

# **EZDK Steel UK Limited**

## **Directors' report and financial statements**

Registered number 5396866 (England and Wales)

31 December 2009

TUESDAY



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## **Directors' report**

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

### **Principal activity**

The principal activity of the company is to provide advertising, marketing, promotional and other services to other group companies

### **Business review**

The company has made a profit before tax of £65,927 (2008 £28,747), and it is anticipated that the company will be profitable in the ensuing year. Administration costs for the year have increased due to a significant increase in salary expenses (See Note 5). The company employed a Group Finance Director from January 2009, and the cost of this has been reimbursed through the cost-plus agreement with the parent companies, creating the increase in profit for the year.

The company expects to operate on a going concern basis for the foreseeable future.

The company has minimal risk exposure as it is fully supported by its joint shareholders.

### **Proposed dividend**

The directors do not recommend the payment of a dividend (2008 £nil).

### **Directors**

The directors who have held office during the year are as follows:

A S Aboulkheir  
S E J Rowe

None of the directors who held office at the end of the year had any disclosable interest in the shares of the company.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



AS Aboulkheir  
Director

43 Sloane Street  
London  
SW1X 9LU

10th August 2010

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

*8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom*

### **Independent Auditors' report to the members of EZDK Steel UK Limited**

We have audited the financial statements of EZDK Steel UK Limited for the year ended 31 December 2009 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 Statement set out on page 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 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**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view 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 UK 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.

## **Independent Auditors' report to the members of EZDK Steel UK Limited *(continued)***

### **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

**AE Burman (Senior Statutory Auditor)**  
*For and on behalf of KPMG LLP, Senior Statutory Auditor*  
*Chartered Accountants*  
*8 Salisbury Square*  
*London*  
*EC4Y 8BB*

23 August 2010

**Profit and loss account**  
*for the year ended 31 December 2009*

	<i>Notes</i>	<b>2009</b> <b>£</b>	<b>2008</b> <b>£</b>
<b>Turnover</b>	<b>2</b>	<b>1,384,472</b>	<b>603,696</b>
Administrative expenses		<u>(1,318,791)</u>	<u>(582,359)</u>
<b>Operating profit</b>		<b>65,681</b>	<b>21,337</b>
Interest receivable and similar income	<b>6</b>	<u>246</u>	<u>7,410</u>
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>65,927</b>	<b>28,747</b>
Tax on profit on ordinary activities	<b>7</b>	<u>(36,546)</u>	<u>(21,129)</u>
<b>Profit on ordinary activities after taxation</b>	<b>13,15</b>	<u><b>29,381</b></u>	<u><b>7,618</b></u>

A statement of recognised gains and losses has not been included as part of these financial statements as the company made no gains or losses in the period other than disclosed in the profit and loss account

A note on historical cost gains and losses has not been included as part of these financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

The results stated above are all derived from continuing operations

**Balance sheet**  
at 31 December 2009

	Note	£	2009 £	£	2008 £
<b>Fixed assets</b>					
Tangible assets	8		335,932		407,857
<b>Current assets</b>					
Debtors	9	68,492		89,095	
Cash at bank and in hand		401,621		164,368	
		470,113		253,463	
<b>Creditors' amounts falling due within one year</b>	10	(244,226)		(134,909)	
<b>Net current assets</b>			225,887		118,554
<b>Total assets less current liabilities</b>			561,819		526,411
<b>Provisions for liabilities</b>	11	(42,528)		(36,501)	
<b>Net assets</b>			519,291		489,910
<b>Capital and reserves</b>					
Called up share capital	12		100		100
Capital contribution	13		471,726		471,726
Profit and loss account	13		47,465		18,084
<b>Shareholders' funds - equity interests</b>	15		519,291		489,910

These financial statements of EZDK Steel UK Limited (company number 5396866) were approved by the board of directors on 10th August 2010 and were signed on its behalf by



A S Aboulkheir  
Director



## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below

#### ***Basis of preparation***

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

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of size

The Company is ultimately owned by Al EZZ Group Holding Company for Industry and Investment SAE (EZZ Industries), and is included in the consolidated financial statements of this entity which are available to the public from the address given in note 17

#### ***Going concern***

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent on income earned under its Representative office agreements with Al EZZ Group Holding Company for Industry and Investment SAE (EZZ Industries), and Al EZZ Dekheila Steel Company - Alexandria SAE, the joint parent companies

EZZ Industries and Al EZZ Dekheila Steel Company - Alexandria SAE have provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

#### ***Tangible fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Leasehold improvements	Over term of lease
Fixtures, fittings & equipment	25% reducing balance
Office furniture	15% reducing balance

#### ***Leases***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

**Notes (continued)**  
(forming part of the financial statements)

**2 Turnover**

Turnover represents reimbursement of costs plus 5% receivable from the joint parent companies. The company recognises turnover in the same period as the corresponding expenses are incurred.

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

<b>3 Profit on ordinary activities before taxation</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<i>Profit on ordinary activities is stated after charging</i>		
Auditors remuneration		
Audit of these financial statements	8,750	8,000
Amounts receivable by the auditors and their associates in respect of		
Other services relating to taxation	4,000	3,500
Depreciation and other amounts written off owned tangible assets	75,244	75,720
Operating lease rentals	<u>120,615</u>	<u>120,651</u>

<b>4 Remuneration of directors</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<u>209,609</u>	<u>59,878</u>

The aggregate of emoluments of the highest paid director were £209,609 (2008 £59,878)

**5 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	<b>Number of Employees 2009</b>	<b>Number of employees 2008</b>
Administration	5	3
Management	<u>2</u>	<u>1</u>
	<u>7</u>	<u>4</u>

The aggregate payroll costs of these persons were as follows

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Wages and salaries	704,427	112,145
Social security costs	<u>117,862</u>	<u>12,868</u>
	<u>822,289</u>	<u>125,013</u>

**Notes (continued)**  
(forming part of the financial statements)

<b>6</b>	<b>Interest receivable and similar income</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Bank interest received	246	7,394
	Other interest receivable	-	16
		<u>246</u>	<u>7,410</u>
<b>7</b>	<b>Taxation</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	<i>UK corporation tax</i>		
	Current tax on income for the period	28,827	15,856
	Adjustment in respect of prior periods	1,692	-
	<b>Total current tax</b>	<b>30,519</b>	<b>15,856</b>
	<i>Deferred tax (see Note 11)</i>		
	Origination of timing differences	6,027	5,273
	<b>Tax on profit on ordinary activities</b>	<b>36,546</b>	<b>21,129</b>
	<i>Factors affecting the current tax charge for the current period</i>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	<i>Current tax reconciliation</i>		
	Profit on ordinary activities before taxation	65,927	28,747
	Current tax at 28% (2008 28.5%)	18,460	8,193
	<i>Effects of</i>		
	Non deductible expenses	(1,237)	(1,505)
	Depreciation in excess of capital allowances	11,604	9,859
	Small companies relief	-	(691)
	Prior year adjustment	1,692	-
	<b>Total current tax charge</b>	<b>30,519</b>	<b>15,856</b>

**Notes (continued)**  
(forming part of the financial statements)

8	Tangible fixed assets	Leasehold improvements £	Office furniture £	Fixtures, fittings & equipment £	Total £
	<i>Cost</i>				
	At 1 January 2009	484,878	43,755	67,729	596,362
	Additions	-	1,706	1,613	3,319
	At 31 December 2009	<u>484,878</u>	<u>45,461</u>	<u>69,342</u>	<u>599,681</u>
	<i>Depreciation</i>				
	At 1 January 2009	134,238	16,884	37,383	188,505
	Charge for the year	62,968	4,286	7,990	75,244
	At 31 December 2009	<u>197,206</u>	<u>21,170</u>	<u>45,373</u>	<u>263,749</u>
	<i>Net book value</i>				
	At 31 December 2009	<u>287,672</u>	<u>24,291</u>	<u>23,969</u>	<u>335,932</u>
	At 31 December 2008	<u>350,640</u>	<u>26,871</u>	<u>30,346</u>	<u>407,857</u>
9	Debtors			2009 £	2008 £
	Other debtors			5,191	16,952
	Prepayments and accrued income			63,301	64,819
	Amounts owed from group undertakings			-	7,324
				<u>68,492</u>	<u>89,095</u>
10	Creditors: amounts falling due within one year			2009 £	2008 £
	Trade creditors			8,955	16,259
	Amounts owed to group undertakings			15,350	688
	Corporation tax			28,827	15,856
	Other taxes and social security costs			42,618	2,956
	Accruals and deferred income			<u>148,476</u>	<u>99,150</u>
				<u>244,226</u>	<u>134,909</u>

**Notes (continued)**  
*(forming part of the financial statements)*

**11 Provisions for liabilities and charges**

	2009	2008
	£	£
The provision relates to deferred taxation and is made up as follows		
Balance at 1 January	36,501	31,228
Profit and loss charge for the year	6,027	5,273
<b>Balance at 31 December</b>	<b>42,528</b>	<b>36,501</b>
The elements of deferred taxation		
Differences between accumulated depreciation and capital allowances	42,528	36,501

**12 Called up share capital**

	2009	2008
	£	£
<i>Authorised</i>		
Equity 100 Ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
Equity 100 Ordinary shares of £1 each	100	100

**13 Statement of movements on reserves**

	Capital Contribution Reserve £	Profit and Loss Account £
Balance at 1 January 2009	471,726	18,084
Profit for the financial year	-	29,381
<b>Balance at 31 December 2009</b>	<b>471,726</b>	<b>47,465</b>

The joint shareholders, Al EZZ Group Holding Company for Industry and Investment SAE (EZZ Industries) and Al EZZ Dekhelia Steel Company – Alexandria SAE, made capital contributions of £nil (2008 £185,863) each to EZDK Steel UK Limited during the year in the form of amounts owed to group undertakings which were capitalised

**Notes (continued)**  
(forming part of the financial statements)

**14 Financial commitments**

Annual commitments under non – cancelable operating leases are as follows

	<b>2009</b>	<b>2008</b>
	<b>Buildings</b>	<b>Buildings</b>
	<b>£</b>	<b>£</b>
Operating leases which expire		
Within one year	-	-
In the second to fifth years inclusive	-	-
Over five years	<b>167,500</b>	<b>167,500</b>
	<b><u>167,500</u></b>	<b><u>167,500</u></b>

**15 Reconciliation of movements in shareholders' funds**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	29,381	7,618
Capital contribution	-	371,726
Net addition to shareholders' funds	<u>29,381</u>	<u>379,344</u>
Opening shareholders' funds	489,910	110,566
Closing shareholders' funds	<b><u>519,291</u></b>	<b><u>489,910</u></b>

The joint shareholders, Al EZZ Group Holding Company for Industry and Investment SAE (EZZ Industries) and Al EZZ Dekhelia Steel Company – Alexandria SAE, made capital contributions of £nil (2008 £185,863) each to EZDK Steel UK Limited during the year in the form of amounts owed to group undertakings which were capitalised

**16 Related party disclosures**

The Related Party Transactions that have occurred in the year are as follows

All turnover is derived from the company's shareholders

The company shareholders, Al EZZ Group Holding Company for Industry and Investment SAE (EZZ Industries) and Al EZZ Dekhelia Steel Company – Alexandria SAE, provided capital contributions of £nil (2008 £185,863) each to EZDK Steel UK Limited during the year

At the year end EZDK Steel UK Limited owed £3,239 to (2008 £7,234 owed from) Al EZZ Group Holding Company for Industry and Investment SAE and owed £12,111 (2008 £688) to Al EZZ Dekhelia Steel Co - Alexandria SAE

**17 Ultimate parent company**

The company is jointly owned by Al EZZ Group Holding Company for Industry and Investment SAE (EZZ Industries), incorporated in Egypt, and Al EZZ Dekhelia Steel Company - Alexandria SAE, also incorporated in Egypt

EZZ Industries also holds a controlling interest in Al EZZ Dekhelia Steel Company - Alexandria SAE and is the ultimate parent company of EZDK Steel UK Limited. The ultimate controlling party is Mr Ezz

The largest group in which the results of the company are consolidated is that headed by EZZ Industries, registered in Egypt. The consolidated accounts of this group are available to the public and may be obtained from EZZ Group Holding Company for Industry and Investment SAE, 10 Shehab St, Mohandesseen, Cairo, Egypt

No other group accounts include the results of the company