



MTL GROUP HOLDINGS LIMITED

(Company Number 05623065)

ANNUAL REPORT

YEAR ENDED 31 MARCH 2013

REGISTRARS COPY

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COMPANIES HOUSE

MTL GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	B Barker (appointed 15 May 2013) D C Bradley K S Jordan H L Kellett N J McCallum (appointed 3 April 2012 & resigned 24 April 2013) D J O'Hara H N Shirman K H Stewart
Company secretary	H L Kellett
Registered number	05623065
Registered office	Grange Lane Brinsworth Rotherham South Yorkshire S60 5AE
Independent auditors	BDO LLP Fountain Precinct Balm Green Sheffield S1 2JA
Solicitors	DLA Piper UK LLP 101 Barbirolli Square Manchester M2 3DL

MTL GROUP HOLDINGS LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Directors' responsibilities statement	6
Independent auditors' report	4 - 5
Consolidated profit and loss account	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes to the financial statements	11 - 25

MTL GROUP HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The directors present their report and the financial statements for the year ended 31 March 2013

Principal activities

The principal activities of the group are those of laser, plasma and water jet cutting, press braking, fabrication, machining and design for manufacture services

Business review

The group's trading results include those of its wholly owned subsidiaries MTL Group Limited and Mayflower Technology (2) Limited for the year to 31 March 2013

Group turnover was £44,354,000 (2012 £49,040,000) and operating profit was £1,013,000 (2012 £2,544,000)
Group net assets at 31 March 2013 were £1,607,000 (2012 £2,047,000)

The directors consider the result for the year and its financial position as at 31 March 2013 to be satisfactory and the prospects for the company's future development to be excellent

Exports were £7,812,000 (2012 £7,334,000)

Results

The loss for the year, after taxation, amounted to £440,000 (2012 - profit £906,000)

Directors

The directors who served during the year were

D C Bradley
K S Jordan
H L Kellett
N J McCallum (appointed 3 April 2012 & resigned 24 April 2013)
D J O'Hara
H N Shirman
K H Stewart

B Barker was appointed as a director on 15 May 2013

Charitable Donations

The group made charitable donations of £5,015 (2012 £1,000) during the year

Principal risks and uncertainties

The principal risks to the business include competition from both home and abroad. In order to mitigate these risks, the group aims to achieve high levels of quality and deliverability at competitive prices and to invest in latest state of the art technology when available to the market. The group further aims to mitigate risks to the business by monitoring its risk profile in various market sectors in which it competes and by encouraging its employees to achieve the highest levels of competence within the industry. In common with most businesses, higher interest rates pose a risk. This risk has been partially mitigated by the purchase of an interest rates financial derivative instrument.

MTL GROUP HOLDINGS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2013

Financial risk management objectives and policies

The group uses financial instruments, including derivatives, comprising borrowings cash and other liquid resources and various other items such as trade debtors, creditors, and finance lease arrangements that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operation.

The main issues arising from the group's financial instruments are liquidity risk and interest rate risk. The directors review and agree policies for managing each of these risks, and they are summarised below. The policies have remained unchanged from previous periods.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk

The group finances its operations through a mixture of retained profits and bank borrowings. The group's exposure to interest rate fluctuations is managed by the use of both fixed and floating facilities and a financial derivative instrument.

Financial key performance indicators

During the year the company used the following three main key performance indicators to evaluate the performance and position of the business on a monthly basis:

- Comparison of actual revenue against budgeted, rolling forecast and prior year revenue
- Comparison of actual profit against budgeted, rolling forecast and prior year profit
- Comparison of actual and budgeted, rolling forecast and prior year stock

Non-Financial key performance indicators

Our business objectives include:

- 1 Improved Quality delivered to customers (PPM)
- 2 Material Utilisation percentage
- 3 On time Full (OTIF) deliveries
- 4 Process capability (Cpk > 1.33)
- 5 Lost time for accidents
- 6 Employee absence
- 7 Compliance with the company's Environmental policy

These key performance indicators are monitored by both the board of directors and the management team on a monthly basis.

Company's policy for payment of creditors

The group does not follow a particular code of payment practice but agrees terms of payment prior to commencement of trade with individual suppliers. The group does not adopt a different policy for different suppliers, but ensures that all suppliers are made aware of terms of payment, and abides by those terms.

At 31 March 2013 the number of days purchases in trade creditors was 84 (2012: 73).

MTL GROUP HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2013

Employee involvement

The company places considerable value on the involvement of its employees and communicates clearly and openly on a personal and two-way basis, sharing information and ideas. Employees are continually kept informed of matters affecting them as employees and of various factors affecting the performance of the group. This is achieved through formal and informal meetings and newsletters. Employee representatives are consulted regularly in a wide range of matters affecting their current and future interests.

Disabled employees

The company's policy on the employment of disabled persons is that disablement in itself will not be a barrier to recruitment or to continued employment of any person already employed, unless full consideration in each case indicated that employment or progress would be impracticable. In the event of employees becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

Qualifying third party indemnity provisions

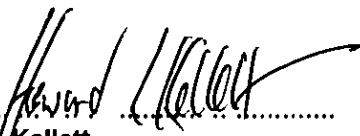
The group has purchased third party indemnity insurance for the directors during the year.

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

This report was approved by the board on 27 June 2013 and signed on its behalf

...  ...
H L Kellett
Secretary

MTL GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MTL GROUP HOLDINGS LIMITED

We have audited the financial statements of MTL Group Holdings Limited for the year ended 31 March 2013 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 members 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 statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2013 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year [period] for which the financial statements are prepared is consistent with the financial statements.

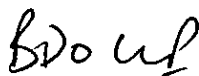
MTL GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MTL GROUP HOLDINGS LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us,
- the parent company 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



Craig Burton (Senior statutory auditor)
for and on behalf of **BDO LLP**, Statutory auditor
Sheffield
United Kingdom

27 June 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

MTL GROUP HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the group and of the profit or loss of the company and the group 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 accounting 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 and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy at any time the financial position of the company and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MTL GROUP HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 £000	2012 £000
TURNOVER	1,2	44,354	49,040
Cost of sales		<u>(38,401)</u>	<u>(41,265)</u>
GROSS PROFIT		5,953	7,775
Distribution costs		(1,229)	(1,469)
Administrative expenses		<u>(3,711)</u>	<u>(3,762)</u>
OPERATING PROFIT	3	1,013	2,544
Interest receivable and similar income	7	3	3
Interest payable and similar charges	8	<u>(1,528)</u>	<u>(1,356)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(512)	1,191
Tax on (loss)/profit on ordinary activities	9	<u>72</u>	<u>(285)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	21	<u>(440)</u>	<u>906</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account

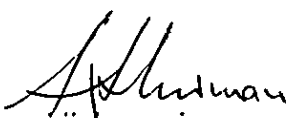
The notes on pages 11 to 25 form part of these financial statements

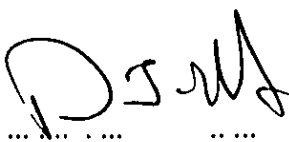
MTL GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 05623065

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2013

	Note	£000	2013 £000	2012 £000
FIXED ASSETS				
Intangible assets	10		5,278	5,952
Tangible assets	11		7,991	7,827
			<u>13,269</u>	<u>13,779</u>
CURRENT ASSETS				
Stocks	13	4,938		6,092
Debtors	14	6,239		10,136
Cash at bank		736		1
		<u>11,913</u>		<u>16,229</u>
CREDITORS amounts falling due within one year	15	(10,664)		(14,488)
NET CURRENT ASSETS			<u>1,249</u>	<u>1,741</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,518</u>	<u>15,520</u>
CREDITORS amounts falling due after more than one year	16		(11,459)	(11,562)
PROVISIONS FOR LIABILITIES				
Deferred tax	17	(489)		(479)
Other provisions	18	(235)		(682)
			<u>(724)</u>	<u>(1,161)</u>
ACCRUALS AND DEFERRED INCOME	19		<u>(728)</u>	<u>(750)</u>
NET ASSETS			<u>1,607</u>	<u>2,047</u>
CAPITAL AND RESERVES				
Called up share capital	20		64	64
Share premium account	21		583	583
Capital redemption reserve	21		3	3
Profit and loss account	21		957	1,397
SHAREHOLDERS' FUNDS	22		<u>1,607</u>	<u>2,047</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2013


H N Shurman
Director


D J O'Hara
Director

The notes on pages 11 to 25 form part of these financial statements

MTL GROUP HOLDINGS LIMITED
REGISTERED NUMBER. 05623065

COMPANY BALANCE SHEET
AS AT 31 MARCH 2013

	Note	£000	2013 £000	2012 £000
FIXED ASSETS				
Investments	12		10,505	10,505
CURRENT ASSETS				
Debtors	14	1,070		966
Cash at bank		30		1
		<u>1,100</u>		<u>967</u>
CREDITORS: amounts falling due within one year	15	<u>(1,252)</u>		<u>(750)</u>
NET CURRENT (LIABILITIES)/ASSETS			<u>(152)</u>	<u>217</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,353</u>	<u>10,722</u>
CREDITORS: amounts falling due after more than one year	16		<u>(9,818)</u>	<u>(10,065)</u>
NET ASSETS			<u><u>535</u></u>	<u><u>657</u></u>
CAPITAL AND RESERVES				
Called up share capital	20		64	64
Share premium account	21		583	583
Capital redemption reserve	21		3	3
Profit and loss account	21		<u>(115)</u>	<u>7</u>
SHAREHOLDERS' FUNDS	22		<u><u>535</u></u>	<u><u>657</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2013


H N Shirman
Director


D J O'Hara
Director

The notes on pages 11 to 25 form part of these financial statements

MTL GROUP HOLDINGS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 £000	2012 £000
Net cash flow from operating activities	23	3,747	4,130
Returns on investments and servicing of finance	24	(522)	(569)
Taxation	24	(81)	-
Capital expenditure and financial investment	24	(1,541)	(1,078)
CASH INFLOW BEFORE FINANCING		1,603	2,483
Financing	24	(659)	(1,662)
INCREASE IN CASH IN THE YEAR		944	821

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2013**

	2013 £000	2012 £000
Increase in cash in the year	944	821
Cash outflow from decrease in debt and lease financing	659	1,476
REDUCTION IN NET DEBT RESULTING FROM CASH FLOWS	1,603	2,297
New finance leases	-	(843)
Accrued interest charges	(1,003)	(784)
REDUCTION IN NET DEBT IN THE YEAR	600	670
Net debt at 1 April 2012	(12,645)	(13,315)
NET DEBT AT 31 MARCH 2013	(12,045)	(12,645)

The notes on pages 11 to 25 form part of these financial statements

MTL GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

The principal accounting policies of the company are set out below. The policies have remained unchanged from the previous year.

1.2 Basis of consolidation

The financial statements consolidate the accounts of MTL Group Holdings Limited and all of its subsidiary undertakings ('subsidiaries').

Acquisitions of subsidiaries are dealt with by the acquisition method of accounting. Accordingly, the consolidated profit and loss account and cash flow statements include the results of the acquired companies from the date of acquisition.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised upon delivery of the goods or services.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life of 15 years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Improvements	-	Over the period of the lease
Plant & machinery	-	12.5% straight line/cranes over the period of the lease
Motor vehicles	-	25% reducing balance
Office equipment	-	25% reducing balance

1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

MTL GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

1 ACCOUNTING POLICIES (continued)

1.8 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.9 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1.12 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned as long as any other conditions are met. Other grants are credited to the profit and loss account as the related expenditure is incurred

1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

MTL GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES (continued)

1.14 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains and losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

Where none of the contractual terms of share capital meet the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.15 Employee benefit trust

Shares held by the group's Employee Benefit Trust (EBT) are carried at the lower of cost and net realisable value and are included in the group's balance sheet as a deduction from reserves, until they are unconditionally distributed to beneficiaries at the unfettered discretion of the trustees of the EBT.

1.16 Significant estimates and judgements

Dilapidations

Provision is made on property leases that have ended where an obligation may exist to make good any repairs to the site. At the year end an amount has been provided on all such leases based upon an assessment of the amounts that may become payable.

Other provisions

Other provisions are made at the year end based on estimated amounts that may become payable.

2. TURNOVER

A geographical analysis of turnover is as follows

	2013 £000	2012 £000
United Kingdom	36,542	41,706
Other Markets	7,812	7,334
	<u>44,354</u>	<u>49,040</u>

MTL GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

3 OPERATING PROFIT

The operating profit is stated after charging

	2013 £000	2012 £000
Amortisation - intangible fixed assets	674	674
Depreciation of tangible fixed assets		
- owned by the group	739	637
- held under finance leases	679	642
Operating lease rentals		
- other operating leases	572	507
Difference on foreign exchange	(8)	(24)
	<u> </u>	<u> </u>

4 AUDITORS' REMUNERATION

	2013 £000	2012 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	15	18
Fees payable to the company's auditor and its associates in respect of		
All taxation services not included above	-	13
All other non-audit services not included above	-	5
	<u> </u>	<u> </u>

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2013 £000	2012 £000
Wages and salaries	10,166	10,102
Social security costs	1,016	936
Other pension costs	214	214
	<u> </u>	<u> </u>
	11,396	11,252
	<u> </u>	<u> </u>

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

	2013 No.	2012 No.
Production staff	260	261
Administrative staff	85	83
	<u> </u>	<u> </u>
	345	344
	<u> </u>	<u> </u>

MTL GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

6 DIRECTORS' REMUNERATION

	2013 £000	2012 £000
Emoluments	<u>631</u>	<u>795</u>
Company pension contributions to defined contribution pension schemes	<u>41</u>	<u>70</u>

During the year retirement benefits were accruing to 5 directors (2012 - 6) in respect of defined contribution pension schemes

The highest paid director received remuneration of £209,000 (2012 - £293,000)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,000 (2012 - £20,000)

7. INTEREST RECEIVABLE

	2013 £000	2012 £000
Other interest receivable	<u>3</u>	<u>3</u>

8. INTEREST PAYABLE

	2013 £000	2012 £000
On bank loans and overdrafts	-	3
On other loans	1,175	1,152
On finance leases and hire purchase contracts	146	169
Interest on the debt element of shares	149	-
Other interest payable	58	32
	<u>1,528</u>	<u>1,356</u>

MTL GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

9 TAXATION

	2013 £000	2012 £000
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year	-	220
Adjustments in respect of prior periods	(82)	(57)
Total current tax	<u>(82)</u>	<u>163</u>
Deferred tax (see note 17)		
Origination and reversal of timing differences	10	122
Tax on (loss)/profit on ordinary activities	<u>(72)</u>	<u>285</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £000	2012 £000
(Loss)/profit on ordinary activities before tax	<u>(512)</u>	<u>1,191</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	(123)	310
Effects of		
Non-tax deductible amortisation of goodwill and impairment	162	175
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	48	23
Capital allowances for year in excess of depreciation	21	(128)
Adjustments to tax charge in respect of prior periods	(82)	(57)
Other timing differences leading to an increase (decrease) in taxation	(3)	(107)
Enhanced deductions	(105)	(53)
Current tax (credit)/charge for the year (see note above)	<u>(82)</u>	<u>163</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges

MTL GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

10. INTANGIBLE FIXED ASSETS

	Goodwill £000
Group	
Cost	
At 1 April 2012 and 31 March 2013	10,107
Amortisation	
At 1 April 2012	4,155
Charge for the year	674
At 31 March 2013	4,829
Net book value	
At 31 March 2013	5,278
At 31 March 2012	5,952

11. TANGIBLE FIXED ASSETS

	Leasehold improvements £000	Plant & machinery £000	Motor vehicles £000	Office equipment £000	Total £000
Group					
Cost					
At 1 April 2012	2,996	8,475	147	450	12,068
Additions	318	1,224	-	40	1,582
At 31 March 2013	3,314	9,699	147	490	13,650
Depreciation					
At 1 April 2012	308	3,610	113	210	4,241
Charge for the year	215	1,126	8	69	1,418
At 31 March 2013	523	4,736	121	279	5,659
Net book value					
At 31 March 2013	2,791	4,963	26	211	7,991
At 31 March 2012	2,688	4,865	34	240	7,827

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

	2013 £000	2012 £000
Group		
Leasehold improvements	367	396
Plant and machinery	2,132	2,267
Motor vehicles	-	5
Furniture, fittings and equipment	9	31
	2,508	2,699

MTL GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

12 FIXED ASSET INVESTMENTS

Company	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2012 and 31 March 2013	10,505
Net book value	
At 31 March 2013	10,505
At 31 March 2012	10,505

Details of the principal subsidiaries can be found under note number 30

13. STOCKS

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Raw materials	2,927	3,159	-	-
Work in progress	2,011	2,933	-	-
	4,938	6,092	-	-

14 DEBTORS

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Trade debtors	5,888	9,519	-	-
Amounts owed by group undertakings	-	-	1,070	966
Other debtors	61	163	-	-
Prepayments and accrued income	290	454	-	-
	6,239	10,136	1,070	966

MTL GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

15. CREDITORS

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Bank loans and overdrafts	1,250	959	1,250	750
Net obligations under finance leases and hire purchase contracts	608	704	-	-
Trade creditors	6,589	8,910	-	-
Corporation tax	-	163	-	-
Social security and other taxes	691	863	-	-
Accruals and deferred income	1,526	2,889	2	-
	<u>10,664</u>	<u>14,488</u>	<u>1,252</u>	<u>750</u>

16. CREDITORS:

Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Debt element of shares (Note 20)	149	-	149	-
Bank loans	9,669	10,065	9,669	10,065
Net obligations under finance leases and hire purchase contracts	1,105	918	-	-
Accruals and deferred income	536	579	-	-
	<u>11,459</u>	<u>11,562</u>	<u>9,818</u>	<u>10,065</u>

Included within the above are amounts falling due as follows

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Between one and two years				
Bank loans	1,500	1,250	1,500	1,250
Between two and five years				
Bank loans	8,169	8,815	8,169	8,815
Over five years				
Debt element of shares	149	-	149	-

Creditors include amounts not wholly repayable within 5 years as follows

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Repayable by instalments	149	-	149	-

MTL GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

16. CREDITORS

Amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Between one and five years	<u>1,105</u>	<u>918</u>	<u>-</u>	<u>-</u>

Accrued interest included in the total bank loans amounts to £3,169,000 (2012 £2,315,000)

The bank loans and overdrafts are secured by fixed and floating charges over the group's assets

Interest accrued on the above bank loans at rates varying between LIBOR plus 2.5% to 6%. Loans are repayable by instalments up to 2016

17 DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
At beginning of year	479	357	-	-
Charge for the year	10	122	-	-
At end of year	<u>489</u>	<u>479</u>	<u>-</u>	<u>-</u>

The provision for deferred taxation is made up as follows

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Accelerated capital allowances	492	485	-	-
Short term timing differences	(3)	(6)	-	-
	<u>489</u>	<u>479</u>	<u>-</u>	<u>-</u>

18 PROVISIONS

Group	Other provisions including dilapidations £000
At 1 April 2012	682
Amounts released	(447)
At 31 March 2013	<u>235</u>

MTL GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

19. ACCRUALS AND DEFERRED INCOME

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Government grants b/fwd	750	695	-	-
Government grant amortisation	(22)	(116)	-	-
Government grants receivable	-	171	-	-
	<u>728</u>	<u>750</u>	<u>-</u>	<u>-</u>

20 SHARE CAPITAL

	2013	2012
	£000	£000
Allotted, called up and fully paid		
490,718 Ordinary shares of £0 10 each	49	49
125,000 A Ordinary shares of £0 10 each	13	13
16,000 B Ordinary shares of £0 10 each	2	2
	<u>64</u>	<u>64</u>

The Ordinary and A Ordinary shares carry the same rights other than in respect of payment of a participating dividend to the holders of A Ordinary shares of 20% of the post tax profits for the accounting periods following the final discharge date, being the date of the repayment of the bank loans

The B Ordinary shares have limited rights to dividends

The A Ordinary shares have been treated as a compound instrument under FRS 25 'Financial Instruments'. The directors consider that the fair value of the debt element at 31 March 2013 is £149,000

During the prior year the company repurchased 32,407 Ordinary shares of £0 10 each for £188,000

A capital redemption reserve of £3,000 was established in respect of this transaction and the authorised share capital was reduced by 32,407

During the prior year the company issued 16,000 B Ordinary shares of £0 10 each at par. The authorised share capital was also increased by 16,000 B Ordinary shares of £0 10 each

21. RESERVES

	Share premium account	Capital redempt'n reserve	Profit and loss account
	£000	£000	£000
Group			
At 1 April 2012	583	3	1,397
Loss for the year			(440)
	<u>583</u>	<u>3</u>	<u>957</u>
At 31 March 2013			

MTL GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

21 RESERVES (continued)

Company	Share premium account £000	Capital redempt'n reserve £000	Profit and loss account £000
At 1 April 2012	583	3	7
Loss for the year			(122)
	<u>583</u>	<u>3</u>	<u>(115)</u>
At 31 March 2013			

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £000	2012 £000
Group		
Opening shareholders' funds	2,047	1,327
(Loss)/profit for the year	(440)	906
Shares issued during the year	-	2
Shares redeemed/cancelled during the year	-	(188)
	<u>1,607</u>	<u>2,047</u>
Closing shareholders' funds		
	<u>1,607</u>	<u>2,047</u>
Company		
Opening shareholders' funds	657	845
Loss for the year	(122)	(2)
Shares issued during the year	-	2
Shares redeemed/cancelled during the year	-	(188)
	<u>535</u>	<u>657</u>
Closing shareholders' funds		
	<u>535</u>	<u>657</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

The loss for the year dealt with in the accounts of the company was £122,000 (2012 - £2,000 loss)

MTL GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

23. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £000	2012 £000
Operating profit	1,013	2,544
Amortisation of intangible fixed assets	674	674
Depreciation of tangible fixed assets	1,418	1,279
Profit on disposal of tangible fixed assets	(41)	(4)
Government grants relating to tangible fixed assets	(22)	(116)
Decrease/(increase) in stocks	1,154	(943)
Decrease/(increase) in debtors	3,897	(226)
(Decrease)/increase in creditors	(3,899)	819
(Decrease)/increase in provisions	(447)	103
Net cash inflow from operating activities	3,747	4,130

24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2013 £000	2012 £000
Returns on investments and servicing of finance		
Interest received	3	3
Interest paid	(379)	(403)
Hire purchase interest	(146)	(169)
Net cash outflow from returns on investments and servicing of finance	(522)	(569)
	2013 £000	2012 £000
Taxation		
Corporation tax	(81)	-
	2013 £000	2012 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,582)	(1,253)
Sale of tangible fixed assets	41	4
Government grants received	-	171
Net cash outflow from capital expenditure	(1,541)	(1,078)

MTL GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2013 £000	2012 £000
Financing		
Issue of ordinary shares	-	2
Purchase of ordinary shares	-	(188)
Repayment of loans	(750)	(500)
Repayment of finance leases	(763)	(729)
Proceeds from new hire purchase and finance lease agreements	854	-
Movements on invoice discounting	-	(247)
Net cash outflow from financing	(659)	(1,662)

25. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2012 £000	Cash flow £000	Other non-cash changes £000	31 March 2013 £000
Cash at bank and in hand	1	735	-	736
Bank overdraft	(209)	209	-	-
	(208)	944	-	736
Finance leases	(1,622)	(91)	-	(1,713)
Debts due within one year	(750)	750	(1,250)	(1,250)
Debts falling due after more than one year	(10,065)	-	247	(9,818)
Net debt	(12,645)	1,603	(1,003)	(12,045)

26 MAJOR NON-CASH TRANSACTIONS

The group has accrued interest of £1,003,000 during the year

27 CAPITAL COMMITMENTS

At 31 March 2013 the group and company had capital commitments as follows

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Contracted for but not provided in these financial statements	21	233	-	-

MTL GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

28 PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of which are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £214,000 (2012: £214,000).

29. OPERATING LEASE COMMITMENTS

At 31 March 2013 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2013	2012	2013	2012
Group	£000	£000	£000	£000
Expiry date:				
Between 2 and 5 years	66	-	64	58
After more than 5 years	444	444	-	-

30. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
MTL Group Limited	England & Wales	100	Precision engineering and design for manufacture services
Mayflower Technology (2) Limited	England & Wales	100	Intermediate holding company

31 DIVIDENDS RECEIVED

	2013	2012
	£000	£000
Dividends received from subsidiary company	915	852

32. DERIVATIVES

The group and the company held derivative financial instruments which at the year end had a fair value of £349,000 liability (2012: £248,000 - liability). The group's exposure to interest and currency rate fluctuations is managed by the use of both fixed and floating facilities and derivative financial instruments.