

15 JUL 2013

REGISTERED NUMBER: 04087377 (England and Wales)

Abbreviated Accounts
for the Year Ended 31 March 2013
for
Mech-Tool Engineering Limited

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Mech-Tool Engineering Limited

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for the Year Ended 31 March 2013**

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Mech-Tool Engineering Limited
Company Information
for the Year Ended 31 March 2013

DIRECTORS:	M K Garner P Bullock R W Davison D Walker V Garner A M Lyon
SECRETARY:	A M Lyon
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 2013

The directors present their report with the accounts of the company for the year ended 31 March 2013

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 has benefited from a strong year in terms of business development and financial performance PBT has increased by 33.6% to £810k (£606k) despite a 7.2% decline in turnover to £15.2m (£16.4m). The company continued to focus on the design, engineering and supply of prefabricated topside cladding and of modular buildings.

The opening order book in April 2013 was over £17.0m (£5.7m). The strength of the order book does not reflect the benefits that are expected to arise from various post balance sheet events. These include the formations of Mech-Tool Korea Inc to supply firewalls and blastwalls to the Korean construction yards from its factory location in Namyang and of a joint venture company AG&P- MTE Limited with the large and long standing construction yard at Batangas in the Philippines. Strategic alliances taking the form of framework agreements with EPC's and with OEM's will contribute significantly to future turnover.

Market conditions on offshore and onshore oil and gas projects provide strong demand for the company's products. These conditions are expected to continue in the coming years.

After a rebranding exercise the company is increasingly using MTE to promote its products and services.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2013.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the accounts.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2012 to the date of this report.

M K Garner
P Bullock
R W Davison

Other changes in directors holding office are as follows:

J H Swain - resigned 28 February 2013
D Walker - appointed 2 April 2012
V Garner - appointed 19 September 2012
A M Lyon - appointed 1 March 2013

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year donations of £4,581 (2012: £2,948) were made.

Mech-Tool Engineering Limited

Report of the Directors for the Year Ended 31 March 2013

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 or she ought to have taken as a director in order to make himself or herself 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:


A M Lyon - Director

Date 11 July 2013

**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 2013 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.



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

Date 11 July 2013

**Abbreviated Profit and Loss Account
for the Year Ended 31 March 2013**

	Notes	2013 £	2012 £
TURNOVER	2	15,237,011	16,425,345
Cost of sales and other operating income		(12,274,149)	(14,003,614)
		<u>2,962,862</u>	<u>2,421,731</u>
Administrative expenses		<u>2,144,341</u>	<u>1,789,718</u>
OPERATING PROFIT	4	818,521	632,013
Interest receivable and similar income		<u>648</u>	<u>825</u>
		819,169	632,838
Interest payable and similar charges	5	<u>8,791</u>	<u>26,619</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		810,378	606,219
Tax on profit on ordinary activities	6	<u>53,988</u>	<u>(171,897)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>756,390</u></u>	<u><u>778,116</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

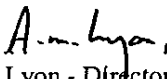
Mech-Tool Engineering Limited

**Abbreviated Balance Sheet
31 March 2013**

	Notes	2013 £	2012 £
FIXED ASSETS			
Tangible assets	7	1,162,575	1,252,881
CURRENT ASSETS			
Stocks	8	446,562	94,644
Debtors	9	4,012,455	2,193,375
Cash at bank and in hand		<u>2,324,860</u>	<u>3,947,429</u>
		6,783,877	6,235,448
CREDITORS			
Amounts falling due within one year	10	<u>4,285,762</u>	<u>4,506,224</u>
NET CURRENT ASSETS		<u>2,498,115</u>	<u>1,729,224</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,660,690	2,982,105
CREDITORS			
Amounts falling due after more than one year	11	-	(69,395)
PROVISIONS FOR LIABILITIES	14	<u>(36,827)</u>	<u>(45,237)</u>
NET ASSETS		<u><u>3,623,863</u></u>	<u><u>2,867,473</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	1,050,000	1,050,000
Profit and loss account	16	<u>2,573,863</u>	<u>1,817,473</u>
SHAREHOLDERS' FUNDS	21	<u><u>3,623,863</u></u>	<u><u>2,867,473</u></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 11 July 2013 and were signed on its behalf by


A M Lyon - Director

The notes form part of these abbreviated accounts

Mech-Tool Engineering Limited

**Cash Flow Statement
for the Year Ended 31 March 2013**

	Notes	2013 £	2012 £
Net cash (outflow)/inflow from operating activities	1	(1,324,995)	3,522,012
Returns on investments and servicing of finance	2	(8,143)	(25,794)
Taxation		(71,223)	146,803
Capital expenditure	2	<u>(127,877)</u>	<u>(139,278)</u>
		(1,532,238)	3,503,743
Financing	2	<u>(90,331)</u>	<u>(718,423)</u>
(Decrease)/increase in cash in the period		<u>(1,622,569)</u>	<u>2,785,320</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/increase in cash in the period		(1,622,569)	2,785,320
Cash outflow from decrease in debt and lease financing		<u>90,331</u>	<u>718,423</u>
Change in net funds resulting from cash flows		<u>(1,532,238)</u>	<u>3,503,743</u>
Movement in net funds in the period		(1,532,238)	3,503,743
Net funds at 1 April		<u>3,787,703</u>	<u>283,960</u>
Net funds at 31 March		<u>2,255,465</u>	<u>3,787,703</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 2013**

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

	2013 £	2012 £
Operating profit	818,521	632,013
Depreciation charges	215,720	272,026
Loss on disposal of fixed assets	2,463	100,541
Increase in stocks	(351,918)	(53,339)
(Increase)/decrease in debtors	(1,819,080)	2,541,450
(Decrease)/increase in creditors	<u>(190,701)</u>	<u>29,321</u>
Net cash (outflow)/inflow from operating activities	<u>(1,324,995)</u>	<u>3,522,012</u>

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

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	648	825
Interest paid	(167)	(9,324)
Interest element of hire purchase payments	<u>(8,624)</u>	<u>(17,295)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(8,143)</u>	<u>(25,794)</u>
Capital expenditure		
Purchase of tangible fixed assets	(128,077)	(139,804)
Sale of tangible fixed assets	<u>200</u>	<u>526</u>
Net cash outflow for capital expenditure	<u>(127,877)</u>	<u>(139,278)</u>
Financing		
Capital repayments in year	(90,331)	(118,423)
Amount withdrawn by directors	<u>-</u>	<u>(600,000)</u>
Net cash outflow from financing	<u>(90,331)</u>	<u>(718,423)</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 2013**

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 4 12 £	Cash flow £	At 31 3 13 £
Net cash			
Cash at bank and in hand	<u>3,947,429</u>	<u>(1,622,569)</u>	<u>2,324,860</u>
	<u>3,947,429</u>	<u>(1,622,569)</u>	<u>2,324,860</u>
Debt			
Hire purchase	<u>(159,726)</u>	<u>90,331</u>	<u>(69,395)</u>
	<u>(159,726)</u>	<u>90,331</u>	<u>(69,395)</u>
Total	<u>3,787,703</u>	<u>(1,532,238)</u>	<u>2,255,465</u>

The notes form part of these abbreviated accounts

Mech-Tool Engineering Limited

Notes to the Abbreviated Accounts for the Year Ended 31 March 2013

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	- 10% on cost and 5% on cost
Plant and machinery	- 10% - 33% on cost
Fixtures and fittings	- 15% - 25% 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 2013**

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

	2013 £	2012 £
United Kingdom	10,534,361	3,998,691
Overseas	<u>4,702,650</u>	<u>12,426,654</u>
	<u><u>15,237,011</u></u>	<u><u>16,425,345</u></u>

3 STAFF COSTS

	2013 £	2012 £
Wages and salaries	5,685,382	5,676,688
Social security costs	571,288	573,624
Other pension costs	<u>92,420</u>	<u>89,636</u>
	<u><u>6,349,090</u></u>	<u><u>6,339,948</u></u>

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

	2013	2012
Production and engineering services	136	138
Administration and selling	<u>24</u>	<u>25</u>
	<u><u>160</u></u>	<u><u>163</u></u>

4 OPERATING PROFIT

The operating profit is stated after charging

	2013 £	2012 £
Other operating leases	12,392	21,159
Depreciation - owned assets	174,672	238,660
Depreciation - assets on hire purchase contracts	41,048	33,366
Loss on disposal of fixed assets	2,463	100,541
Auditors' remuneration	7,000	6,750
Foreign exchange differences	<u>-</u>	<u>1,073</u>
	<u><u>371,118</u></u>	<u><u>322,285</u></u>
Directors' remuneration	55,410	47,825
Directors' pension contributions to money purchase schemes	<u><u>55,410</u></u>	<u><u>47,825</u></u>

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

Money purchase schemes	<u><u>3</u></u>	<u><u>4</u></u>
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Mech-Tool Engineering Limited

**Notes to the Abbreviated Accounts - continued
for the Year Ended 31 March 2013**

4 OPERATING PROFIT - continued

Information regarding the highest paid director is as follows

	2013	2012
	£	£
Emoluments etc	104,134	82,997
Pension contributions to money purchase schemes	<u>36,676</u>	<u>6,300</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
Bank interest	167	9,324
Hire purchase	<u>8,624</u>	<u>17,295</u>
	<u>8,791</u>	<u>26,619</u>

6 TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the year was as follows

	2013	2012
	£	£
Current tax		
UK corporation tax	102,988	111,813
Overprovision in prior year	<u>(40,590)</u>	<u>(260,198)</u>
Total current tax	62,398	(148,385)
Deferred tax	<u>(8,410)</u>	<u>(23,512)</u>
Tax on profit on ordinary activities	<u>53,988</u>	<u>(171,897)</u>

Factors affecting the tax charge/(credit)

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

	2013	2012
	£	£
Profit on ordinary activities before tax	<u>810,378</u>	<u>606,219</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 - 26%)	194,491	157,617
Effects of		
Utilisation of tax losses	-	(3,800)
Expenses not deductible for tax purposes	12,970	35,116
Capital allowances in excess of depreciation	17,407	14,523
Marginal relief	(10,280)	(15,175)
Overprovision in previous years	(40,590)	(260,198)
R&D Claim	<u>(111,600)</u>	<u>(76,468)</u>
Current tax charge/(credit)	<u>62,398</u>	<u>(148,385)</u>

Mech-Tool Engineering Limited

**Notes to the Abbreviated Accounts - continued
for the Year Ended 31 March 2013**

7 TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 April 2012	641,975	1,778,400	-
Additions	28,335	32,458	32,251
Disposals	-	(5,057)	(2,572)
Reclassification/transfer	-	(562,783)	322,196
At 31 March 2013	<u>670,310</u>	<u>1,243,018</u>	<u>351,875</u>
DEPRECIATION			
At 1 April 2012	185,649	1,005,770	-
Charge for year	59,670	98,661	18,295
Eliminated on disposal	-	(4,240)	(953)
Reclassification/transfer	-	(411,487)	210,764
At 31 March 2013	<u>245,319</u>	<u>688,704</u>	<u>228,106</u>
NET BOOK VALUE			
At 31 March 2013	<u>424,991</u>	<u>554,314</u>	<u>123,769</u>
At 31 March 2012	<u>456,326</u>	<u>772,630</u>	<u>-</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 April 2012	46,345	-	2,466,720
Additions	-	35,033	128,077
Disposals	-	(6,424)	(14,053)
Reclassification/transfer	-	240,587	-
At 31 March 2013	<u>46,345</u>	<u>269,196</u>	<u>2,580,744</u>
DEPRECIATION			
At 1 April 2012	22,420	-	1,213,839
Charge for year	11,457	27,637	215,720
Eliminated on disposal	-	(6,197)	(11,390)
Reclassification/transfer	-	200,723	-
At 31 March 2013	<u>33,877</u>	<u>222,163</u>	<u>1,418,169</u>
NET BOOK VALUE			
At 31 March 2013	<u>12,468</u>	<u>47,033</u>	<u>1,162,575</u>
At 31 March 2012	<u>23,925</u>	<u>-</u>	<u>1,252,881</u>

Mech-Tool Engineering Limited

**Notes to the Abbreviated Accounts - continued
for the Year Ended 31 March 2013**

7 TANGIBLE FIXED ASSETS - continued

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

	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 April 2012	343,165	17,650	-	360,815
Reclassification/transfer	<u>(20,120)</u>	<u>-</u>	<u>20,120</u>	<u>-</u>
At 31 March 2013	<u>323,045</u>	<u>17,650</u>	<u>20,120</u>	<u>360,815</u>
DEPRECIATION				
At 1 April 2012	67,845	5,001	-	72,846
Charge for year	30,811	3,530	6,707	41,048
Reclassification/transfer	<u>(10,643)</u>	<u>-</u>	<u>10,643</u>	<u>-</u>
At 31 March 2013	<u>88,013</u>	<u>8,531</u>	<u>17,350</u>	<u>113,894</u>
NET BOOK VALUE				
At 31 March 2013	<u>235,032</u>	<u>9,119</u>	<u>2,770</u>	<u>246,921</u>
At 31 March 2012	<u>275,320</u>	<u>12,649</u>	<u>-</u>	<u>287,969</u>

8 STOCKS

	2013 £	2012 £
Raw materials	<u>446,562</u>	<u>94,644</u>

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade debtors	2,995,454	958,806
Amounts recoverable on contract	842,260	1,090,190
Other debtors	8,476	12,673
Prepayments and accrued income	<u>166,265</u>	<u>131,706</u>
	<u>4,012,455</u>	<u>2,193,375</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Hire purchase contracts (see note 12)	69,395	90,331
Payments on account	1,195,901	1,648,329
Trade creditors	2,105,723	1,970,200
Corporation tax	102,988	111,813
Taxation and social security	362,678	242,918
Other creditors	47,588	2,087
Accruals and deferred income	<u>401,489</u>	<u>440,546</u>
	<u>4,285,762</u>	<u>4,506,224</u>

Mech-Tool Engineering Limited

**Notes to the Abbreviated Accounts - continued
for the Year Ended 31 March 2013**

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £	2012 £
Hire purchase contracts (see note 12)	<u>-</u>	<u>69,395</u>

12 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts 2013 £	2012 £
Net obligations repayable		
Within one year	69,395	90,331
Between one and five years	<u>-</u>	<u>69,395</u>
	<u>69,395</u>	<u>159,726</u>

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

	2013 £	Other operating leases 2012 £
Expiring		
Within one year	11,069	6,176
Between one and five years	<u>-</u>	<u>19,866</u>
	<u>11,069</u>	<u>26,042</u>

13 SECURED DEBTS

The following secured debts are included within creditors

	2013 £	2012 £
Hire purchase contracts	<u>69,395</u>	<u>159,726</u>

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

14 PROVISIONS FOR LIABILITIES

	2013 £	2012 £
Deferred tax	<u>36,827</u>	<u>45,237</u>
		Deferred tax £
Balance at 1 April 2012		45,237
Accelerated capital allowances		<u>(8,410)</u>
Balance at 31 March 2013		<u>36,827</u>

Mech-Tool Engineering Limited

Notes to the Abbreviated Accounts - continued for the Year Ended 31 March 2013

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value	2013 £	2012 £
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>

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.

16 RESERVES

	Profit and loss account £
At 1 April 2012	1,817,473
Profit for the year	<u>756,390</u>
At 31 March 2013	<u>2,573,863</u>

17 CONTINGENT LIABILITIES

At 31 March 2013 the company has contingent liabilities in respect of performance bonds amounting to £331,482 (2012 £247,327). No guarantees have ever been called in the history of the company at the balance sheet date.

18 OTHER FINANCIAL COMMITMENTS

The company had forward foreign exchange contracts for US dollars at the year end.

19 RELATED PARTY DISCLOSURES

During the year Mech-Tool Engineering Limited paid M K Garner, a director, £300,612 (2012 £300,612) in respect of rent of the premises at Whessoe Road and Dodsworth Street, Darlington.

20 POST BALANCE SHEET EVENTS

Mech-Tool Korea Inc, a company registered in the Republic of Korea in which Mech-Tool Engineering Limited has a 70% shareholding, was established in May 2013. AG&P-MTE Limited, a company incorporated in England and Wales, was also established in May 2013.

Mech-Tool Engineering Limited

**Notes to the Abbreviated Accounts - continued
for the Year Ended 31 March 2013**

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013	2012
	£	£
Profit for the financial year	<u>756,390</u>	<u>778,116</u>
Net addition to shareholders' funds	756,390	778,116
Opening shareholders' funds	<u>2,867,473</u>	<u>2,089,357</u>
Closing shareholders' funds	<u><u>3,623,863</u></u>	<u><u>2,867,473</u></u>

22 ULTIMATE CONTROLLING PARTY

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