71,807)	-
Current tax charge/(credit) for the year (see note above)	<u>776</u>	<u>(117,040)</u>

MEIKO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 January 2009	163,840	830,993	282,887	1,277,720
Additions	22,247	299,573	9,814	331,634
Disposals	-	(243,647)	-	(243,647)
At 31 December 2009	<u>186,087</u>	<u>886,919</u>	<u>292,701</u>	<u>1,365,707</u>
Depreciation				
At 1 January 2009	163,840	329,649	229,584	723,073
Charge for the year	11	202,359	22,484	224,854
On disposals	-	(207,432)	-	(207,432)
At 31 December 2009	<u>163,851</u>	<u>324,576</u>	<u>252,068</u>	<u>740,495</u>
Net book value				
At 31 December 2009	<u>22,236</u>	<u>562,343</u>	<u>40,633</u>	<u>625,212</u>
At 31 December 2008	<u>-</u>	<u>501,344</u>	<u>53,303</u>	<u>554,647</u>

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

	2009 £	2008 £
Motor vehicles	<u>-</u>	<u>81,180</u>

11. STOCKS

	2009 £	2008 £
Finished goods and goods for resale	<u>1,332,848</u>	<u>1,134,405</u>

12. DEBTORS

	2009 £	2008 £
Due after more than one year		
Deferred tax asset (see note 15)	44,877	100,020
Due within one year		
Trade debtors	2,014,979	2,316,437
Other debtors	89,077	197,461
Prepayments and accrued income	245,946	65,987
	<u>2,394,879</u>	<u>2,679,905</u>

MEIKO UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

13 CREDITORS:

Amounts falling due within one year

	2009 £	2008 £
Net obligations under finance leases and hire purchase contracts	-	73,030
Trade creditors	240,500	217,909
Amounts owed to group undertakings	3,269,067	2,509,792
Corporation tax	520	-
Social security and other taxes	437,452	536,212
Other creditors	56,522	48,779
Accruals and deferred income	421,075	452,625
	<u>4,425,136</u>	<u>3,838,347</u>

Finance lease and hire purchase creditors are secured on the assets concerned

14 CREDITORS

Amounts falling due after more than one year

	2009 £	2008 £
Amounts owed to group undertakings	620,457	1,078,234
Accruals and deferred income	83,256	97,804
	<u>703,713</u>	<u>1,176,038</u>

15 DEFERRED TAX ASSET

	2009 £	2008 £
At beginning of year	100,020	61,220
(Charge for)/released during year	(55,143)	38,800
	<u>44,877</u>	<u>100,020</u>

The deferred tax asset is made up as follows

	2009 £	2008 £
Accelerated capital allowances	37,505	92,000
Tax losses carried forward	7,372	8,020
	<u>44,877</u>	<u>100,020</u>

MEIKO UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

16 PROVISIONS

	Warranty provision £
At 1 January 2009	205,256
Additions	61,777
Amounts utilised	(175,349)
	<u>91,684</u>
At 31 December 2009	<u>91,684</u>

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

17 SHARE CAPITAL

	2009 £	2008 £
Allotted, called up and fully paid		
1,500,000 Ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>

18 RESERVES

	Profit and loss account £
At 1 January 2009	(1,333,880)
Profit for the year	358,572
	<u>(975,308)</u>
At 31 December 2009	<u>(975,308)</u>

19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Opening shareholders' funds	166,120	648,891
Profit/(loss) for the year	<u>358,572</u>	<u>(482,771)</u>
Closing shareholders' funds	<u>524,692</u>	<u>166,120</u>

MEIKO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

20 NET CASH FLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Operating profit/(loss)	434,096	(638,910)
Exchange differences on intercompany loan	(201,324)	260,880
Intercompany loan waived	(256,454)	-
Depreciation of tangible fixed assets	224,854	213,940
Loss/(Profit) on disposal of tangible fixed assets	(19,846)	6,609
Increase in stocks	(198,443)	(274,409)
(Increase)/Decrease in debtors	112,581	(142,524)
Increase/(Decrease) in creditors and provisions	531,179	78,664
Net cash inflow/(outflow) from operations	626,643	(495,750)

21 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2009 £	2008 £
Returns on investments and servicing of finance		
Interest received	8,611	34,099
Interest paid	(25,455)	(26,252)
Hire purchase interest	(2,761)	(7,548)
Net cash (outflow)/inflow from returns on investments and servicing of finance	(19,605)	299
	2009 £	2008 £
Taxation		
Corporation tax received / (paid)	117,046	(116,783)
	2009 £	2008 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(331,634)	(423,517)
Sale of tangible fixed assets	56,062	-
Net cash outflow from capital expenditure	(275,572)	(423,517)
	2009 £	2008 £
Financing		
Capital element of finance lease rentals	(73,030)	(77,069)

MEIKO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

22 ANALYSIS OF CHANGES IN NET DEBT

	1 January 2009 £	Cash flow £	Exchange movements £	Waiver of loan £	31 December 2009 £
Cash at bank and in hand	1,016,804	375,482	-	-	1,392,286
Debt					
Finance leases	(73,030)	73,030	-		-
Debts falling due after more than one year	(1,078,234)	-	201,323	256,454	(620,457)
Net (debt)/funds	(134,460)	448,512	201,323	256,454	771,829

23 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 £113,227 (2008 - £94,506).

24 OPERATING LEASE COMMITMENTS

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2009 £	2008 £
Expiry date		
Within 1 year	119,000	-
Between 2 and 5 years	-	119,000

25 OTHER FINANCIAL COMMITMENTS

The company has entered into certain forward exchange contracts, amounting to €2,559,000, 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 July 2010.

MEIKO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

26 RELATED PARTY TRANSACTIONS

During the year the company made purchases of £4,806,570 (2008 - £6,389,918) and sales of £47,530 (2008 £125,218) from/to Meiko Maschinenbau GmbH & Co KG, its parent undertaking and a company under common ownership

At the year end, £3,889,524 (2008 - £3,588,026) was due to Meiko Maschinenbau GmbH & Co KG In the year, £256,454, was waived

In the year, the company made sales to Meiko (Asia) Techcentre Pvt Limited, a fellow subsidiary, amounting to £3,429 and £2,415 of this was outstanding at the year end

In the year, interest of £24,878 (2008 - £26,252) was charged by Meiko Maschinenbau GmbH & Co KG on outstanding amounts due to it

27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking and controlling undertaking is Meiko Beteiligungs 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