

BAC Corrosion Control Limited

Report and Financial Statements Year Ended

31 December 2016

Company Number 01394643

BAC Corrosion Control Limited

Report and financial statements for the year ended 31 December 2016

Contents

Page:

	Statement of Financial Position
2	Statement of Changes in Equity
3	Notes forming part of the financial statements

Directors

T R Martensson
AP Adamsson
SF Goring
B Wigstrom

Registered office

Units C10 and C11, Stafford Park 11, Telford, Shropshire, TF3 4DR

Company number

01394643

Auditors

BOO LLP, Two Snowhill, Birmingham, B4 6GA

Bankers

Lloyds TSB Bank Plc, Telford Business Park, Telford, TF3 4JE

Solicitors

Lanyon Bowdler, Brodie House, Town Centre, Telford, TF3 4DR

BAC Corrosion Control Limited

Statement of Financial Position at 31 December 2016

<i>Company number 01394643</i>	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Intangible assets	6		16,578		
Tangible assets	7		160,288		184,391
Investments	8		178,362		178,362
					2
			355,228		362,753
Current assets					
Stocks	9	1,080,628		955,896	
Debtors	10	667,255		1,795,429	
Cash at bank		1,431,734		697,487	
		3,179,617		3,448,812	
Creditors: amounts falling due within one year	11	(1,251,023)		(1,428,704)	
Net current assets			1,928,594		2,020,108
Total assets less current liabilities			2,283,822		2,382,861
Capital and reserves					
Called up share capital	13		1,000,000		1,000,000
Profit and loss account			1,283,822		1,382,861
Shareholders' funds			2,283,822		2,382,861


The company's financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company's annual accounts and reports have been delivered to the registrar in accordance with the provisions of the Companies Act 2006 applicable to companies subject to the small companies regime.

A copy of the company's profit and loss account has not been delivered to the registrar of companies.

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


T R Martensson
Director
8.5-17


S F Goring
Director
8.5-17

The notes on pages 3 to 14 form part of these financial statements.

BAC Corrosion Control Limited

Statement of Changes in Equity for the year ended 31 December 2016

Year ended 31 December 2016	Share capital £	Profit and loss account £	Total equity £
At 1 January 2016	1,000,000	1,382,861	2,382,861
Comprehensive income for the year Profit for the year		400,961	400,961
Total comprehensive income for the year		400,961	400,961
Contributions by and distributions to owners Dividends (note 5)		(500,000)	(500,000)
At 31 December 2016	1,000,000	1,283,822	2,283,822
Year ended 31 December 2015	Share capital £	Profit and loss account £	Total equity £
At 1 January 2015	1,000,000	1,085,036	2,085,036
Comprehensive income for the year Profit for the year		297,825	297,825
Total comprehensive income for the year		297,825	297,825
Contributions by and distributions to owners Dividends (note 5)			
At 31 December 2015	1,000,000	1,382,861	2,382,861

The purpose of each reserve within equity is as follows:

Share Capital	The nominal value of allotted and fully paid up ordinary share capital
Profit and loss account	Cumulative net gains and losses recognised in the statement of comprehensive income net of dividends paid on equity shares and other adjustments.

The notes on page 3 to 14 form part of these financial statements.

BAC Corrosion Control Limited

Notes forming part of the financial statements for the yearended 31 December 2016

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in Sterling, which is the functional currency of the entity.

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Information on the impact of first-time adoption of section 1A Small entities in FRS 102 is given in note 19.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied consistently:

1.2 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured and payment is probable. Turnover is measured as the fair value of the consideration receivable, excluding discounts, rebates; value added tax and other sales taxes. Other than in respect of long term contracts turnover is recognised on completion of work contracted. Where contracts are considered to be long term, turnover includes the value of the work carried out in the year.

Long term contracts are assessed on a contract by contract basis, and where considered material to the financial statements, are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

1.3 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.4 Intangible fixed assets and amortisation

Intellectual property is stated at cost less accumulated amortisation. Historical cost represents the cost paid to acquire the intellectual property. It is amortised to profit and loss over its estimated economic life.

Development costs are charged to profit and loss in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding five years commencing in the year the company starts to benefit from the expenditure.

BAC Corrosion Control Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Leasehold land and buildings	10% straight line
Plant and machinery	10% straight line
Motor vehicles	20% straight line
Fixtures and fittings	10% straight line
Computer equipment	33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

1.6 Operating leases

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

1.7 Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving stocks. Cost is based on the cost of purchase on a first in, first out basis and includes all direct costs, labour and attributable overheads.

At each reporting date, stocks and work in progress are assessed for impairment. If stocks and work in progress are impaired, the carrying amounts are reduced to selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

BAC Corrosion Control Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

1 Accounting policies (*continued*)

1.8 Financial instruments

Basic financial instruments

Financial assets comprise cash at bank, trade debtors amounts owed by group undertakings and other debtors; these are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost. The company considers evidence of impairment of all trade and other debtors and amounts owed by company undertakings, and any subsequent impairment is recognised in profit or loss.

Impairment of financial assets carried at amortised cost

Impairment provisions are recognised when there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment.

Impairment provisions represent the difference between the net carrying amount of a financial asset and the present value of the expected future cash receipts from that asset.

Financial liabilities

Financial liabilities comprise trade creditors, amounts due to group undertakings and other creditors; these are initially recorded at cost on the date they originate and are subsequently carried at amortised cost.

1.9 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 profit and loss.

1.10 Pensions

Defined contribution pension plan

Contributions to the company's defined contribution pension scheme are charged to profit or loss in the year in which they become payable. The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

BAC Corrosion Control Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

1 Accounting policies (*continued*)

1.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

BAC Corrosion Control Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies set out *above* management is required to make certain estimates and judgements concerning the future. These judgements are regularly reviewed and updated as necessary. The estimates and judgements that have the most significant effect on the amounts included in these financial statements are as follows:

(a) Useful *lives* of property plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful *lives* as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly.

(b) Trade debtors

The company reviews the recoverability of trade debtors and makes allowances for doubtful debts where considered appropriate. If there is evidence of impairment the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

(c) Work in progress

The company reviews the recoverability of work in progress related to long term contracts on a project by project basis during the course of each year and at each reporting date. Provisions against outstanding work in progress are raised on specific projects when events and conditions are considered by management to exist that bring into doubt the recoverability of all or part of the costs incurred as work in progress on the project.

(d) Stock obsolescence

At each reporting date, stocks are assessed for obsolescence. If stock is considered to be obsolete, the carrying amount is reduced through applying provisions as considered necessary to correctly reflect the value of stock that is considered recoverable. Movements in respect stock provisions are recognised immediately in the Statement of Comprehensive Income.

(e) Long-term contracts

Long term contracts are assessed on a contract by contract basis and where considered material to the financial statements, are reflected in the Statement of Comprehensive Income by recording turnover and related costs as contract activity progresses. Where the outcome of each long term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the Statement of Comprehensive Income as the difference between the reported turnover and related costs for the contract.

BAC Corrosion Control Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

4 Employees

The average number of employees in the period, excluding directors, was 31 (2015 - 32).

5 Dividends

	2016 £	2015 £
Dividends paid on equity capital:		
Final dividend in respect prior year paid of £0.50 (2015 - £Nil) per share	500,000	

6 Intangible assets

	Intellectual Property £	Development costs £	Total £
<i>Cost</i>			
At 1 January 2016	97,510		97,510
Additions		16,578	16,578
At 31 December 2016	97,510	16,578	114,088
<i>Amortisation</i>			
At 1 January 2016	97,510		97,510
Charge for the year			
At 31 December 2016	97,510		97,510
<i>Net book value</i>			
At 31 December 2016		16,578	16,578
At 31 December 2015			

BAC Corrosion Control Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

7 Tangible fixed assets

	Leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
<i>Cost</i>						
At 1 January 2016	124,095	506,353	36,479	69,712	142,574	879,213
Additions	-	8,924	12,495		7,732	29,151
Disposals			-	(250)	(968)	(1,218)
At 31 December 2016	124,095	515,277	48,974	69,462	149,338	907,146
						--
<i>Depreciation</i>						
At 1 January 2016	123,138	353,292	31,328	56,129	130,935	694,822
Charge for the year	857	33,246	6,334	3,661	9,156	53,254
Disposals	-	-	-	(250)	(968)	(1,218)
At 31 December 2016	123,995	386,538	37,662	59,540	139,123	746,858
						--
<i>Net book value</i>						
At 31 December 2016	100	128,739	11,312	9,922	10,215	160,288
At 31 December 2015	957	153,061	5,151	13,583	11,639	184,391

(9)

BAC Corrosion Control Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

8 Fixed asset investments

	Investments in subsidiary companies £
<i>Cost or valuation</i>	
At 1 January 2016 and 31 December 2016	897,521
<i>Impairment</i>	
At 1 January 2016 and 31 December 2016	719,159
<i>Net book value</i>	
At 31 December 2016	178,362
At 31 December 2015	178,362

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Country	Holding
BAG Corrosion Control Arabia Limited	Ordinary shares	Saudi Arabia	100%
Rose Corrosion Services Limited	Ordinary shares	United Kingdom	100%

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit £
BAG Corrosion Control Arabia Limited	177,362	
Rose Corrosion Services Limited	1,000	
	<hr/>	<hr/>

BAC Corrosion Control Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

9 Stocks	2016	2015
	£	£
Raw materials	619,478	578,894
Work in progress	161,137	122,552
Finished goods	300,013	254,450
	1,080,628	955,896

There is no material difference between the replacement cost of stocks and the amounts stated above.

The cost of inventories expensed in the period and included within cost of sales was £2,716,894 (2015 - £2,718,932). The net movement recognised in the Statement of Comprehensive Income in relation to inventory provisions during the year was a credit of £2,118 (2015 - charge £18,485).

10 Debtors	2016	2015
	£	£
Trade debtors	531,474	1,550,228
Amounts owed by group undertakings		675
Other debtors	102,466	204,526
Deferred tax asset (note 10)	33,315	40,000
	667,255	1,795,429

The net movement recognised in the Statement of Comprehensive Income for the period in respect of bad and doubtful trade debtors was a charge of £15,170 (2015 - £43,597).

The closing bad debt provision amounts to £59,027 (2015 - £43,857).

11 Creditors: amounts falling due within one year	2016	2015
	£	£
Payments received on account	456,304	490,900
Trade creditors	401,098	606,663
Amounts owed to group undertakings	182,712	229,180
Corporation tax	50,918	6,029
Other creditors	159,991	95,932
	1,251,023	1,428,704

BAC Corrosion Control Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

12 Deferred tax asset	2016	2015
	£	£
At beginning of year	40,000	37,000
Charged to profit and loss account	(6,685)	3,000
		<hr/>
At end of year	33,315	40,000
	<hr/>	<hr/>

The deferred tax asset is made up as follows:

	2016	2015
	£	£
Depreciation in excess of capital allowances	29,979	37,000
Other timing differences	3,336	3,000
	<hr/>	<hr/>
	33,315	40,000
	<hr/>	<hr/>

13 Share capital	2016	2015
	£	£
Allotted, called up and fully paid 1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	<hr/>	<hr/>

14 Contingent liabilities

The company has contingent liabilities in respect of performance and tender guarantees totalling £208,000 (2015 -£100,912).

15 Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme 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 £84,539 (2015 - £63,978). No contributions were outstanding at the end of the year (2015- £Nil).

BAC Corrosion Control Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

16 Commitments under operating leases

As at 31 December 2016, the company had total future minimum lease payments under non-cancellable operating leases as set out below:

	2016 £	2015 £
Not later than 1 year	61,560	41,160
Later than 1 year and not later than 5 years	185,940	152,140
Later than 5 years	30,000	60,000
	<hr/>	<hr/>
	277,500	253,300
	<hr/>	<hr/>

17 Related party transactions

The company is a wholly owned subsidiary within the group headed by Midroc Europe AB and has taken advantage of the exemption conferred by FRS 102 'Related Party Disclosures' not to disclose transactions with Midroc Europe AB or other wholly owned subsidiaries within the group.

Key management personnel include all directors of the company. The total compensation paid to key management personnel for services provided to the company was £104,941 (2015 - £94,670).

18 Ultimate parent company

The company is controlled by Midroc Contracting AB.

The parent undertaking of the largest and smallest groups for which consolidated accounts are prepared is Midroc Europe AB, a company incorporated in Sweden. Consolidated accounts are available from PO Box 3002, SE - 169 03 SOLNA, Sweden. In the opinion of the directors, this is the company's ultimate parent company. Midroc Europe AB is ultimately controlled by Mohammed H. Al-Amoudi.

19 First time adoption of FRS 102

The company reported under former UK GAAP in its previously published financial statements for the year ended 31 December 2015.

This is the first year that company has presented its results under FRS 102.

The date of transition was 1 January 2014 and there were no changes on conversion for the company, or subsequently to its profit for the year end 31 December 2015 or to its financial position as at 31 December 2015.

BAC Corrosion Control Limited

**Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)**

20 Audit report

An audit of the company's financial statements was carried out by BOO LLP as statutory auditor who reported to the company's members on 8 May 2017.

The auditor's report was signed by Tobias Stephenson as senior statutory auditor and was unqualified.