

**Company Registration No. 04557295 (England and Wales)**

**ALOCO LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2021**

WEDNESDAY



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# **ALOCO LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	A D Stewart J S Campbell L E Hill A J Stewart
<b>Secretary</b>	Graham Spratling
<b>Company number</b>	04557295
<b>Registered office</b>	Unit 7 Sutherland Court Brownfields Welwyn Garden City Hertfordshire AL7 1BJ
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP

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# **ALOCO LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present the strategic report for the year ended 31 December 2021.

#### **Fair review of the business**

The directors consider the performance of the business to be satisfactory and expect future results to be similar.

The result for the year and the financial position of the company are set out in the financial statements. All the subsidiaries were profitable during the year and dividends were received from each of these investments during the year.

The company principally provides employee services to other group companies and acts as an intermediate holding company. Employee services are recharged to other group companies in line with the current intercompany transfer pricing policy. Corporate overhead included in administrative expenses are not considered a rechargeable cost.

The future development of the company is largely linked to the performance of its subsidiary companies. The directors expect the company to show similar growth as its subsidiary companies and to continue to provide a range of employee services to these subsidiaries.

#### **Principal risks and uncertainties**

The company is currently on track to exceed its budget objectives for 2022. However, future customer demand and possible supply disruptions present a risk and may adversely impact the performance of the business in 2022.

In addition to these risks, the company has identified foreign exchange risk. The company's policy regarding exchange rate risk is to maintain foreign currency bank balances to facilitate day to day trading operations. Surplus foreign currency bank balances are transferred into pounds sterling on a periodic basis.

#### **Key performance indicators**

The company's Key Performance Indicators ("KPI's") are linked to providing services to its subsidiaries and include:

- Business process compliance
- Timely information and report production

The company operates an ERP system which is common across all its subsidiaries and it develops and maintains business process documentation to support the subsidiary operations and to meet local compliance requirements. This business process documentation is reviewed regularly for compliance purposes.

Financial management reports comparing actual results to budget are produced monthly together with variance analysis for the subsidiary companies by the Aloco finance team and reviewed by senior management during the monthly management meetings.

#### **Financial risk management objectives and policies**

The company's principal financial instruments comprise bank balances, amounts owed by group undertakings and trade creditors. The main purpose of these instruments is to provide finance for the company's operations.

There are limited risks arising to the company as a result of these instruments and the directors agree policies for the management of these risks, which are summarised below. The policies have remained unchanged from the previous period.

In respect of bank balances, all of the company's bank balances are managed in such a way that achieves a competitive rate of interest and regarding trade creditors liquidity risk the balances are managed by ensuring sufficient funds are available to meet amounts due. Similarly, amounts owed by group undertakings are managed by ensuring the amounts are recoverable from subsidiary companies when they fall due.

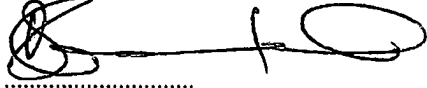
# **ALOCO LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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On behalf of the board



J S Campbell

Director

Date: 29/11/22

# **ALOCO LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their annual report and financial statements for the year ended 31 December 2021.

#### **Principal activities**

The principal activities of the company during the year were to provide employee services to group companies and to act as an intermediate holding company.

#### **Results and dividends**

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £1,091,200 (2020: £403,000). The directors do not recommend payment of a further dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A D Stewart  
J S Campbell  
L E Hill  
A J Stewart

#### **Auditor**

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

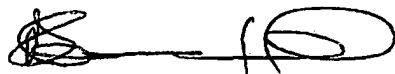
#### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and financial risk management objectives and policies.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....  
J S Campbell  
Director

Date: 29/11/22 .....

# **ALOCO LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors are responsible for preparing the Strategic Report and 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 period. In preparing these financial statements, the directors are required to:

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALOCO LIMITED**

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### **Opinion**

We have audited the financial statements of Aloco Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALOCO LIMITED (CONTINUED)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALOCO LIMITED (CONTINUED)

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and tax provisions.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to information and product security. We performed audit procedures to inquire of management whether the company is compliant with these law and regulations and inspected legal and professional expenditure.

The audit engagement team identified the risk of management override of controls as the area where the financial statements are most susceptible to material misstatement due to fraud. Procedures to address this risk included but were not limited to:

In respect of management override we tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements, reviewing accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement and evaluating whether the business rationale (or the lack thereof) of the transactions outside the normal course of business suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

### Use of our report

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.

*RSM UK AUDIT LLP*

Richard Bartlett-Rawlings ACA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
Buckinghamshire, MK9 1BP  
2 December 2022

# **ALOCO LIMITED**

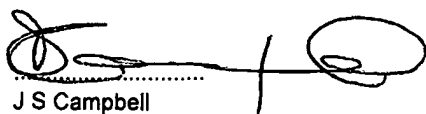
## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021**

		<b>2021</b>	<b>2020</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>3</b>	<b>821,115</b>	<b>939,027</b>
Administrative expenses		(1,301,009)	(1,097,761)
Other operating income		-	15,208
Share-based payment expense		(297,194)	(297,194)
<b>Operating loss</b>	<b>7</b>	<b>(777,088)</b>	<b>(440,720)</b>
Interest receivable and similar income	<b>8</b>	1,553,454	712,215
Interest payable and similar expenses	<b>9</b>	(4,317)	-
<b>Profit before taxation</b>		<b>772,049</b>	<b>271,495</b>
Tax on profit	<b>10</b>	111,969	135,043
<b>Profit for the financial year</b>		<b>884,018</b>	<b>406,538</b>

**A LOCO LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Intangible assets	12		46,805		45,058
Tangible assets	13		18,760		6,915
Investments	14		31,673		31,673
			<u>97,238</u>		<u>83,646</u>
<b>Current assets</b>					
Debtors	16	1,895,793		676,202	
Cash at bank and in hand		<u>642,195</u>		<u>1,671,070</u>	
		2,537,988		2,347,272	
<b>Creditors: amounts falling due within one year</b>	17	<u>(518,669)</u>		<u>(404,373)</u>	
<b>Net current assets</b>			<u>2,019,319</u>		<u>1,942,899</u>
<b>Total assets less current liabilities</b>			<u>2,116,557</u>		<u>2,026,545</u>
<b>Capital and reserves</b>					
Called up share capital	20		89		89
Capital redemption reserve	21		105		105
Profit and loss reserves	21		<u>2,116,363</u>		<u>2,026,351</u>
<b>Total equity</b>			<u>2,116,557</u>		<u>2,026,545</u>

The financial statements were approved by the board of directors and authorised for issue on 29/11/22 and are signed on its behalf by:

  
 J S Campbell  
 Director

# ALOCO LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2020</b>		89	105	1,725,619	1,725,813
<b>Year ended 31 December 2020:</b>					
Profit and total comprehensive income for the year		-	-	406,538	406,538
Dividends	11	-	-	(403,000)	(403,000)
Credit to equity for equity settled share-based payments	6	-	-	297,194	297,194
<b>Balance at 31 December 2020</b>		89	105	2,026,351	2,026,545
<b>Year ended 31 December 2021:</b>					
Profit and total comprehensive income for the year		-	-	884,018	884,018
Dividends	11	-	-	(1,091,200)	(1,091,200)
Credit to equity for equity settled share-based payments	6	-	-	297,194	297,194
<b>Balance at 31 December 2021</b>		89	105	2,116,363	2,116,557

# **ALOCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

Aloco Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 7 Sutherland Court, Brownfields, Welwyn Garden City, Hertfordshire, AL7 1BJ.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### **Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Interest income/expense and net gains/losses for each category of financial instrument;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Aloco Limited is a wholly owned subsidiary of Aloco Group Limited. The results of Aloco Limited are included in the consolidated financial statements of Aloco Group Limited which are available from Unit 7 Sutherland Court, Brownfields, Welwyn Garden City, Herts, United Kingdom, AL7 1BJ.

#### **Going concern**

The company has strong cash reserves and no debt to support its business operations and therefore the board believes the company is well-positioned to manage the business risks. Revenue, operating profit and cash flow budgets have been prepared for the period to 31 December 2023.

The company's ultimate parent company, Aloco Group Limited, has provided a letter of support, covering a period of 12 months from the date of approval of these financial statements, confirming they will provide whatever financial support is required to enable the company to meet its debts as they fall due for this period.

After making appropriate enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future, being the twelve-month period from approval of these financial statements. Accordingly, the company continues to adopt the going concern basis in preparing its financial statements.

# ALOCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (Continued)

#### Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided to group companies calculated on a cost-plus basis, and is shown net of VAT.

#### Other income

Dividend income from the company's investments in subsidiaries is recognised when the company's right to receive payment is established.

#### Intangible fixed assets other than goodwill

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Research expenditure is written off against profits in the year in which it is incurred. The company capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following:

- (a) The technical feasibility of completing the development so the intangible asset will be available for use or sale.
- (b) Its intention to complete the development and to use or sell the intangible asset.
- (c) Its ability to use or sell the intangible asset.
- (d) How the intangible asset will generate probable future economic benefits.
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software and website	2 to 3 years straight line basis
Development costs	2 to 3 years straight line basis

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following basis:

Leasehold improvements	3 years straight line basis
Office equipment	2 to 3 years straight line basis
Tooling	2 to 3 years straight line basis

#### Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

# **ALOCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies (Continued)**

#### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include amounts due from subsidiaries and other debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost, being transaction price less amounts settled and any impairment losses.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade creditors, other creditors and accruals, are initially recognised at transaction price and are subsequently measured at amortised cost, being transaction price less amounts settled.

#### **Equity instruments**

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# **ALOCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1 Accounting policies (Continued)**

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. Current and deferred tax is charged or credited to profit or loss.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date.

##### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

##### **Share-based payments**

Certain employees of the company have been granted share options in the equity of the parent company.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

##### **Leases**

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

##### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

##### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All translation differences are taken to profit or loss.



# **ALOCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### **Critical judgements**

The directors have exercised a critical judgment in determining if, and when, the criteria for the capitalisation of development expenditure as an intangible asset is met. The criteria is set out in the company's accounting policy on page 9 and includes a judgement in respect of the technical feasibility of completing the development work so the intangible asset can be used, and the asset's ability to generate probable future economic benefits. During the year, the company capitalised £0 (2020: £23,135) amount of development expenditure in respect of its internally developed labelling software, and the carrying value of intangible assets arising from internal development at the reporting date was £24,926 (2020: £32,463).

#### **3 Turnover and other revenue**

An analysis of the company's turnover is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by class of business</b>		
Management fees	821,115	939,027
	<u>          </u>	<u>          </u>
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	139,900	271,386
United States	132,462	167,752
Hong Kong	406,840	382,954
Taiwan	141,913	116,935
	<u>          </u>	<u>          </u>
	821,115	939,027
	<u>          </u>	<u>          </u>

#### **4 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Sales & marketing	8	6
Operations	7	8
Management & administration	9	8
	<u>          </u>	<u>          </u>
Total	24	22
	<u>          </u>	<u>          </u>

# ALOCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 4 Employees (Continued)

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,777,242	1,337,848
Social security costs	175,132	83,446
Pension costs	42,233	20,172
	<u>1,994,607</u>	<u>1,441,466</u>
Redundancy payments made or committed	13,220	-

The aggregate remuneration excludes staff cost recharges and management recharges. Staff costs are recharged to subsidiaries via management recharges and staff cost recharges, pro-rated on a time basis for the service in line with transfer pricing policy. Staff costs recharges of £572,251 (2020: £339,595) are included in administrative expenses. Wages and salaries includes share-based payment expense of £297,194 (2020: £297,194).

### 5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	69,483	68,203
Company pension contributions to defined contribution schemes	2,501	1,251
	<u>71,984</u>	<u>69,454</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020: 3).

1 (2020: 1) director is accruing benefits under a share option scheme (refer to note 6).

The cost of directors' remuneration was recharged to subsidiaries via management recharges.

### 6 Share-based payment transactions

In November 2018 one director was granted 17 share options in the equity of the parent company, Aloco Group Limited. One option gives the holder the right to purchase one ordinary share at a fixed exercise price of £18,378 and the options vest over the period up to 31 July 2023, at which point all the options become exercisable. The share-based payment expense recognised in the year was £297,194 (2020: £297,194).

# ALOCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 7 Operating loss

	2021 £	2020 £
Operating loss for the year is stated after charging/(crediting):		
Exchange differences	61,288	129,183
Government grants	-	(15,208)
Depreciation of owned tangible fixed assets	5,562	4,787
Amortisation of intangible assets	29,329	17,723
Share-based payments	297,194	297,194
Operating lease charges	48,311	37,800

Fees payable in respect of the audit of the company's financial statements are settled by the parent company and disclosed in their financial statements.

#### 8 Interest receivable and similar income

	2021 £	2020 £
<b>Interest income</b>		
Interest on bank deposits	618	2,196
Interest receivable from group companies	33,883	9,067
Total interest revenue	34,501	11,263
<b>Income from fixed asset investments</b>		
Income from shares in group undertakings	1,518,953	700,952
Total income	1,553,454	712,215

#### 9 Interest payable and similar expenses

	2021 £	2020 £
Other interest	4,317	-

#### 10 Taxation

	2021 £	2020 £
<b>Current tax</b>		
Adjustments in respect of prior periods	(1,436)	(104,914)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(77,318)	(12,042)
Adjustment in respect of prior periods	(33,215)	(18,087)
Total deferred tax	(110,533)	(30,129)
Total tax credit	(111,969)	(135,043)

# ALOCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 10 Taxation (Continued)

The total tax credit for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	772,049	271,495
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	146,689	51,584
Tax effect of expenses that are not deductible in determining taxable profit	57,044	56,651
Tax effect of income not taxable in determining taxable profit	(255,769)	(110,172)
Adjustments in respect of prior years	(1,436)	(104,914)
Group relief	42,428	-
Fixed asset differences	(1,119)	-
Tax relief on share options	-	12,905
Deferred tax adjustments in respect of prior years	(33,215)	(18,087)
Remeasurement of deferred tax for changes in tax rates	(33,759)	-
Other	(32,832)	(23,010)
Taxation credit for the year	(111,969)	(135,043)

### 11 Dividends

	2021 £	2020 £
Final paid	1,091,200	403,000

# ALOCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Intangible fixed assets

	Software and website £	Development costs £	Total £
<b>Cost</b>			
At 1 January 2021	75,634	111,486	187,120
Additions	31,076	-	31,076
Disposals	-	(53,892)	(53,892)
At 31 December 2021	106,710	57,594	164,304
<b>Amortisation and impairment</b>			
At 1 January 2021	63,039	79,023	142,062
Amortisation charged for the year	21,792	7,537	29,329
Disposals	-	(53,892)	(53,892)
At 31 December 2021	84,831	32,668	117,499
<b>Carrying amount</b>			
At 31 December 2021	21,879	24,926	46,805
At 31 December 2020	12,595	32,463	45,058

Development costs shown above relate to capitalised costs of developing products that meet the criteria for capitalisation per the accounting policy. These products are still sold by the group. The carrying amount of development costs relates to internally developed labelling software. The amortisation charge for the year is recognised within administrative expenses.

### 13 Tangible fixed assets

	Leasehold improvements £	Office equipment £	Tooling £	Total £
<b>Cost</b>				
At 1 January 2021	1,175	20,167	20,469	41,811
Additions	2,350	15,057	-	17,407
At 31 December 2021	3,525	35,224	20,469	59,218
<b>Depreciation and impairment</b>				
At 1 January 2021	65	14,362	20,469	34,896
Depreciation charged in the year	653	4,909	-	5,562
At 31 December 2021	718	19,271	20,469	40,458
<b>Carrying amount</b>				
At 31 December 2021	2,807	15,953	-	18,760
At 31 December 2020	1,110	5,805	-	6,915

# ALOCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	15	31,673	31,673

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2021 & 31 December 2021	31,673
<b>Carrying amount</b>	
At 31 December 2021	31,673
At 31 December 2020	31,673

### 15 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct	Indirect
Global Connector Technology Inc	1	Electric component wholesaler	Ordinary	100.00	-
Global Connector Technology (UK) Limited	2	Electric component wholesaler	Ordinary	100.00	-
Global Connector Technology Limited	3	Electric component wholesaler	Ordinary	100.00	-
Gradconn Limited	4	Electric component wholesaler	Ordinary	75.00	-

Registered Office addresses:

- 3 Industrial Park Road Medway, Massachusetts, USA 02053
- Sutherland Court, Brownfields, Welwyn Garden City, Herts, AL7 1BJ
- Unit 1, 3/F Blk B, Sea View Estate 4-6 Watson Road North Point, Hong Kong
- No. 139 Wuhan Road, Longtan District, Taoyuan City, Taiwan 32549

# ALOCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 16 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Corporation tax recoverable	22,292	62,107
Amounts owed by group undertakings	1,649,844	572,896
Other debtors	38,759	3,181
Prepayments and accrued income	44,236	7,889
	<u>1,755,131</u>	<u>646,073</u>
Deferred tax asset (note 18)	140,662	30,129
	<u>1,895,793</u>	<u>676,202</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

### 17 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	14,671	2,580
Amounts owed to group undertakings	140,554	279,490
Other taxation and social security	25,805	26,642
Other creditors	5,802	1,249
Accruals and deferred income	331,837	94,412
	<u>518,669</u>	<u>404,373</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

### 18 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Assets 2021 £	Assets 2020 £
<b>Balances:</b>		
Fixed asset timing differences	(16,098)	(9,875)
Losses and other deductions	155,728	39,635
Short term timing differences	1,032	369
	<u>140,662</u>	<u>30,129</u>

# ALOCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 Deferred taxation (Continued)

	2021 £
<b>Movements in the year:</b>	
Asset at 1 January 2021	30,129
Credit to profit or loss (see note 10)	110,533
Asset at 31 December 2021	<u>140,662</u>

### 19 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>42,233</u>	<u>20,172</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £7,728 (2020: £5,169) were payable to the fund at the year end and are included in creditors.

### 20 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	<u>89</u>	<u>89</u>	<u>89</u>	<u>89</u>

The company is authorised to purchase its own shares by its Articles of Association and approval by the shareholders at the Annual General Meeting.

#### Ordinary shares

The company's ordinary shares carry no right to fixed income and carry the right to one vote at general meetings of the company.

### 21 Reserves

#### Capital redemption reserve

The nominal value of shares purchased and subsequently cancelled.

#### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.



# **ALOCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **22 Operating lease commitments**

#### **Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	6,924	29,124
Between one and five years	5,193	13,217
	<u>12,117</u>	<u>42,341</u>

### **23 Related party transactions**

At the year end, the company was owed £62,829 (2020: £18,816) by Gradconn Limited, a 75% subsidiary. Turnover of £112,670 (2020: £116,935) was recognised from sales to Gradconn Limited.

During the year, the company received dividends from Gradconn Limited amounting to £335,873 (2020: £492,557).

During the year, rental expenses of £41,219 were paid to a director and their spouse (2020: £37,800).

### **24 Ultimate controlling party**

Aloco Group Limited is the immediate and ultimate parent company, and is the smallest and largest group for which consolidated accounts including Aloco Limited are prepared. The consolidated accounts of Aloco Group Limited are available from its registered office, Unit 7 Sutherland Court, Brownfields, Welwyn Garden City, Hertfordshire, United Kingdom, AL7 1BJ.