

## **Metalrax Group Properties Limited**

Annual report and financial statements  
For the year ended 31 December 2009

Registered number 356649

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# Metalrax Group Properties Limited

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# Metalrax Group Properties Limited

## Officers and Advisors

For the year ended 31 December 2009

### Directors

A J Richardson

M J Stock (resigned 31 October 2009)

### Secretary

M J Stock (resigned 31 October 2009)

N Longley (appointed 31 October 2009)

### Registered Office

Ardath Road  
Kings Norton  
Birmingham  
B38 9PN

### Bankers

The Royal Bank of Scotland plc  
2 St Phillips Place  
Birmingham  
West Midlands  
B3 2RB

### Auditors

Deloitte LLP  
Chartered Accountants and Registered Auditors  
Four Brindleyplace  
Birmingham  
B1 2HZ

# Metalrax Group Properties Limited

## Director's report

The director presents his annual report on the affairs of the company, together with the financial statements and independent auditors' report, for the year ended 31 December 2009

This Director's Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption

### **Principal activities and Business Review**

The principal activity of the company is that of property management and the letting of properties to fellow group trading companies

The director considers that the results for the year and the financial position at the end of the year were satisfactory

The director does not expect any significant change to the future prospects of the company

### **Going concern**

The Company is reliant on short-term debt finance provided by its parent undertaking, as disclosed in note 7 to the financial statements. Following the completion of refinancing of its bank borrowings on 9 October 2009, the ultimate parent company has provided the director with confirmation that it will continue to provide the Company with financial support for a period of at least 12 months from the date of approval of the financial statements

Having received such confirmation, and after reviewing the Company's budget and projected cash flows the director has a reasonable expectation that the Company has adequate resources to meet its obligations and continue in operational existence for the foreseeable future. Accordingly, the director continues to adopt the going concern basis in preparing the annual report and accounts

### **Dividends**

The director does not recommend the payment of a dividend (2008 £nil)

### **Director and his interests**

The director, who served throughout the year and subsequently except as noted, is shown on page 1

The director did not hold any beneficial interest in the shares of the company at any time during the year

### **Fixed assets**

A professional property valuation exercise was carried out as at 31 December 2009 on all property which led to an decrease in the carrying value of £311,000. Full details of this property valuation are contained in note 6

### **Director's indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its director which were made during the prior year and remain in force at the date of this report

# Metalrax Group Properties Limited

## Director's report

### Director's responsibilities statement

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

### Director's statement as to disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

### Risk management

The company's activities expose it to a number of financial risks including credit risk and liquidity risk.

#### *Credit risk*

The company's principal financial assets are bank balances and cash. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses short-term debt finance provided by its parent undertaking.

Metalrax Group Properties Limited  
Director's report

Approved by the Board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'N Longley', written over a horizontal line.

N Longley  
Company Secretary  
Ardath Road  
Kings Norton  
Birmingham  
B38 9PN

17 September 2010

# Metalrax Group Properties Limited

## Independent auditors' report

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METALRAX GROUP PROPERTIES LIMITED

We have audited the financial statements of Metalrax Group Properties Limited for the year ended 31 December 2009 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes 1 to 13. 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 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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its 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 for which the financial statements are prepared is consistent with the financial statements.

#### 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
- the directors were not entitled to take advantage of the small companies exemption in preparing the Director's Report.



Peter Gallimore FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
23 September 2010

# Metalrax Group Properties Limited

## Profit and Loss Account

For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Turnover	2	279	281
Cost of sales		(54)	(54)
<b>Gross profit</b>		<b>225</b>	<b>227</b>
Administrative expenses		(242)	(126)
<b>Operating (loss)/profit being (loss)/profit on ordinary activities before taxation</b>	3	<b>(17)</b>	<b>101</b>
Tax on (loss)/profit on ordinary activities	5	-	-
<b>(Loss)/profit on ordinary activities after taxation</b>	9	<b>(17)</b>	<b>101</b>

The results above are derived from continuing operations

## Statement of total recognised gains and losses

For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Devaluation of properties	6	(311)	(677)
<b>Net loss recognised directly in equity</b>	9	<b>( 311)</b>	<b>(677)</b>
(Loss)/profit for the financial year	9	(17)	101
<b>Total recognised loss for the year</b>	10	<b>(328)</b>	<b>(576)</b>
<b>Attributable to:</b>			
<b>Equity holders of the company</b>	10	<b>(328)</b>	<b>(576)</b>



# Metalrax Group Properties Limited

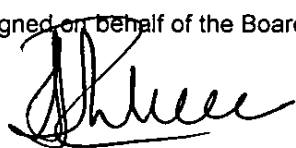
## Balance Sheet

As at 31 December 2009

	Notes	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Tangible assets	6	<u>2,710</u>	<u>3,750</u>
<b>Current assets</b>			
Cash		-	319
Debtors		<u>13</u>	<u>-</u>
		13	319
<b>Creditors: Amounts falling due within one year</b>	7	<u>( 1,080)</u>	<u>(2,098)</u>
<b>Net current liabilities</b>		<u>( 1,067)</u>	<u>(1,779)</u>
<b>Net assets</b>		<u>1,643</u>	<u>1,971</u>
<b>Capital and reserves</b>			
Called-up share capital	8	3	3
Revaluation reserve	9	1,272	1,583
Profit and loss account	9	<u>368</u>	<u>385</u>
<b>Shareholders' funds – all equity</b>	10	<u>1,643</u>	<u>1,971</u>

The financial statements of Metalrax Group Properties Limited, registered number 356649, were approved by the board of directors and authorised for issue on 17 September 2010

Signed on behalf of the Board of Directors



A J Richardson  
Director  
17 September 2010

## **1 Accounting Policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards. These accounts have been prepared on a going concern basis, which is discussed in the Directors' report on page 2.

### **Cash flow statement**

Under the provisions of Financial Reporting Standard 1 "Cash Flow statements", the company has not prepared a cash flow statement because its immediate parent company, which holds more than 90% of the company's share capital, has prepared consolidated accounts. These consolidated accounts include the accounts of the company for the year ended 31 December 2009 and contain a cash flow statement and are publicly available.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation net of depreciation and any provision for impairment losses. Revaluations are performed with sufficient regularity that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the profit and loss account to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation on that asset.

Depreciation on revalued buildings is charged to the profit and loss account. On a subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained reverse.

# Metalrax Group Properties Limited

## Notes to the financial statements

31 December 2009

### Tangible fixed assets (continued)

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

Freehold buildings	50 years straight line
Long leasehold land and buildings	50 years straight line
Short leasehold land and buildings	over the period of the lease
Fixtures and fitting	10-20% per annum on cost

Residual value is calculated on prices prevailing at the date of acquisition

### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognized in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognized only to the extent that, on the basis of all available evidence, 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 is not recognized when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognized in the financial statements. Neither is deferred tax recognized when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

### Revenue recognition

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes

# Metalrax Group Properties Limited

## Notes to the financial statements

31 December 2009

### 1 Accounting policies (continued)

#### Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

#### Related Parties

The company has taken advantage of the exemption under Financial Reporting Standard No. 8 from disclosing transactions with related parties within the group as it is a wholly owned subsidiary of Metalrax Group PLC. The consolidated financial statements of Metalrax Group PLC, which include the results of this company, are publicly available at, Metalrax Group PLC, Ardath Road, Kings Norton, Birmingham B38 9PN.

### 2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company which is property management and the letting of properties to fellow group trading companies in the UK.

### 3 Operating profit being profit on ordinary activities before taxation

Operating profit being profit on ordinary activities before taxation is stated after charging

	2009 £'000	2008 £'000
Depreciation of tangible fixed assets	54	54
Loss on disposal of property	125	-
Impairment of property	50	126

In the current year, auditors' remuneration was borne by Metalrax Group PLC. The fees payable to the company's auditors for the audit of the company's accounts amounted to £500 (2008: £500). There were no non-audit fees in the current or prior year.

### 4 Information regarding directors and employees

The company had no employees in the current and prior year, except directors as listed in the directors' report. The directors did not receive any emoluments in respect of their services to the company (2008: £nil). The remuneration for the services of certain directors is borne by other group undertakings. No part of their remuneration can be specifically attributed to their services to the company.

There were no staff costs for the year ended 31 December 2009 (2008: £nil).

**Metalrax Group Properties Limited**  
**Notes to the financial statements**  
31 December 2009

**5 Tax on profit on ordinary activities**

The tax charge for the was £nil (2008 £nil)

**Factors affecting current period tax charge**

The reconciliation between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2009 £000	2008 £000
<b>(Loss)/profit on ordinary activities before tax</b>	<b>(17)</b>	<b>101</b>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008 20 75%)	(3)	21
Effects of		
Depreciation in excess of capital allowances	4	4
UK UK transfer pricing	(25)	(25)
Group relief surrendered	24	-
<b>Total current tax charge/(credit) for year</b>	<b>-</b>	<b>-</b>

The company earns its profits wholly in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 28% (2008 20 75%). The Corporation Tax rate for 2009/10 tax year will be 28% and as per the Finance Bill the rate was amended on 21 June 2010 and will be 27% with effect from April 2011.

**Metalrax Group Properties Limited**  
**Notes to the financial statements**  
31 December 2009

**6 Tangible fixed assets**

	Land and buildings £000	Fixtures & Fittings £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2009	3,750	193	3,943
Revaluation decrease	(365)	-	(365)
Disposal	(625)	-	(625)
At 31 December 2009	<u>2,760</u>	<u>193</u>	<u>2,953</u>
<b>Depreciation</b>			
At 1 January 2009	-	193	193
Charge for the year	54	-	54
Impairment	50	-	50
Eliminated on revaluation	(54)	-	(54)
At 31 December 2009	<u>50</u>	<u>193</u>	<u>243</u>
<b>Net book value</b>			
At 31 December 2009	<u>2,710</u>	<u>-</u>	<u>2,710</u>
At 31 December 2008	<u>3,750</u>	<u>-</u>	<u>3,750</u>

**Freehold Land and Buildings**

The gross book value of freehold land and buildings includes £1,950,000 (2008 - £2,675,000) of depreciable assets

Freehold and long leasehold properties were revalued at 31 December 2009 by AtisReal Limited, independent valuers not connected with the company, on the basis of market value. The valuation conforms to UKGAAP valuation standards and was based on recent market transactions on arm's length terms for similar properties. £311,000 of the revaluation decrease was recognised against revaluation reserve at 31 December 2009 (see note 9) and £50,000 of the revaluation decrease was recognised in profit and loss in 2009.

At 31 December 2009, had the freehold and long leasehold properties been carried at historical cost less accumulated depreciation, their carrying value would have been approximately £2,239,000 (2008 - £2,293,000).

**Metalrax Group Properties Limited**  
**Notes to the financial statements**  
31 December 2009

**7 Creditors: Amounts falling due within one year**

	2009 £000	2008 £000
Amounts owed to group undertakings	1,080	2,052
Other taxation and social security	-	46
	<u>1,080</u>	<u>2,098</u>

**8 Share capital**

	2009 £000	2008 £000
<i>Authorised</i>		
3,000 ordinary shares of £1 each	<u>3</u>	<u>3</u>
<i>Allotted, called-up and fully-paid</i>		
3,000 ordinary shares of £1 each	<u>3</u>	<u>3</u>

**9 Reserves**

	Revaluation reserve £000	Profit and loss account £000	Total £000
Balance as at 1 January 2009	1,583	385	1,968
Loss for the year	-	(17)	(17)
Devaluation of properties	(311)	-	(311)
Balance as at 31 December 2009	<u>1,272</u>	<u>368</u>	<u>1,640</u>

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

	2009 £000	2008 £000
Total recognised (loss)/income for the year	(328)	(576)
Opening shareholders' funds	<u>1,971</u>	<u>2,547</u>
Closing shareholders' funds	<u>1,643</u>	<u>1,971</u>

**11 Contingent liabilities**

The amount shown as cash is the balance arising on the company's subdivision of the Metalrax Group PLC group banking arrangement with Royal Bank of Scotland PLC. Under that arrangement, the company stands as guarantor of any amounts owing to the bank by other group undertakings. £Nil was owed at 31 December 2009 (2008 £4,670,000).

# Metalrax Group Properties Limited

## Notes to the financial statements

31 December 2009

### **13 Ultimate parent company**

The company was controlled throughout the current and previous year by its ultimate and immediate parent undertaking, Metalrax Group PLC. The shareholdings of that company are such that no controlling party has been identified. A copy of the group consolidated accounts is publicly available at Metalrax Group PLC, Ardath Road, Kings Norton, Birmingham, B38 9PN.