

Allmat (East Surrey) Limited

**Directors' Report and financial statements
for the year ended 31 March 2013**

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Registered number 2612101

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Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2013

Principal activities

The principal activity of the Company is the supply of building products to the building industry

Results and dividends

The Company paid a dividend of £135,000 during the year (2012 £122,000) The profit after tax for the year is £173,298 (2012 £160,177)

Directors

The Directors in office during the year were as follows

JR Chadwick
AJD Ferrar

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Donations

The Company made no political or charitable donations in the year (2012 £nil)

Appointment of auditors

Pursuant to a shareholders' resolution, the Company is not obliged to re-appoint its auditors annually and KPMG Audit Plc will therefore continue in office

By order of the Board



AJD Ferrar
Director

London Road
Redhill
Surrey
RH1 1LJ

10 June 2013

Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

KPMG Audit Plc

15 Canada Square
London
E14 5GL
United Kingdom

Independent auditors' report to the members of Allmat (East Surrey) Limited

We have audited the financial statements of Allmat (East Surrey) Limited for the year ended 31 March 2013 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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.

Independent auditors' report to the members of Allmat (East Surrey) Limited *(continued)*

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



Ian Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

16 June 2013

Profit and loss account
for the year ended 31 March 2013

	Note	2013 £	2012 £
Turnover	1	3,124,430	3,005,750
Cost of sales		(2,190,086)	(2,110,483)
Gross profit		934,344	895,267
Distribution costs		(475,844)	(413,157)
Administrative expenses		(228,935)	(264,210)
Operating profit		229,565	217,900
Interest receivable and similar income	2	472	530
Profit on ordinary activities before taxation		230,037	218,430
Tax on profit on ordinary activities	7	(56,739)	(58,253)
Profit on ordinary activities after taxation		173,298	160,177

The operating profit of the Company arose solely from continuing activities. There are no recognised gains or losses other than the result for the year and preceding year.

Reported profits are equivalent to historic cost profits.

The notes on page 7 to 14 form part of these financial statements.

Balance sheet

at 31 March 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	9	136,654	119,028
Current assets			
Stock	10	233,356	237,619
Debtors	11	338,589	379,513
Cash at bank and in hand		92,204	158,857
		664,149	775,989
Creditors, amounts falling due within one year	12	(440,212)	(572,724)
Net current assets		223,937	203,265
Net assets		360,591	322,293
Capital and reserves			
Called up share capital	13	100	100
Share premium	14	19,990	19,990
Profit and loss account	16	340,501	302,203
Equity shareholders' funds	17	360,591	322,293

The notes on page 7 to 14 form part of these financial statements

These financial statements were approved by the board of Directors on 10 June 2013 and were signed on its behalf by



AJD Ferrar
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

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

In accordance with Financial Reporting Standard 1, the Company is exempt from the requirement to present a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of the group headed by the Sumitomo Corporation, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of the Sumitomo Corporation, within which the Company is included, can be obtained from the address given in note 20

Turnover

Turnover represents the amount (excluding value added tax) derived from the provision of goods and services to customers during the year

Taxation

Corporation tax payable is provided on taxable profits at the current rate Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19

Dividends

Dividends are only recognised as a liability to the extent that they are declared prior to the year end Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Fixed assets and depreciation

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Plant and machinery	-	4 - 20 years
Fixtures & fittings	-	4 - 20 years
Motor vehicles	-	4 - 10 years
Office equipment	-	4 - 20 years

Pension costs

The Company offers a Group Personal Pension Plan to its employees The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

Stocks

Stocks are stated at the lower of cost and net realisable value, provision having been made for any slow moving or obsolete stock where this is considered necessary Cost is determined on a last price paid basis

Notes (continued)

2 Interest receivable and other income

	2013 £	2012 £
Bank interest receivable	472	530

3 Profit on ordinary activities before taxation

	2013 £	2012 £
<i>Profit on ordinary activities before taxation is stated after charging.</i>		
Depreciation	48,471	47,768
Operating lease rentals – land and buildings	36,777	38,300
Operating lease rentals – other	5,343	5,191
Profit on disposal of fixed assets	-	(6,197)

4 Auditors' remuneration

	2013 £	2012 £
Audit of these financial statements	5,000	4,841

No fees are paid to KPMG Audit Plc other than for the statutory audit of the Company

5 Directors' remuneration

The Directors received no remuneration or fees in respect of their services to the Company for the year ended 31 March 2013 (2012 £nil)

6 Staff numbers and costs

The average number of persons employed by the Company during the year, analysed by category, was as follows

	2013 Number	2012 Number
Administration	5	5
Sales and distribution	13	12
	18	17

Notes (continued)

6 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

	2013 £	2012 £
Wages and salaries	409,720	376,861
Social security costs	41,030	36,396
Pension costs	35,157	24,445
	<u>485,907</u>	<u>437,702</u>

7 Taxation

Analysis of charge in period

	2013 £	2012 £
<i>UK corporation tax</i>		
Current tax on income for the period	57,802	58,563
Adjustments in respect of prior periods	567	375
	<u>58,369</u>	<u>58,938</u>
Current tax charge	58,369	58,938
Deferred tax (see note 11)	(1,630)	(685)
	<u>56,739</u>	<u>58,253</u>
Tax on profit on ordinary activities	56,739	58,253

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 March 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

Notes (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2012 *higher*) than the standard rate of corporation tax in the UK of 24% (2012 26%) The differences are explained below

	2013 £	2012 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	230,037	218,430
	<hr/>	<hr/>
Tax at standard UK corporation rate of 24% (2012 26%)	55,209	56,792
<i>Effects of</i>		
Expenses not deductible for tax purposes	183	210
Profit on disposal of fixed assets	-	(1,611)
Capital allowances for period less than depreciation	2,410	3,172
Adjustments in respect of previous periods	567	375
	<hr/>	<hr/>
Total current tax (see previous page)	58,369	58,938
	<hr/>	<hr/>

8 Dividends

	2013 £	2012 £
Ordinary dividend paid of £1,350 per share (2012 £1,220 per share)	135,000	122,000
	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets

	Plant and machinery £	Fixtures & fittings £	Motor vehicles £	Office Equipment £	Total £
Cost					
At beginning of year	194,108	56,410	34,304	20,069	304,891
Additions	62,545	2,475	-	1,077	66,097
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	256,653	58,885	34,304	21,146	370,988
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At beginning of year	115,071	37,806	15,516	17,470	185,863
Charge for year	30,869	10,276	6,378	948	48,471
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	145,940	48,082	21,894	18,418	234,334
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 March 2013	110,713	10,803	12,410	2,728	136,654
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2012	79,037	18,604	18,788	2,599	119,028
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

10 Stocks

	2013 £	2012 £
Finished goods and goods for resale	233,356	237,619
	<hr/>	<hr/>

Notes (continued)

11 Debtors

	2013 £	2012 £
Trade debtors	309,520	357,971
Amounts owed by group undertakings	1,241	1,020
Other debtors	9,400	3,547
Deferred tax	9,259	7,629
Prepayments and accrued income	9,169	9,346
	<u>338,589</u>	<u>379,513</u>

The elements of deferred tax are as follows

	2013 £	2012 £
Difference between accumulated depreciation and amortisation and capital allowances	9,259	7,629
	<u>9,259</u>	<u>7,629</u>

The movement in deferred taxation are as follows

	2013 £
At beginning of year	7,629
Credit to the profit and loss account	1,630
	<u>9,259</u>
Deferred tax asset carried forward	<u>9,259</u>

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 31 March 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax asset accordingly.

Notes (continued)

12 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	186,827	236,305
Amounts owed to group undertakings	101,328	98,176
Other creditors including taxation and social security	66,053	57,148
Corporation tax	57,802	58,563
Accruals and deferred income	28,202	122,532
	<u>440,212</u>	<u>572,724</u>

13 Share capital

	2013 £	2012 £
Authorised, Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

14 Share premium account

	2013 £	2012 £
At beginning and end of year	<u>19,990</u>	<u>19,990</u>

15 Pension scheme

The Company offers a Group Personal Pension Plan to its employees. The pension charge for the year represents contributions payable by the Company to the schemes and amounted to £34,397 (2012 £24,412). There were outstanding contributions at the end of the financial period of £2,748 (2012 £1,985).

16 Profit and loss account

	2013 £	2012 £
As at beginning of year	302,203	264,026
Profit for the year	173,298	160,177
	<u>475,501</u>	<u>424,203</u>
Dividends	(135,000)	(122,000)
	<u>340,501</u>	<u>302,203</u>

Notes (continued)

17 Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Profit for the year	173,298	160,177
Dividends	(135,000)	(122,000)
	<hr/>	<hr/>
Profit retained for the year	38,298	38,177
Opening shareholders' funds	322,293	284,116
	<hr/>	<hr/>
Closing shareholders' funds	360,591	322,293
	<hr/>	<hr/>

18 Capital commitments

The Company had no contracted capital commitments in respect of plant and machinery (2012 Nil)

19 Commitments

Annual commitments under non-cancellable operating leases for office equipment

	2013 Other £	2012 Other £
Operating leases which expire		
Within one year	2,149	1,996
In the second to fifth years inclusive	3,194	3,194
	<hr/>	<hr/>
	5,343	5,190
	<hr/>	<hr/>

20 Ultimate parent Company

The Company was a subsidiary undertaking of Aqueduct Capital (UK) Limited until 4th February 2013 upon which East Surrey Holdings Limited was sold to the Sumitomo Corporation, a Company incorporated in Japan. The ultimate parent Company incorporated in England is Summit Water Limited.

The smallest and largest group in which the results of the Company are consolidated is that headed by the Sumitomo Corporation and the consolidated accounts are available at Harumi Triton Square Office Tower Y, 1-8-11 Harumi, Chuo-ku, Tokyo, Japan, 104-8610.