

Registration number 02886521

MW Encap Limited

Abbreviated accounts

for the year ended 30 April 2012

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MW Encap Limited

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MW Encap Limited

Directors' report for the year ended 30 April 2012

The directors present their report and the accounts for the year ended 30 April 2012

Principal activity and review of the business

The principal activity of the company during the year was the encapsulation of pharmaceutical and health supplements

Results and dividends

The results for the year are set out on page 4

The directors do not recommend payment of a final dividend

Financial risk management objectives and policies

The company's operations expose it to a variety of financial risks. The directors note that the pharmaceutical sector remains competitive and that inflationary cost pressures require to be kept under close review

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the company's finance department

Price Risk

Given the size and nature of the company's operation, the costs of managing exposure to commodity price risk exceed the potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

Credit Risk/Cash Flow Risk

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and regular monitoring of amounts outstanding for both time and credit limits

Liquidity Risk

Trade creditors liquidity risk is managed ensuring sufficient funds are available to meet amounts due

Directors and their interests

The directors who served during the year and their respective interests in the ultimate parent company, MW Encap (Holdings) Limited are stated below

	Class of share	30/04/12	01/05/11
Glyn W Dowler	Ordinary shares	18,487	18,487
Stephen Brown	Ordinary shares	2,623	2,623
William J Bowtle	Ordinary shares	2,423	2,423
Massaoud Bakhshae	Ordinary shares	2,623	2,623
James Savage	Ordinary shares	2,623	2,623
David B McNab	Ordinary shares	-	-
Anne Dowler	Ordinary shares	18,171	18,171
Tracy Barnett	Ordinary shares	26,420	26,420

MW Encap Limited

Directors' report for the year ended 30 April 2012

continued

MW Encap Limited is a wholly owned subsidiary of MW Encap (Holdings) Limited

Statement of directors' responsibilities

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 of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and 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 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.

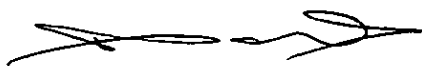
In so far as the directors are aware

- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Barrie Scott Ltd are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006

This report was approved by the Board on 26/10/2012 and signed on its behalf by



David B McNab
Secretary

**Independent auditors' report to MW Encap Limited
under Section 449 of the Companies Act 2006**

We have examined the abbreviated accounts set out on pages 4 to 16 together with the financial statements of MW Encap Limited for the year ended 30 April 2012 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with that provision.



**Clive Barrie Scott (senior statutory auditor)
For and on behalf of Barrie Scott Ltd
Chartered Accountants and
Registered Auditor**

30/04/12

**16-18 Weir Street
Falkirk
FK1 1RA**

MW Encap Limited

**Abbreviated profit and loss account
for the year ended 30 April 2012**

		Continuing operations	
		2012	2011
	Notes	£	£
Turnover		6,024,983	4,881,934
Gross profit		4,113,688	3,473,731
<i>Distribution costs</i>		(179,406)	(173,683)
<i>Administrative expenses</i>		(3,321,642)	(2,930,643)
Operating profit	2	612,640	369,405
Other interest receivable and similar income	4	6,341	245
Interest payable and similar charges	5	(24,109)	(27,345)
Profit on ordinary activities before taxation		594,872	342,305
Tax on profit on ordinary activities	8	(71,828)	(18,963)
Profit for the year	17	523,044	323,342
Retained profit brought forward		2,142,583	1,819,239
Retained profit carried forward		2,665,627	2,142,581

There are no recognised gains or losses other than the profit or loss for the above two financial years

The notes on pages 7 to 16 form an integral part of these financial statements

MW Encap Limited

**Abbreviated balance sheet
as at 30 April 2012**

		2012		2011	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		2,220,414		2,205,644
Current assets					
Stocks	10	382,692		192,910	
Debtors	11	1,628,219		1,352,150	
Cash at bank and in hand		396,654		590,632	
		<u>2,407,565</u>		<u>2,135,692</u>	
Creditors: amounts falling due within one year	12	<u>(1,371,143)</u>		<u>(1,426,453)</u>	
Net current assets			<u>1,036,422</u>		<u>709,239</u>
Total assets less current liabilities			3,256,836		2,914,883
Creditors: amounts falling due after more than one year	13		(114,091)		(271,227)
Provisions for liabilities	14		<u>(176,118)</u>		<u>(200,075)</u>
Net assets			<u>2,966,627</u>		<u>2,443,581</u>
Capital and reserves					
Called up share capital	16		301,000		301,000
Profit and loss account	17		<u>2,665,627</u>		<u>2,142,581</u>
Shareholders' funds	18		<u>2,966,627</u>		<u>2,443,581</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Section 445(3) of the Companies Act 2006 relating to medium-sized companies

The abbreviated accounts were approved by the Board on 26/10/2012 and signed on its behalf by


Glyn W Dowler
Director

Registration number 02886521

The notes on pages 7 to 16 form an integral part of these financial statements.

MW Encap Limited

**Cash flow statement
for the year ended 30 April 2012**

	Notes	2012 £	2011 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		612,640	369,405
Depreciation		430,104	403,048
(Increase) in stocks		(189,782)	78,070
(Increase) in debtors		(276,069)	(689,807)
(Decrease) in creditors		(23,804)	115,495
Net cash inflow from operating activities		<u>553,089</u>	<u>276,211</u>
Cash flow statement			
Net cash inflow from operating activities		553,089	276,211
Returns on investments and servicing of finance	22	(17,768)	(27,100)
Taxation	22	(43,028)	(136,476)
Capital expenditure	22	(366,448)	(86,202)
		<u>125,845</u>	<u>26,433</u>
Financing	22	(319,824)	(299,801)
Decrease in cash in the year		<u>(193,979)</u>	<u>(273,368)</u>
Reconciliation of net cash flow to movement in net funds (Note 23)			
Decrease in cash in the year		(193,979)	(273,368)
Cash inflow from increase in debts and lease financing		319,824	299,801
		<u>125,845</u>	<u>26,433</u>
Change in net funds resulting from cash flows		(78,426)	(25,154)
New finance leases and hire purchase contracts		<u>47,419</u>	<u>1,279</u>
Movement in net funds in the year		24,366	23,087
Net funds at 1 May 2011		<u>71,785</u>	<u>24,366</u>
Net funds at 30 April 2012		<u>71,785</u>	<u>24,366</u>

MW Encap Limited

Notes to the abbreviated financial statements for the year ended 30 April 2012

1. Accounting policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

1.2. Revenue recognition

Turnover comprises the value of goods and services supplied by the company, net of value added tax and trade discounts. Revenue from the sales of goods is recognised at sales invoice date when the company has delivered products to customers. Revenue from services is recognised at sales invoice date as those services are provided to customers.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over the length of the lease
Plant and machinery	-	10%-50% Straight Line
Fixtures, fittings and equipment	-	15%-30% Straight Line

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated as above. 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 constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.6. Pensions

The company provides individual pension benefits for the directors and senior employees on a money-purchase basis. Contributions are charged against profit in the period in which they are paid. The nature of the arrangement is that there is no contractual liability to guarantee a particular rate of benefit and therefore no underfunding can arise.

MW Encap Limited

Notes to the abbreviated financial statements for the year ended 30 April 2012

continued

1.7. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

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

1.8. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

2. Operating profit	2012 £	2011 £
Operating profit is stated after charging		
Depreciation and other amounts written off tangible assets	430,104	403,048
Net foreign exchange loss	(19,123)	10,485
Operating lease rentals		
- Plant and machinery	4,420	4,420
- Land and buildings	192,332	192,332
- Office equipment	8,687	3,593
Auditors' remuneration (Note 3)	13,700	13,700
and after crediting		
Government grants	14,470	14,470
3. Auditors' remuneration	2012 £	2011 £
Auditors' remuneration - audit of the financial statements	12,250	12,250
Auditors' remuneration - other fees		
- taxation services	1,100	1,100
- other services	350	350
	1,450	1,450

MW Encap Limited

**Notes to the abbreviated financial statements
for the year ended 30 April 2012**

continued

4. Interest receivable and similar income	2012	2011
	£	£
Bank interest	<u>6,341</u>	<u>245</u>
5. Interest payable and similar charges	2012	2011
	£	£
On loans repayable in five years or more	3,626	7,797
Hire purchase interest	<u>20,483</u>	<u>19,548</u>
	<u>24,109</u>	<u>27,345</u>
6. Employees		
Number of employees	2012	2011
The average monthly numbers of employees (including the directors) during the year were		
Direct staff, supervisory and administration	<u>67</u>	<u>59</u>
Employment costs	2012	2011
	£	£
Wages and salaries	2,253,652	1,909,162
Pension costs-other operating charge	<u>143,941</u>	<u>112,384</u>
	<u>2,397,593</u>	<u>2,021,546</u>

MW Encap Limited

**Notes to the abbreviated financial statements
for the year ended 30 April 2012**

continued

6.1. Directors' remuneration	2012	2011
	£	£
Remuneration and other emoluments	344,307	334,575
Pension contributions	41,957	29,517
	<u>386,264</u>	<u>364,092</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>5</u>	<u>5</u>
	£	£
Highest paid director		
Amounts included above		
Emoluments and other benefits	147,844	145,528
Pension contributions	22,989	11,195
	<u>170,833</u>	<u>156,723</u>

7. Pension costs

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 for the year was £143,941 (2011 - £112,384)

MW Encap Limited

**Notes to the abbreviated financial statements
for the year ended 30 April 2012**

continued

8. Tax on profit on ordinary activities

Analysis of charge in period	2012 £	2011 £
Current tax		
UK corporation tax	95,785	43,028
Adjustments in respect of previous periods	-	(9,391)
	<u>95,785</u>	<u>33,637</u>
Total current tax charge	<u>95,785</u>	<u>33,637</u>
Deferred tax		
Timing differences, origination and reversal	(23,957)	(14,674)
Total deferred tax	<u>(23,957)</u>	<u>(14,674)</u>
Tax on profit on ordinary activities	<u>71,828</u>	<u>18,963</u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (25.36 per cent). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>594,872</u>	<u>342,305</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.36% (30 April 2011: 24.62%)	150,860	84,275
Effects of:		
Expenses not deductible for tax purposes	1,871	1,464
Capital allowances for period in excess of depreciation	24,919	22,603
R & D relief enhancement	(81,865)	(65,314)
Current tax charge for period	<u>95,785</u>	<u>43,028</u>

MW Encap Limited

**Notes to the abbreviated financial statements
for the year ended 30 April 2012**

continued

9. Tangible fixed assets	Land and buildings leasehold £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 May 2011	801,735	4,124,024	184,117	5,109,876
Additions	17,026	416,327	11,521	444,874
At 30 April 2012	<u>818,761</u>	<u>4,540,351</u>	<u>195,638</u>	<u>5,554,750</u>
Depreciation				
At 1 May 2011	247,560	2,502,964	153,708	2,904,232
Charge for the year	62,567	350,844	16,693	430,104
At 30 April 2012	<u>310,127</u>	<u>2,853,808</u>	<u>170,401</u>	<u>3,334,336</u>
Net book values				
At 30 April 2012	<u>508,634</u>	<u>1,686,543</u>	<u>25,237</u>	<u>2,220,414</u>
At 30 April 2011	<u>554,175</u>	<u>1,621,060</u>	<u>30,409</u>	<u>2,205,644</u>

Included above are assets held under finance leases or hire purchase contracts as follows

Asset description	2012		2011	
	Net	Depreciation	Net	Depreciation
	book value £	charge £	book value £	charge £
Plant and machinery	<u>323,929</u>	<u>102,134</u>	<u>376,217</u>	<u>107,673</u>
10. Stocks			2012 £	2011 £
Raw materials and consumables			365,466	146,458
Work in progress			17,226	46,452
			<u>382,692</u>	<u>192,910</u>

MW Encap Limited

**Notes to the abbreviated financial statements
for the year ended 30 April 2012**

continued

11. Debtors	2012	2011
	£	£
Trade debtors	1,454,563	1,266,358
Other debtors	57,194	1,322
Prepayments and accrued income	116,462	84,470
	<u>1,628,219</u>	<u>1,352,150</u>

12. Creditors: amounts falling due within one year	2012	2011
	£	£
Bank loan	74,764	171,088
Net obligations under finance leases and hire purchase contracts	136,013	123,952
Trade creditors	230,003	249,365
Credit card liability	5,648	3,463
Amounts owed to group undertaking	495,115	495,115
Corporation tax	95,785	43,028
Other taxes and social security costs	54,224	65,094
Other creditors and deferred income	190,979	213,117
Accruals and deferred income	88,612	62,231
	<u>1,371,143</u>	<u>1,426,453</u>

National Westminster Bank plc holds an unscheduled mortgage debenture dated 5 October 1994 for all sums due to the bank. There is a cross guarantee in place between M W Encap Ltd and M W Encap (Holdings) Ltd.

13. Creditors: amounts falling due after more than one year	2012	2011
	£	£
Bank loan	-	78,676
Net obligations under finance leases and hire purchase contracts	114,091	192,551
	<u>114,091</u>	<u>271,227</u>

MW Encap Limited

**Notes to the abbreviated financial statements
for the year ended 30 April 2012**

continued

14. Provisions for liabilities

	Deferred taxation (Note 15) £	Total £
At 1 May 2011	200,075	200,075
Movements in the year	(23,957)	(23,957)
At 30 April 2012	<u>176,118</u>	<u>176,118</u>

15. Provision for deferred taxation

	2012 £	2011 £
Accelerated capital allowances	176,118	200,075
Provision for deferred tax	<u>176,118</u>	<u>200,075</u>
Provision at 1 May 2011	200,075	
Deferred tax credit in profit and loss account	(23,957)	
Provision at 30 April 2012	<u>176,118</u>	

16. Share capital

	2012 £	2011 £
Authorised		
301,000 Ordinary shares of 1 each	<u>301,000</u>	<u>301,000</u>
Allotted, called up and fully paid		
301,000 Ordinary shares of 1 each	<u>301,000</u>	<u>301,000</u>
Equity Shares		
301,000 Ordinary shares of 1 each	<u>301,000</u>	<u>301,000</u>

MW Encap Limited

Notes to the abbreviated financial statements for the year ended 30 April 2012

continued

17. Reserves	Profit and loss account £	Total £
At 1 May 2011	2,142,583	2,142,583
Profit for the year	523,044	523,044
At 30 April 2012	<u>2,665,627</u>	<u>2,665,627</u>

18. Reconciliation of movements in shareholders' funds	2012 £	2011 £
Profit for the year	523,044	323,342
Opening shareholders' funds	2,443,583	2,120,239
Closing shareholders' funds	<u>2,966,627</u>	<u>2,443,581</u>

19. Financial commitments

At 30 April 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2012 £	2011 £	2012 £	2011 £
Expiry date:				
Between one and five years	-	-	13,107	13,107
In over five years	200,000	200,000	-	-
	<u>200,000</u>	<u>200,000</u>	<u>13,107</u>	<u>13,107</u>

20. Related party transactions

The company has a loan from its parent company, MW Encap (Holdings) Limited. The balance due on the loan at 30 April 2012 was £495,115 (2011 £495,115). No interest has been paid on this loan and there are no repayment terms agreed. GW Dowler, a director of MW Encap Limited, is the controlling party of MW Packaging Limited. During the year MW Packaging Limited recharged motor insurance costs of £5,747.

MW Encap Limited

Notes to the abbreviated financial statements for the year ended 30 April 2012

continued

21. Ultimate parent undertaking

The immediate and ultimate parent undertaking is MW Encap (Holdings) Limited, a company incorporated in England. MW Encap (Holdings) Limited is controlled by GW Dowler.

22. Gross cash flows

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	6,341	245
Interest paid	(24,109)	(27,345)
	<u>(17,768)</u>	<u>(27,100)</u>
Taxation		
Corporation tax paid	<u>(43,028)</u>	<u>(136,476)</u>
Capital expenditure		
Payments to acquire tangible assets	<u>(366,448)</u>	<u>(86,202)</u>
Financing		
New long term bank loan	(3,911)	(2,870)
New short term bank loan	3,911	2,870
Repayment of short term bank loan	(174,999)	(170,958)
Capital element of finance leases and hire purchase contracts	<u>(144,825)</u>	<u>(128,843)</u>
	<u>(319,824)</u>	<u>(299,801)</u>

23. Analysis of changes in net funds

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	590,632	(193,978)		396,654
Debt due within one year	(171,088)	171,088	(74,764)	(74,764)
Debt due after one year	(78,675)	3,911	74,764	-
Finance leases and hire purchase contracts	<u>(316,503)</u>	<u>144,825</u>	<u>(78,426)</u>	<u>(250,104)</u>
	<u>(566,266)</u>	<u>319,824</u>	<u>(78,426)</u>	<u>(324,868)</u>
Net funds	<u>24,366</u>	<u>125,846</u>	<u>(78,426)</u>	<u>71,786</u>