

COMPANY REGISTRATION NUMBER 04466321

MDW (EUROPE) LIMITED
ABBREVIATED ACCOUNTS
31ST AUGUST 2012



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MDW (EUROPE) LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 31ST AUGUST 2012

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MDW (EUROPE) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST AUGUST 2012

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was that of haulage contractors, plant leasing, processing and trading in scrap metal and other related activities

The profit for the year is in line with expectations

RESULTS AND DIVIDENDS

The profit for the Year, after taxation, amounted to £810,760 Particulars of dividends paid are detailed in note 6 to the financial statements

FINANCIAL INSTRUMENTS

Details of the company's financial risk management objectives and policies are included in note 13 to the accounts

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE PARENT COMPANY

The directors who served the company during the Year together with their beneficial interests in the shares of the parent company were as follows

	ordinary in the parent company	
	At	At
	31 August 2012	1 September 2011
Mr M D W Hazell	82	82
Mrs L A Hazell	<u>5</u>	<u>5</u>

DIRECTORS' RESPONSIBILITIES

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 Year

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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

MDW (EUROPE) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST AUGUST 2012

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.

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.

AUDITOR

Haasco Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed by order of the directors



MRS L A HAZELL
Company Secretary

Approved by the directors on 30th May 2013

MDW (EUROPE) LIMITED
INDEPENDENT AUDITOR'S REPORT TO MDW (EUROPE) LIMITED
UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts, together with the financial statements of MDW (Europe) Limited for the Year ended 31st August 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.

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.

OTHER INFORMATION

On 30th May 2013 we reported, as auditor of the company, to the shareholder on the financial statements prepared under Section 396 of the Companies Act 2006 for the Year ended 31st August 2012, and the full text of the company audit report is reproduced on pages 4 to 5 of these financial statements.

24 Bridge Street
Newport
South Wales
NP20 4SF

30th May 2013

MR D R THOMAS FCA (Senior
Statutory Auditor)
For and on behalf of
HAASCO LIMITED
Chartered Accountants
& Statutory Auditor

MDW (EUROPE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF MDW (EUROPE) LIMITED

YEAR ENDED 31ST AUGUST 2012

We have audited the financial statements of MDW (Europe) Limited for the Year ended 31st August 2012. 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 shareholder, 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 shareholder 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 shareholder 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 set out on pages 1 to 2, 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 (APB'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 FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st August 2012 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 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.

MDW (EUROPE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF MDW (EUROPE) LIMITED *(continued)*

YEAR ENDED 31ST AUGUST 2012

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

24 Bridge Street
Newport
South Wales
NP20 4SF

30th May 2013

MR D R THOMAS FCA (Senior
Statutory Auditor)
For and on behalf of
HAASCO LIMITED
Chartered Accountants
& Statutory Auditor

MDW (EUROPE) LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST AUGUST 2012

	Note	2012 £	2011 £
TURNOVER		9,509,062	6,860,010
Cost of Sales and Other operating income		7,333,226	5,914,763
Administrative expenses		<u>1,113,097</u>	<u>831,904</u>
OPERATING PROFIT	2	1,062,739	113,343
Interest receivable		9,773	6,040
Interest payable and similar charges	4	<u>(1,215)</u>	<u>(1)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,071,297	119,382
Tax on profit on ordinary activities	5	<u>260,537</u>	<u>15,354</u>
PROFIT FOR THE FINANCIAL YEAR		<u>810,760</u>	<u>104,028</u>

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 9 to 18 form part of these abbreviated accounts

MDW (EUROPE) LIMITED
ABBREVIATED BALANCE SHEET

31ST AUGUST 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	7	1,760,678	1,638,890
CURRENT ASSETS			
Stocks	8	184,989	102,902
Debtors	9	1,554,800	1,329,138
Cash at bank and in hand		2,212,768	1,612,852
		<u>3,952,557</u>	<u>3,044,892</u>
CREDITORS: Amounts falling due within one year	10	<u>3,893,770</u>	<u>3,079,154</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>58,787</u>	<u>(34,262)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,819,465</u>	<u>1,604,628</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	11	34,880	71,532
Other provisions	12	399,150	458,421
		<u>1,385,435</u>	<u>1,074,675</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	2	2
Profit and loss account	15	1,385,433	1,074,673
SHAREHOLDER'S FUNDS	16	<u>1,385,435</u>	<u>1,074,675</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 30th May 2013, and are signed on their behalf by



MR M D W HAZELL

Company Registration Number 04466321

The notes on pages 9 to 18 form part of these abbreviated accounts

MDW (EUROPE) LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31ST AUGUST 2012

	Note	2012 £	£	2011 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	17		1,597,205		896,198
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		9,773		6,040	
Interest paid		<u>(1,215)</u>		<u>(1)</u>	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			8,558		6,039
TAXATION			(32,788)		(202,741)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(685,858)		(347,350)	
Receipts from sale of fixed assets		<u>212,799</u>		<u>93,883</u>	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(473,059)		(253,467)
EQUITY DIVIDENDS PAID			(500,000)		(500,000)
INCREASE/(DECREASE) IN CASH	18		<u>599,916</u>		<u>(53,971)</u>

The notes on pages 9 to 18 form part of these abbreviated accounts

MDW (EUROPE) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31ST AUGUST 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the Year, exclusive of Value Added Tax

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

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable

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

Fixtures and fittings

Fixtures and fittings 20% per annum on cost

Plant and machinery

Plant and machinery 15% and 25% per annum on cost

Office equipment

Office equipment 25% per annum on cost

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Stocks

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

MDW (EUROPE) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31ST AUGUST 2012

1. ACCOUNTING POLICIES *(continued)*

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

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

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.

Provisions for liabilities and charges

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

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.

MDW (EUROPE) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31ST AUGUST 2012

1 ACCOUNTING POLICIES *(continued)*

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account. Exchange differences arising on non-monetary items, carried at fair value, are included in the profit and loss account, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Investments

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. All purchases and sales of investments are recognised using trade date accounting.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit and loss account. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is disposed of or until its value is impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

Investments classified as held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss account when the investment is derecognised, or impaired, as well as through the amortisation process.

Investments are fair valued using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the balance sheet date.

MDW (EUROPE) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31ST AUGUST 2012

1. ACCOUNTING POLICIES *(continued)*

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoices amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2012	2011
	£	£
Directors' remuneration	—	—
Depreciation of owned fixed assets	368,771	282,566
Profit on disposal of fixed assets	(17,500)	(11,039)
Auditor's remuneration		
- as auditor	7,725	7,500
Operating lease costs		
- Other	25,000	25,000
Net loss/(profit) on foreign currency translation	<u>4,219</u>	<u>(16,468)</u>

MDW (EUROPE) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31ST AUGUST 2012

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	22	24
Number of administrative staff	5	5
Number of management staff	2	2
	<u>29</u>	<u>31</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	771,086	613,532
Social security costs	64,337	52,326
Other pension costs	8,580	3,840
	<u>844,003</u>	<u>669,698</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Interest payable on bank borrowing	<u>1,215</u>	<u>1</u>

5. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the Year

	2012	2011
	£	£
Current tax		
In respect of the Year		
UK Corporation tax based on the results for the Year at 25 16% (2011 - 20 93%)	<u>297,189</u>	<u>32,788</u>
Total current tax	297,189	32,788
Deferred tax		
Origination and reversal of timing differences (note 11)		
Capital allowances	<u>(36,652)</u>	<u>(17,434)</u>
Tax on profit on ordinary activities	<u>260,537</u>	<u>15,354</u>

MDW (EUROPE) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31ST AUGUST 2012

5. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the Year is lower than the standard rate of corporation tax in the UK of 25 16% (2011 - 20 93%)

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>1,071,297</u>	<u>119,382</u>
Profit on ordinary activities by rate of tax	269,860	24,987
Disallowable expenses	3,168	1,372
Excess capital allowances	24,161	6,429
Total current tax (note 5(a))	<u>297,189</u>	<u>32,788</u>

6. DIVIDENDS

Equity dividends

	2012 £	2011 £
Paid during the year		
Equity dividends on ordinary shares	<u>500,000</u>	<u>500,000</u>

7. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Plant and machinery £	Office equipment £	Total £
COST					
At 1 September 2011	750,510	–	2,483,118	4,100	3,237,728
Additions	–	112,798	573,060	–	685,858
Disposals	–	–	(215,099)	–	(215,099)
At 31 August 2012	<u>750,510</u>	<u>112,798</u>	<u>2,841,079</u>	<u>4,100</u>	<u>3,708,487</u>
DEPRECIATION					
At 1 September 2011	–	–	1,595,341	3,497	1,598,838
Charge for the Year	–	22,560	345,909	302	368,771
On disposals	–	–	(19,800)	–	(19,800)
At 31 August 2012	<u>–</u>	<u>22,560</u>	<u>1,921,450</u>	<u>3,799</u>	<u>1,947,809</u>
NET BOOK VALUE					
At 31 August 2012	<u>750,510</u>	<u>90,238</u>	<u>919,629</u>	<u>301</u>	<u>1,760,678</u>
At 31 August 2011	<u>750,510</u>	<u>–</u>	<u>887,777</u>	<u>603</u>	<u>1,638,890</u>

MDW (EUROPE) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31ST AUGUST 2012

8. STOCKS

	2012 £	2011 £
Stock	<u>184,989</u>	<u>102,902</u>

9. DEBTORS

	2012 £	2011 £
Trade debtors	1,460,792	1,287,175
VAT recoverable	2,433	9,551
Staff loans	1,942	2,205
Other debtors	6,300	6,300
Prepayments and accrued income	83,333	23,907
	<u>1,554,800</u>	<u>1,329,138</u>

10 CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Company credit card	4,348	5,963
Trade creditors	842,488	1,326,917
Amounts owed to group undertakings	2,525,920	1,497,058
Corporation tax	297,189	32,788
PAYE and social security	27,625	14,748
Accruals and deferred income	196,200	201,680
	<u>3,893,770</u>	<u>3,079,154</u>

11. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2012 £	2011 £
Provision brought forward	71,532	88,966
Profit and loss account movement arising during the Year	<u>(36,652)</u>	<u>(17,434)</u>
Provision carried forward	<u>34,880</u>	<u>71,532</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	<u>34,880</u>	<u>71,532</u>
	<u>34,880</u>	<u>71,532</u>

MDW (EUROPE) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31ST AUGUST 2012

12. OTHER PROVISIONS

	2012 £
Other provisions:	
Balance brought forward	458,421
Movement for Year	(59,271)
	<u>399,150</u>

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company holds or issues financial instruments in order to achieve three main objectives, being

- (a) to finance its operations,
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance, and (c) for trading purposes

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations. Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below

Interest rate risk

The directors regularly review the interest rate risk and always ensure that the most competitive rates available are obtained

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk. The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments

Liquidity risk

The directors regularly review the liquidity risk and always ensure that there are sufficient funds to meet the company's requirements

Currency risk

The company's policy in relation to currency risk is included in the accounting policies

Fair values of financial assets and liabilities

There are no financial instruments that are carried in the financial statements at other than fair values

MDW (EUROPE) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31ST AUGUST 2012

14. SHARE CAPITAL

Authorised share capital:

	2012 £	2011 £
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

Allotted, called up and fully paid:

	2012 No	£	2011 No	£
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

15. PROFIT AND LOSS ACCOUNT

	2012 £	2011 £
Balance brought forward	1,074,673	1,470,645
Profit for the financial year	810,760	104,028
Equity dividends	<u>(500,000)</u>	<u>(500,000)</u>
Balance carried forward	<u>1,385,433</u>	<u>1,074,673</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2012 £	2011 £
Profit for the financial Year	810,760	104,028
Equity dividends	<u>(500,000)</u>	<u>(500,000)</u>
Net addition/(reduction) to shareholder's funds	310,760	(395,972)
Opening shareholder's funds	<u>1,074,675</u>	<u>1,470,647</u>
Closing shareholder's funds	<u>1,385,435</u>	<u>1,074,675</u>

**17. RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2012 £	2011 £
Operating profit	1,062,739	113,343
Depreciation	368,771	282,566
Profit on disposal of fixed assets	(17,500)	(11,039)
(Increase)/decrease in stocks	(82,087)	21,079
Increase in debtors	(225,662)	(610,329)
Increase in creditors	550,215	1,307,805
Decrease in provisions	<u>(59,271)</u>	<u>(207,227)</u>
Net cash inflow from operating activities	<u>1,597,205</u>	<u>896,198</u>

MDW (EUROPE) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31ST AUGUST 2012

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 £	2011 £
Increase/(Decrease) in cash in the period	<u>599,916</u>	<u>(53,971)</u>
Movement in net funds in the period	<u>599,916</u>	<u>(53,971)</u>
Net funds at 1 September 2011	<u>1,612,852</u>	<u>1,666,823</u>
Net funds at 31 August 2012	<u>2,212,768</u>	<u>1,612,852</u>

19. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Sep 2011 £	Cash flows £	At 31 Aug 2012 £
Net cash			
Cash in hand and at bank	<u>1,612,852</u>	<u>599,916</u>	<u>2,212,768</u>
Debt			
Net funds	<u>1,612,852</u>	<u>599,916</u>	<u>2,212,768</u>

20. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of MDW Holdings Limited, a company incorporated in England and Wales