

Registered number
03156874

Macaw Engineering Limited
Report and Financial Statements
31 December 2016



Macaw Engineering Limited
Report and accounts
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**Macaw Engineering Limited
Company Information**

Directors

I S Diggory
Rosen Swiss AG (Resigned 3 January 2017)
M Nesbitt (Appointed 3 January 2017)
R Palmer-Jones (Appointed 3 January 2017)

Auditors

Bell Anderson Limited
Lindum
264-266 Durham Road
Gateshead
Tyne & Wear
NE8 4JR

Registered office

Floor 2, Q5
Quorum Business Park
Newcastle Upon Tyne
Tyne and Wear
NE12 8BS

Registered number

03156874

Macaw Engineering Limited

Registered number: 03156874

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2016.

Principal activities

The company's principal activity during the year continued to be the provision of Engineering Consultancy Services.

Directors

The following persons served as directors during the year:

- I S Diggory
- Rosen Swiss AG (Resigned 3 January 2017)

The following directors were appointed subsequent to the year end:

- M Nesbitt (Appointed 3 January 2017)
- R Palmer-Jones (Appointed 3 January 2017)

Directors' responsibilities

The directors are responsible for preparing the report and 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 (Financial Reporting Standard 102 and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

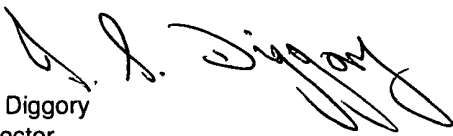
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 24 May 2017 and signed on its behalf.


I S Diggory
Director

Macaw Engineering Limited Strategic Report

Business Review

The Directors are satisfied with the results for the year, in particular they are pleased to report an increase in turnover of 17% despite operating in a volatile oil and gas market.

To support its long-term growth strategy, the Company has continued to recruit specialist staff and also made a substantial investment in a new testing facility. The Directors consider these investments will ultimately result in further growth and profitability, although they have resulted in a reduced operating profit compared to the prior year.

The relative financial strength gained from the implementation of these strategies has resulted in the Company being in a strong position to develop new markets and take advantage of new business opportunities. The Directors will continue to monitor and review the Company's commercial and financial performance to ensure planned growth and budget targets are achieved during 2017.

Risk and Uncertainties

Whilst the Directors are satisfied with the current position of the Company, they acknowledge the external risk to their business of uncertainty in the oil price which results in reduced spend by the industry.

The Company is addressing this risk by investing in new systems and processes to ensure the continued development of the business.

The Company maintains sufficient funds within its working capital to manage liquidity and support both ongoing operations and planned expansion plans.

This report was approved by the board on 24 May 2017 and signed on its behalf.

I S Diggory
Director



Macaw Engineering Limited
Independent auditors' report
to the members of Macaw Engineering Limited

We have audited the financial statements of Macaw Engineering Limited for the year ended 31 December 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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 accounts

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate

Opinion on the accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and the Strategic 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 accounts 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.



Michael Anderson BA, FCA
(Senior Statutory Auditor)
for and on behalf of
Bell Anderson Limited
Accountants and Statutory Auditors
24 May 2017

Lindum
264-266 Durham Road
Gateshead
Tyne & Wear
NE8 4JR

Macaw Engineering Limited
Income Statement
for the year ended 31 December 2016

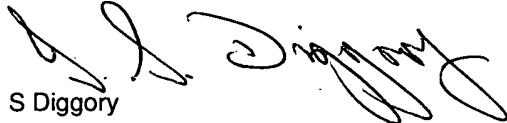
	Notes	2016 £	2015 £
Turnover	2	8,358,983	7,124,105
Cost of sales		(5,083,943)	(3,952,301)
Gross profit		<u>3,275,040</u>	<u>3,171,804</u>
Administrative expenses		(3,191,385)	(2,898,922)
Operating profit	3	<u>83,655</u>	<u>272,882</u>
Loss on sale of fixed assets		(8,072)	-
Interest receivable		7	-
Profit on ordinary activities before taxation		<u>75,590</u>	<u>272,882</u>
Tax on profit on ordinary activities	6	906	(34,089)
Profit for the financial year		<u><u>76,496</u></u>	<u><u>238,793</u></u>

Macaw Engineering Limited
Statement of comprehensive income
for the year ended 31 December 2016

	2016	2015
	£	£
Profit for the financial year	76,496	238,793
Other comprehensive income	-	-
Total comprehensive income for the year	<u>76,496</u>	<u>238,793</u>

Macaw Engineering Limited
Statement of Financial Position
as at 31 December 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	7	329,671	164,938
Current assets			
Accrued income	8	571,764	1,399,355
Debtors	9	2,267,510	825,974
Cash at bank and in hand		288,186	214,544
		<u>3,127,460</u>	<u>2,439,873</u>
Creditors: amounts falling due within one year	10	(2,134,031)	(860,938)
Net current assets		<u>993,429</u>	<u>1,578,935</u>
Total assets less current liabilities		<u>1,323,100</u>	<u>1,743,873</u>
Creditors: amounts falling due after more than one year	11	(31,244)	(28,513)
Net assets		<u>1,291,856</u>	<u>1,715,360</u>
Capital and reserves			
Called up share capital	14	16,500	16,500
Share premium	15	16,875	16,875
Profit and loss account	16	1,258,481	1,681,985
Total equity		<u>1,291,856</u>	<u>1,715,360</u>



I S Diggory
 Director

Approved by the board on 24 May 2017

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

	Share capital	Share premium	Profit and loss account	Total
	£	£	£	£
At 1 January 2015	16,500	16,875	1,443,192	1,476,567
Profit for the financial year			238,793	238,793
At 31 December 2015	<u>16,500</u>	<u>16,875</u>	<u>1,681,985</u>	<u>1,715,360</u>
At 1 January 2016	16,500	16,875	1,681,985	1,715,360
Profit for the financial year			76,496	76,496
Dividends paid			(500,000)	(500,000)
At 31 December 2016	<u>16,500</u>	<u>16,875</u>	<u>1,258,481</u>	<u>1,291,856</u>

Macaw Engineering Limited
Statement of Cash Flows
for the year ended 31 December 2016

	Notes	2016 £	2015 £
Operating activities			
Profit for the financial year		76,496	238,793
Adjustments for:			
Loss on sale of fixed assets		8,072	-
Interest receivable		(7)	-
Tax on profit on ordinary activities		(906)	34,089
Depreciation		133,899	110,514
Decrease/(increase) accrued income		827,591	(813,658)
(Increase)/decrease in debtors		(1,473,846)	854,855
Increase/(decrease) in creditors		1,308,855	(417,882)
		<u>880,154</u>	<u>6,711</u>
Interest received		7	-
Corporation tax paid		(18,649)	(29,616)
		<u>861,512</u>	<u>(22,905)</u>
Cash generated by/(used in) operating activities			
Investing activities			
Payments to acquire tangible fixed assets		(254,245)	(80,989)
		<u>(254,245)</u>	<u>(80,989)</u>
Cash used in investing activities			
Financing activities			
Equity dividends paid		(500,000)	-
Capital element of finance lease payments		(33,791)	(17,734)
		<u>(533,791)</u>	<u>(17,734)</u>
Cash used in financing activities			
Net cash generated/(used)			
Cash generated by/(used in) operating activities		861,512	(22,905)
Cash used in investing activities		(254,245)	(80,989)
Cash used in financing activities		(533,791)	(17,734)
		<u>73,476</u>	<u>(121,628)</u>
Net cash generated/(used)			
Cash and cash equivalents at 1 January		<u>214,544</u>	<u>336,172</u>
Cash and cash equivalents at 31 December		<u>288,020</u>	<u>214,544</u>
Cash and cash equivalents comprise:			
Cash at bank		288,186	214,544
Bank overdraft	10	(166)	-
		<u>288,020</u>	<u>214,544</u>

Macaw Engineering Limited
Notes to the Accounts
for the year ended 31 December 2016

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer.

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	over 50 years
Leasehold land and buildings	over the lease term
Plant and machinery	over 1, 3, 4 and 5 years

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Macaw Engineering Limited
Notes to the Accounts
for the year ended 31 December 2016

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Current and deferred tax assets and liabilities are not discounted.

Provisions

Provisions (i.e. liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Macaw Engineering Limited
Notes to the Accounts
for the year ended 31 December 2016

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

Research and development

Expenditure on research and development is charged to the income statement in the year in which it is incurred with the exception of:

•amounts recoverable from third parties; and

•expenditure incurred in respect of the development of major new products where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility. Such expenditure is capitalised and amortised straight line over the estimated period of sale for each product, commencing in the year that sales of the product are first made.

2 Analysis of turnover	2016	2015
	£	£
Engineering consultancy services	<u>8,358,983</u>	<u>7,124,105</u>
By geographical market:		
UK	2,967,631	2,690,176
Europe	3,229,034	1,478,566
Rest of world	<u>2,162,318</u>	<u>2,955,363</u>
	<u>8,358,983</u>	<u>7,124,105</u>
3 Operating profit	2016	2015
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	100,575	95,210
Depreciation of assets held under finance leases and hire purchase contracts	33,324	15,304
Operating lease rentals - land and buildings	282,170	249,281
Auditors' remuneration for audit services	<u>5,500</u>	<u>5,500</u>
4 Directors' emoluments	2016	2015
	£	£
Emoluments	<u>18,000</u>	<u>21,762</u>
5 Staff costs	2016	2015
	£	£
Wages and salaries	4,625,975	3,908,658
Social security costs	502,044	385,565
Other pension costs	<u>547,789</u>	<u>459,858</u>
	<u>5,675,808</u>	<u>4,754,081</u>

Macaw Engineering Limited
Notes to the Accounts
for the year ended 31 December 2016

Average number of employees during the year	Number	Number
Directors	1	1
Support	12	12
Operational	91	82
	<u>104</u>	<u>95</u>
6 Taxation	2016	2015
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	21,018	53,007
Adjustments in respect of previous periods	<u>(33,216)</u>	<u>2,720</u>
	<u>(12,198)</u>	<u>55,727</u>
Deferred tax:		
Origination and reversal of timing differences	11,292	(21,638)
	<u>(906)</u>	<u>34,089</u>
Tax on (loss)/profit on ordinary activities	<u>(906)</u>	<u>34,089</u>
Factors affecting tax charge for period	-	-
The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:		
	2016	2015
	£	£
Profit on ordinary activities before tax	<u>75,590</u>	<u>272,882</u>
Standard rate of corporation tax in the UK	20%	20%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	15,118	54,576
Effects of:		
Expenses not deductible for tax purposes	-	21,638
Capital allowances for period in excess of depreciation	9,679	(11,904)
Utilisation of tax losses - group relief	(3,779)	(5,841)
Under provision of corporation tax - current year	-	(6,183)
Change in corporation tax rates	-	721
Adjustments to tax charge in respect of previous periods	<u>(33,216)</u>	<u>2,720</u>
Current tax charge for period	<u>(12,198)</u>	<u>55,727</u>

Factors that may affect future tax charges

No factors affecting future tax charges other than the deferred tax asset as detailed in note 13 which will reduce future corporation tax liabilities.

Macaw Engineering Limited
Notes to the Accounts
for the year ended 31 December 2016

7 Tangible fixed assets

	Fixtures, fittings, tools and equipment	
	<i>At cost</i>	
	£	
Cost		
At 1 January 2016		624,415
Additions		306,704
Disposals		<u>(11,338)</u>
At 31 December 2016		<u>919,781</u>
Depreciation		
At 1 January 2016		459,477
Charge for the year		133,899
On disposals		<u>(3,266)</u>
At 31 December 2016		<u>590,110</u>
Carrying amount		
At 31 December 2016		<u>329,671</u>
At 31 December 2015		<u>164,938</u>
	2016	2015
	£	£
Carrying value of plant and machinery included above held under finance leases and hire purchase contracts	<u>72,056</u>	<u>52,921</u>
8 Accrued income	2016	2015
	£	£
Accrued income	<u>571,764</u>	<u>1,399,355</u>
9 Debtors	2016	2015
	£	£
Trade debtors	764,360	654,664
Amounts owed by group undertakings	1,149,586	15,390
Deferred tax asset (see note 13)	10,346	21,638
Prepayments	294,391	132,836
Other debtors	<u>48,827</u>	<u>1,446</u>
	<u>2,267,510</u>	<u>825,974</u>
Amounts due after more than one year included in: Deferred tax asset (see note 13)	<u>10,346</u>	<u>21,638</u>

Macaw Engineering Limited
Notes to the Accounts
for the year ended 31 December 2016

10 Creditors: amounts falling due within one year	2016	2015
	£	£
Bank overdraft	166	-
Obligations under finance lease and hire purchase contracts	37,489	21,552
Trade creditors	155,599	87,450
Amounts owed to group undertakings	947,912	96,893
Corporation tax	-	51,865
Other taxes and social security costs	101,171	97,595
Other creditors	329,171	217,726
Accruals and deferred income	562,523	287,857
	<u>2,134,031</u>	<u>860,938</u>

11 Creditors: amounts falling due after one year	2016	2015
	£	£
Obligations under finance lease and hire purchase contracts	<u>31,244</u>	<u>28,513</u>

12 Obligations under finance leases and hire purchase contracts	2016	2015
	£	£
Amounts payable:		
Within one year	37,489	21,552
Within two to five years	<u>31,244</u>	<u>28,513</u>
	<u>68,733</u>	<u>50,065</u>

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

13 Deferred taxation	2016	2015
	£	£
Accelerated capital allowances	<u>(10,346)</u>	<u>(21,638)</u>
	2016	2015
	£	£
At 1 January	(21,638)	-
Charged/(credited) to the profit and loss account	<u>11,292</u>	<u>(21,638)</u>
At 31 December	<u>(10,346)</u>	<u>(21,638)</u>

Macaw Engineering Limited
Notes to the Accounts
for the year ended 31 December 2016

14 Share capital	Nominal value	2016 Number	2016 £	2015 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	16,500	<u>16,500</u>	<u>16,500</u>

The issued ordinary shares have unrestricted voting and dividend rights and are non-redeemable.

15 Share premium	2016 £	2015 £
At 1 January	<u>16,875</u>	<u>16,875</u>
At 31 December	<u>16,875</u>	<u>16,875</u>

16 Profit and loss account	2016 £	2015 £
At 1 January	1,681,985	1,443,192
Profit for the financial year	76,496	238,793
Dividends paid	(500,000)	-
At 31 December	<u>1,258,481</u>	<u>1,681,985</u>

17 Dividends	2016 £	2015 £
Dividends on ordinary shares (note 16)	<u>500,000</u>	<u>-</u>

18 Other financial commitments

Total future minimum lease payments under non-cancellable operating leases:

	Land and buildings 2016 £	Land and buildings 2015 £	Other 2016 £	Other 2015 £
Falling due:				
in over five years	<u>258,751</u>	<u>206,287</u>	<u>-</u>	<u>-</u>

20 Related party transactions

The company has taken advantage of paragraph 33.1A of FRS 102 not to disclose transactions and balances with other group members on the basis that its results are included within the consolidated financial statements of its ultimate parent company.

Macaw Engineering Limited
Notes to the Accounts
for the year ended 31 December 2016

21 Ultimate controlling party

The immediate parent company was Horonu Holding Limited until 20th July 2016 when the shares were transferred to Rosen Swiss AG. The ultimate parent company is Rosen Swiss Holding AG

22 Presentation currency

The financial statements are presented in Sterling.

23 Legal form of entity and country of incorporation

Macaw Engineering Limited is a private company limited by shares and incorporated in England.

24 Principal place of business

The address of the company's principal place of business and registered office is:

Floor 2, Q5
Quorum Business Park
Newcastle Upon Tyne
Tyne and Wear
NE12 8BS

25 Reconciliations on adoption of FRS 102

Profit and loss for the year ended 31 December 2015	£
Profit under former UK GAAP	238,793
Profit under FRS 102	<u>238,793</u>
Balance sheet at 31 December 2015	£
Equity under former UK GAAP	1,715,360
Equity under FRS 102	<u>1,715,360</u>
Balance sheet at 1 January 2015	£
Equity under former UK GAAP	1,476,567
Equity under FRS 102	<u>1,476,567</u>