

- 1 JUL 2011

**Abbreviated Accounts**  
**for the Year Ended 31 March 2011**  
**for**  
**Mech-Tool Engineering Limited**



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**Mech-Tool Engineering Limited**

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for the Year Ended 31 March 2011**

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**Mech-Tool Engineering Limited**  
**Company Information**  
**for the Year Ended 31 March 2011**

**DIRECTORS:**

M K Garner  
P Bullock  
R W Davison  
J H Swain  
K J Bell

**SECRETARY:**

J H Swain

**REGISTERED OFFICE:**

Mech-Tool House  
Whessoe Road  
DARLINGTON  
Co Durham  
DL3 0QT

**REGISTERED NUMBER:**

04087377 (England and Wales)

**SENIOR STATUTORY  
AUDITOR:**

Christopher Beaumont BA(Hons) FCA DChA

**AUDITORS:**

Clive Owen & Co LLP  
Chartered Accountants  
& Statutory Auditors  
140 Coniscliffe Road  
DARLINGTON  
Co Durham  
DL3 7RT

## **Mech-Tool Engineering Limited**

### **Report of the Directors for the Year Ended 31 March 2011**

The directors present their report with the accounts of the company for the year ended 31 March 2011

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of designing, engineering and manufacturing fire and blast related products including modules and enclosures, along with the provision of associated project management

#### **REVIEW OF BUSINESS**

The company benefited from many positive achievements during the 2010/11 financial year. These included the successful development and testing of Safewrap, an easy to install wire free jet fire jacket system. Safewrap is the first product to market to satisfy the new planar requirements of the latest jet fire standard. Around £500,000 of capital spending has improved productivity on 2-D products like wall cladding and heat shields. Mech-Tool, because of the size of its facilities and manufacturing capacity, is the world's leading supplier of lightweight certified topside cladding and the best at being able to meet the delivery programmes on large projects like Sakhalin. This ExxonMobil project will provide around \$15 million of wall cladding and door turnover for Mech-Tool in the 2010/11 and 2011/12 financial years. Other notable successes include the supply of blast rated modules weighing 125 tonnes for the ExxonMobil refinery at Fawley and the fire and seismically rated multi-services processing module for Sellafield's Sludge Packaging Plant. These projects are examples of the downstream and onshore opportunities which are opening up for Mech-Tool, and are contributing to a reduction in dependence on new offshore oil and gas topside projects.

The financial performances on all projects during 2010/11 were good and contributed to an improvement in overall gross margin. This enabled the company to achieve a PBT of £501k which was highly comparable with that of the previous year (£507k) despite the 12.5% drop in turnover to £14.3m. Delays in order awards and longer than anticipated time for client release of engineering information contributed to the lower level of sales.

There is good activity on all the projects which provide the opening order book in April 2011 of £6.3m. It is therefore expected that the company will experience a better first half year than was recorded in 2009/10. The high oil and gas prices are supporting greater worldwide capital spending on offshore projects. The associated work for Mech-Tool, along with that from the offshore wind farm sector and a recovery in demand for blast rated modules from European refineries should result in 2011/12 sales recovering to the level seen in 2009/10. Plans and budgets no longer assume that any nuclear related business will be secured in the foreseeable future.

#### **DIVIDENDS**

Dividends of £nil (2010 £318,000) were paid in respect of the year.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2010 to the date of this report.

M K Garner  
P Bullock  
R W Davison  
J H Swain  
K J Bell

Other changes in directors holding office are as follows:

F Vout - resigned 9 July 2010

#### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year donations of £2,732 (2010 £1,791) were made.

## **Mech-Tool Engineering Limited**

### **Report of the Directors for the Year Ended 31 March 2011**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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 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

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.

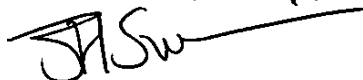
#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

The auditors, Clive Owen & Co LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **ON BEHALF OF THE BOARD:**



J H Swain - Secretary

27 June 2011

**Report of the Independent Auditors to  
Mech-Tool Engineering Limited  
Under Section 449 of the Companies Act 2006**

We have examined the abbreviated accounts set out on pages five to seventeen, together with the full financial statements of Mech-Tool Engineering Limited for the year ended 31 March 2011 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 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, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

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.

*Clive Owen & Co LLP*

Christopher Beaumont BA(Hons) FCA DChA (Senior Statutory Auditor)  
for and on behalf of Clive Owen & Co LLP  
Chartered Accountants  
& Statutory Auditors  
140 Coniscliffe Road  
DARLINGTON  
Co Durham  
DL3 7RT

27 June 2011

**Mech-Tool Engineering Limited**

**Abbreviated Profit and Loss Account  
for the Year Ended 31 March 2011**

	Notes	2011 £	2010 £
<b>TURNOVER</b>	2	14,221,639	16,324,308
Cost of sales		(12,751,196)	(14,810,117)
		<u>1,470,443</u>	<u>1,514,191</u>
Administrative expenses		<u>958,294</u>	<u>993,101</u>
<b>OPERATING PROFIT</b>	4	512,149	521,090
Interest receivable and similar income		<u>994</u>	<u>1,176</u>
		513,143	522,266
Interest payable and similar charges	5	<u>12,510</u>	<u>15,300</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		500,633	506,966
Tax on profit on ordinary activities	6	<u>138,569</u>	<u>140,952</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>362,064</u></u>	<u><u>366,014</u></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these abbreviated accounts

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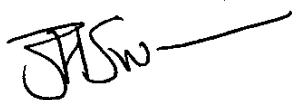
## Mech-Tool Engineering Limited

Abbreviated Balance Sheet  
31 March 2011

	Notes	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	8	1,486,170	847,151
<b>CURRENT ASSETS</b>			
Stocks	9	41,305	41,148
Debtors	10	4,734,825	2,898,840
Cash at bank and in hand		<u>1,162,109</u>	<u>2,357,535</u>
		5,938,239	5,297,523
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>5,110,135</u>	<u>4,324,104</u>
<b>NET CURRENT ASSETS</b>		<u>828,104</u>	<u>973,419</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,314,274	1,820,570
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	(156,168)	(49,702)
<b>PROVISIONS FOR LIABILITIES</b>	15	<u>(68,749)</u>	<u>(43,575)</u>
<b>NET ASSETS</b>		<u>2,089,357</u>	<u>1,727,293</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	1,050,000	1,050,000
Profit and loss account	17	<u>1,039,357</u>	<u>677,293</u>
<b>SHAREHOLDERS' FUNDS</b>	21	<u>2,089,357</u>	<u>1,727,293</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to medium-sized companies

The financial statements were approved by the Board of Directors on 27 June 2011 and were signed on its behalf by



J H Swain - Director

The notes form part of these abbreviated accounts



**Mech-Tool Engineering Limited**

**Cash Flow Statement  
for the Year Ended 31 March 2011**

	Notes	2011 £	2010 £
<b>Net cash (outflow)/inflow from operating activities</b>	1	(129,124)	1,707,847
<b>Returns on investments and servicing of finance</b>	2	(11,516)	(14,124)
<b>Taxation</b>		(146,804)	(204,360)
<b>Capital expenditure</b>	2	(620,736)	(122,861)
<b>Equity dividends paid</b>		-	(318,000)
		(908,180)	1,048,502
<b>Financing</b>	2	(287,246)	734,811
<b>(Decrease)/Increase in cash in the period</b>		<u>(1,195,426)</u>	<u>1,783,313</u>
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
(Decrease)/Increase in cash in the period		(1,195,426)	1,783,313
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>287,246</u>	<u>(734,811)</u>
Change in net funds resulting from cash flows		(908,180)	1,048,502
New finance leases		<u>(228,447)</u>	<u>(24,525)</u>
<b>Movement in net funds in the period</b>		(1,136,627)	1,023,977
<b>Net funds at 1 April</b>		<u>1,420,587</u>	<u>396,610</u>
<b>Net funds at 31 March</b>		<u>283,960</u>	<u>1,420,587</u>

The notes form part of these abbreviated accounts

**Mech-Tool Engineering Limited**

**Notes to the Cash Flow Statement  
for the Year Ended 31 March 2011**

**1 RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2011 £	2010 £
Operating profit	512,149	521,090
Depreciation charges	201,042	183,478
Loss on disposal of fixed assets	9,122	-
(Increase)/Decrease in stocks	(157)	83,024
(Increase)/Decrease in debtors	(1,835,985)	2,108,653
Increase/(Decrease) in creditors	<u>984,705</u>	<u>(1,188,398)</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<u><b>(129,124)</b></u>	<u><b>1,707,847</b></u>

**2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2011 £	2010 £
<b>Returns on investments and servicing of finance</b>		
Interest received	994	1,176
Interest paid	(1,262)	(949)
Interest element of hire purchase payments	<u>(11,248)</u>	<u>(14,351)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<u><b>(11,516)</b></u>	<u><b>(14,124)</b></u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(623,611)	(122,861)
Sale of tangible fixed assets	<u>2,875</u>	<u>-</u>
<b>Net cash outflow for capital expenditure</b>	<u><b>(620,736)</b></u>	<u><b>(122,861)</b></u>
<b>Financing</b>		
Capital repayments in year	(87,246)	(65,189)
Amount introduced by directors	-	800,000
Amount withdrawn by directors	<u>(200,000)</u>	<u>-</u>
<b>Net cash (outflow)/inflow from financing</b>	<u><b>(287,246)</b></u>	<u><b>734,811</b></u>

The notes form part of these abbreviated accounts

# Mech-Tool Engineering Limited

## Notes to the Cash Flow Statement for the Year Ended 31 March 2011

### 3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 4 10 £	Cash flow £	Other non-cash changes £	At 31 3 11 £
Net cash				
Cash at bank and in hand	<u>2,357,535</u>	<u>(1,195,426)</u>		<u>1,162,109</u>
	<u>2,357,535</u>	<u>(1,195,426)</u>		<u>1,162,109</u>
Debt				
Hire purchase	(136,948)	87,246	(228,447)	(278,149)
Debts falling due within one year	<u>(800,000)</u>	<u>200,000</u>	<u>-</u>	<u>(600,000)</u>
	<u>(936,948)</u>	<u>287,246</u>	<u>(228,447)</u>	<u>(878,149)</u>
Total	<u>1,420,587</u>	<u>(908,180)</u>	<u>(228,447)</u>	<u>283,960</u>

The notes form part of these abbreviated accounts

## **Mech-Tool Engineering Limited**

### **Notes to the Abbreviated Accounts for the Year Ended 31 March 2011**

#### **1 ACCOUNTING POLICIES**

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention

##### **Turnover**

Turnover represents amounts invoiced to outside customers, except in respect of contracting activities where turnover represents the value of work carried out during the year including amounts not invoiced. Turnover excludes value added tax and similar sales-based taxes

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Improvements to property	- 5% - 10% on cost
Plant and machinery	- 10% - 33% on cost
Motor vehicles	- 10 - 20% on cost
Computer equipment	- 33% on cost

Grants towards fixed assets are offset against the asset to which they relate and released against the depreciation charge of the asset over its expected useful life

##### **Stocks and long term contracts**

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

Long term contracts are those extending in excess of 12 months and any of a shorter duration which are material to the activity for the period. Attributable profit is recognised once the outcome of a long term contract can be assessed with reasonable certainty. Attributable profit is recognised on the cost complete method. Immediate provision is made for all foreseeable losses if a contract is assessed as unprofitable

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

##### **Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability

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

##### **Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

##### **Capital instruments**

Capital instruments are accounted for and classified as equity or non-equity share capital and debt according to their form

**Mech-Tool Engineering Limited**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 March 2011**

**2 TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	2011 £	2010 £
United Kingdom	6,965,170	9,824,110
Overseas	<u>7,256,469</u>	<u>6,500,198</u>
	<u><u>14,221,639</u></u>	<u><u>16,324,308</u></u>

**3 STAFF COSTS**

	2011 £	2010 £
Wages and salaries	4,406,573	5,379,369
Social security costs	424,459	497,926
Other pension costs	<u>95,175</u>	<u>72,603</u>
	<u><u>4,926,207</u></u>	<u><u>5,949,898</u></u>

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

	2011	2010
Production and engineering services	115	127
Administration and selling	<u>25</u>	<u>28</u>
	<u><u>140</u></u>	<u><u>155</u></u>

**4 OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	2011 £	2010 £
Other operating leases	16,319	12,518
Depreciation - owned assets	102,422	132,600
Depreciation - assets on hire purchase contracts	98,620	50,878
Loss on disposal of fixed assets	9,122	-
Auditors' remuneration	6,750	6,500
Foreign exchange differences	<u>(1,068)</u>	<u>-</u>
	<u><u>324,395</u></u>	<u><u>424,910</u></u>
Directors' remuneration	65,411	424,910
Directors' pension contributions to money purchase schemes	<u><u>65,411</u></u>	<u><u>40,189</u></u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u><u>5</u></u>	<u><u>5</u></u>
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**Mech-Tool Engineering Limited**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 March 2011**

**4 OPERATING PROFIT - continued**

Information regarding the highest paid director is as follows

	2011	2010
	£	£
Emoluments etc	80,884	90,696
Pension contributions to money purchase schemes	<u>6,139</u>	<u>5,820</u>

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	2011	2010
	£	£
Other interest	1,262	949
Hire purchase	<u>11,248</u>	<u>14,351</u>
	<u>12,510</u>	<u>15,300</u>

**6 TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

	2011	2010
	£	£
Current tax		
UK corporation tax	113,395	146,804
Deferred tax	<u>25,174</u>	<u>(5,852)</u>
Tax on profit on ordinary activities	<u>138,569</u>	<u>140,952</u>

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2011	2010
	£	£
Profit on ordinary activities before tax	<u>500,633</u>	<u>506,966</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 - 28%)	140,177	141,950
Effects of		
Expenses not deductible for tax purposes	16,608	11,957
Capital allowances for year in excess of depreciation	(25,365)	8,967
Marginal relief	<u>(18,025)</u>	<u>(16,070)</u>
Current tax charge	<u>113,395</u>	<u>146,804</u>

# Mech-Tool Engineering Limited

## Notes to the Abbreviated Accounts - continued for the Year Ended 31 March 2011

### 7 DIVIDENDS

	2011 £	2010 £
Ordinary shares of £1 each		
Interim	<u>-</u>	<u>318,000</u>

The owners of the preference shares have waived their rights attaching to the dividends as described more fully in note 16

### 8 TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>					
At 1 April 2010	383,304	1,457,791	58,495	286,795	2,186,385
Additions	186,822	605,351	19,850	40,035	852,058
Disposals	<u>-</u>	<u>(412,912)</u>	<u>(32,000)</u>	<u>(99,131)</u>	<u>(544,043)</u>
At 31 March 2011	<u>570,126</u>	<u>1,650,230</u>	<u>46,345</u>	<u>227,699</u>	<u>2,494,400</u>
<b>DEPRECIATION</b>					
At 1 April 2010	86,016	1,002,085	28,945	222,188	1,339,234
Charge for year	38,811	113,656	7,026	41,549	201,042
Eliminated on disposal	<u>-</u>	<u>(410,347)</u>	<u>(22,820)</u>	<u>(98,879)</u>	<u>(532,046)</u>
At 31 March 2011	<u>124,827</u>	<u>705,394</u>	<u>13,151</u>	<u>164,858</u>	<u>1,008,230</u>
<b>NET BOOK VALUE</b>					
At 31 March 2011	<u>445,299</u>	<u>944,836</u>	<u>33,194</u>	<u>62,841</u>	<u>1,486,170</u>
At 31 March 2010	<u>297,288</u>	<u>455,706</u>	<u>29,550</u>	<u>64,607</u>	<u>847,151</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>				
At 1 April 2010	317,654	11,550	59,169	388,373
Additions	258,061	19,850	12,451	290,362
Transfer to ownership	<u>(44,250)</u>	<u>-</u>	<u>-</u>	<u>(44,250)</u>
At 31 March 2011	<u>531,465</u>	<u>31,400</u>	<u>71,620</u>	<u>634,485</u>
<b>DEPRECIATION</b>				
At 1 April 2010	81,713	1,766	28,309	111,788
Charge for year	79,906	3,781	14,933	98,620
Transfer to ownership	<u>(26,314)</u>	<u>-</u>	<u>-</u>	<u>(26,314)</u>
At 31 March 2011	<u>135,305</u>	<u>5,547</u>	<u>43,242</u>	<u>184,094</u>
<b>NET BOOK VALUE</b>				
At 31 March 2011	<u>396,160</u>	<u>25,853</u>	<u>28,378</u>	<u>450,391</u>
At 31 March 2010	<u>235,941</u>	<u>9,784</u>	<u>30,860</u>	<u>276,585</u>

**Mech-Tool Engineering Limited**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 March 2011**

<b>9</b>	<b>STOCKS</b>		
		2011	2010
		£	£
	Raw materials	<u>41,305</u>	<u>41,148</u>
<b>10</b>	<b>DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
		2011	2010
		£	£
	Trade debtors	2,763,397	1,168,939
	Amounts recoverable on contract	1,639,775	1,540,255
	Other debtors	101,278	42,206
	Prepayments and accrued income	<u>230,375</u>	<u>147,440</u>
		<u>4,734,825</u>	<u>2,898,840</u>
<b>11</b>	<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
		2011	2010
		£	£
	Hire purchase contracts (see note 13)	121,981	87,246
	Payments on account	296,951	365,888
	Trade creditors	2,078,571	2,162,715
	Corporation tax	113,395	146,804
	Taxation and social security	138,142	125,112
	Other creditors	1,946	1,686
	Directors' current accounts	600,000	800,000
	Accruals and deferred income	<u>1,759,149</u>	<u>634,653</u>
		<u>5,110,135</u>	<u>4,324,104</u>
<b>12</b>	<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
		2011	2010
		£	£
	Hire purchase contracts (see note 13)	<u>156,168</u>	<u>49,702</u>
<b>13</b>	<b>OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES</b>		
		2011	2010
		£	£
	Net obligations repayable		
	Within one year	121,981	87,246
	Between one and five years	<u>156,168</u>	<u>49,702</u>
		<u>278,149</u>	<u>136,948</u>



**Mech-Tool Engineering Limited**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 March 2011**

**13 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued**

The following operating lease payments are committed to be paid within one year

		Other operating leases
	2011 £	2010 £
Expiring		
Within one year	7,546	-
Between one and five years	<u>13,842</u>	<u>32,737</u>
	<u>21,388</u>	<u>32,737</u>

**14 SECURED DEBTS**

The following secured debts are included within creditors

	2011 £	2010 £
Hire purchase contracts	<u>278,149</u>	<u>136,948</u>

The hire purchase creditors are secured over the assets to which they relate

The banking facility is secured by an unlimited debenture over the assets of the company

**15 PROVISIONS FOR LIABILITIES**

	2011 £	2010 £
Deferred tax	<u>68,749</u>	<u>43,575</u>
		Deferred tax £
Balance at 1 April 2010		43,575
Transfer to profit and loss		<u>25,174</u>
Balance at 31 March 2011		<u>68,749</u>

**16 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid			2011 £	2010 £
Number	Class	Nominal value		
50,000	Ordinary	£1	50,000	50,000
1,000,000	17 7% cumulative preference	£1	<u>1,000,000</u>	<u>1,000,000</u>
			<u>1,050,000</u>	<u>1,050,000</u>

**Mech-Tool Engineering Limited**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 March 2011**

**16 CALLED UP SHARE CAPITAL - continued**

The 17.7% cumulative redeemable preference shares of £1 each entitle the holder, subject to a resolution of the directors, to receive a fixed cumulative preferential dividend at the rate of 17.7% on the paid up capital and the right to a return of capital at either a winding up or a repayment of capital. The preference shares do not entitle the holders to any further rights or other participation in the profits or assets of the company nor do they carry any voting rights.

The company shall have the option exercisable by a resolution of the directors to redeem the 17.7% cumulative redeemable preference shares at a premium of 130% to their par value.

The owners of these preference shares have agreed to waive rights attaching to both dividends and redemption premiums.

**17 RESERVES**

	Profit and loss account £
At 1 April 2010	677,293
Profit for the year	<u>362,064</u>
At 31 March 2011	<u>1,039,357</u>

**18 CONTINGENT LIABILITIES**

At 31 March 2011 the company has contingent liabilities in respect of performance bonds amounting to £295,496 (2010 £266,851). No guarantees have ever been called in the history of the company at the balance sheet date.

**19 CAPITAL COMMITMENTS**

	2011 £	2010 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>21,555</u>

**20 RELATED PARTY DISCLOSURES**

During the year Mech Tool Engineering Limited paid M K Garner, a director, £300,612 (2010 £182,613) in respect of rent of the premises at Whessoe Road and Dodsworth Street, Darlington.

During the year, dividends of £nil (2010 £318,000) were paid to M K Garner.

At 31 March 2011, M K Garner was owed £600,000 (2010 £800,000).

**Mech-Tool Engineering Limited**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 March 2011**

**21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2011	2010
	£	£
Profit for the financial year	362,064	366,014
Dividends	-	(318,000)
<b>Net addition to shareholders' funds</b>	<b>362,064</b>	<b>48,014</b>
Opening shareholders' funds	<u>1,727,293</u>	<u>1,679,279</u>
<b>Closing shareholders' funds</b>	<b><u>2,089,357</u></b>	<b><u>1,727,293</u></b>

**22 ULTIMATE CONTROLLING PARTY**

The company is controlled by M K Garner, a director, by virtue of his majority shareholding