ALC (FMC) Limited

Directors' Strategic Report
Registered number 05424243
For the year ended 31 December 2013

Strategic report

Principal activities

The Company's principal activity is the operation of the service element of a 16 year Private Finance Initiative (the "C Vehicle Contract") through a subcontract arrangement with ALC (SPC) Limited ("SPC"), wherein the Company is responsible for the service element of the provision of C Vehicle Capability on a global basis No change in the Company's activities is anticipated

Business Review

Overview
On 10 June 2005, SPC entered into a 16 year Contract with the Secretary of State for Defence (the "C Vehicles Capability Contract") to provide C Vehicle Capability to the Ministry of Defence ("MOD" or "the Authority") under the Government's Private Finance Initiative The provision of the service was subcontracted by SPC to ALC (FMC) Limited ("FMC"), the principal subcontractor, for the full 16 years Together the two companies of SPC and FMC are known as "ALC" The service provider, SPC, holds all the equipment, bid costs and funding for the project

The C Vehicle Capability Contract provides the MOD with a worldwide capability to use an extensive range of construction and field mechanical handling equipment This equipment is operated largely by the Royal Engineers and the Royal Logistic Corps and are specifically designed and specified to support the MOD on operations In late 2006 the Equipment Replacement and Refurbishment Programme ("ERRP") started with the disposal of a number of assets that had already been identified as being surplus to requirement, together with the trials and testing and consequent purchase of new vehicles and ancillaries to ensure that the soldier in the field has the best possible equipment that is up to date and reliable In line with the ERRP, this process has continued through 2013 with over 91% (by value) of the contracted ERRP having been delivered Training is also given in respect of all equipment to ensure optimal use and maintenance

Services in respect of vehicle allocation and maintenance are managed in-house via the Fleet Management System, which can be accessed by both the MOD and ALC Services provided by sub-contractors, most of whom were an integral part of the bidding process, include spares provision, access to online and hard copy technical publications, training of plant operators and maintainers, transporting of equipment, hiring in/out of commercial equipment to optimise the fleet holding, together with the provision of IT services to support the business-wide processes

Praise for the project and the service provided has been given at the highest of levels by the MOD together with recognition in the Public Private Finance Awards in 2007 where ALC's C Vehicle Capability was voted the Best Operational Defence Scheme ALC gained the ISO 9001 Quality accreditation in 2007 and during 2008 has achieved further management systems accreditations in Health and Safety (BS18001) and Environmental (ISO 14001) These accreditations have been maintained during 2013 with ALC winning a further Gold RoSPA award during the year in recognition of its continued high level of performance in Occupational Health ALC has not had any RIDDOR accidents for over 24 months now

The C Vehicle project is thoroughly integrated across the armed services from senior command levels to soldiers in the field, with all the support functions provided, such as logistics and training, directly supporting current Operations

Strategic report *(continued)*

Progress in 2013

Noteworthy achievements by ALC in 2013 have been

- Supporting the MOD in undertaking a PFI Efficiency Review
- Successfully passing ALC's 3rd anniversary of providing Field Service Representatives to the MOD to support the maintenance of equipment on Operations in Afghanistan and being awarded a 1 year extension to the contract
- Delivering the 1578th new equipment under the ERRP - over 140 pieces of equipment were procured in 2013 with the major fleet of 75 Lighting Towers being Certified for use in August
- The Self Loading Dump Truck (SLDT) Winterised Waterproof project completed its production phase and the first one was primed for early deployment to winter training in Norway
- Progress being made with a number of both externally and internally resourced refurbishment projects
- Cumulatively, since the start of the Contract, has given back to the MOD £12M of disposal gain share for equipment being replaced under the ERRP
- Agreeing a seventh contract change with the MOD to meet changing military requirements and working with the MOD on a PFI Efficiency Review to realise increased value for Defence through its better utilisation of the PFI, specifically in relation to the incorporation of similar RAF equipment
- Integrating ALC's Fleet Management System to the MOD's JAMES system
- Developing an improved fleet management information system capability to aid management decision making
- Presenting the 7th Fleet Survey Report to the Authority

2014 Strategy

As in 2013, ALC will be looking to continue improving and optimising its service delivery processes during 2014 and ensure they are sustainable as the business needs change

Key focuses during 2014 will be

- Agreeing and implementing the findings of the PFI Efficiency Review through Contract change
- Reinforcing the Quality, Health and Safety and Environmental management systems and behavioural culture
- Continuing to embed the "ALC Way" as a method to sustain continuous improvement in service delivery and ensure all staff understand who ALC's ultimate customers are and what they can do to support them
- Through the business' investment in new technology, developing an improved understanding of our cost drivers and the maintenance trends on the equipment fleet to ensure their availability levels can be sustained through the contract term and enhancing our engineering and information quality
- Working with the MOD to improve End User engagement, specifically in relation to improving the use of the MOD's own JAMES asset management system
- Continuing to review and strengthen ALC's business continuity resilience
- Preparing the 8th Fleet Survey Report for the Authority
- Supporting the initiation of thinking around the follow-on to the existing C Vehicle Contract in 2021

Project risks and uncertainties

ALC runs a joint service delivery risk register with the MOD which is reviewed at quarterly joint review meetings, with all risks being managed actively and collectively A recurring risk on this register relates to the risk to ALC from the MOD's use of its own fleet management system, known as JAMES ALC and the MOD have worked together to ensure that necessary data transfer requirements can be met and it is a joint focus area in 2014 to ensure processes to achieve the requirements are communicated and better implemented

Strategic report *(continued)*

ALC is exposed to a number of financial risks These are effectively managed with our increased knowledge base of the machinations of the contract

- Demand – the MOD requesting less equipment than anticipated at Contract Award This risk is mitigated by a minimum "take or pay level" to reduce exposure and the opportunity to earn 'third party revenue' as an offset
- Demand volatility – the locations and numbers of transactions required to deliver the service may exceed that assumed at Contract Award This is mitigated by the Contract rules on minimum hire periods, the management of equipment movement by ALC's operations team and the changes in transport arrangements being introduced in the PFI Efficiency Review
- Pricing risk – this is the assumption made to calculate the amount of labour and materials required to deliver the service Pricing was based on previous parent company experience of operating in this field and continues to be proved accurate
- Foreign exchange risk – is kept under review by the Board with a view that hedge contracts are to be applied where considered appropriate Whilst most of ALC's costs are in GBP, a strengthening of the Euro against the GBP has the potential to put cost pressure on ALC and the impact of this is kept under review The ERRP contracts delivered during 2013 were all denominated in GBP and the few remaining contracts are also denominated in GBP ALC has a relatively small exposure to Euro denominated operational costs incurred in Germany and any spare parts sourced from European suppliers
- Economic pressure – other than interest rate risk (see below), ALC is largely unaffected by the impact of heightened economic pressure directly (due to the existence of the minimum take or pay level of charge within the contract), but there is a risk that it will be impacted indirectly by a subcontractor or supplier failing, although, this situation has not had any adverse impact on ALC during 2013 Management continue to keep the situation under close scrutiny and work closely with and support its suppliers
- Government Budgetary pressures - resulting in MOD's Private Finance Unit (PFU) wishing to explore the possibility of renegotiating some of the Authority's PFI contracts ALC has participated in a PFU lead 'PFI Efficiency Review' in 2013 and obtained approval in principle from the MOD to implement a number of contract changes that have generated savings for the MOD overall

Financial risk management policies and objectives

The Company does not undertake financial instrument transactions which are speculative or unrelated to the Company's trading activities Board approval is required for the use of any new financial instrument and the Company's ability to do so is restricted by covenants in its existing funding agreements

- **Interest rate risk:** The fall in bank base rates at the start of 2009 has resulted in the interest generated on funds on deposit reducing significantly
- **Currency risk** The weakening of the GBP in 2008 adversely impacted ALC's operating costs, but this has lessened in 2013 to some extent with the strengthening of the GBP Further, any residual impact has been more than offset by continuing efforts in the year to improve efficiency and remove unnecessary cost from the business As mentioned above, ALC's exposure to foreign currency risk on the ERRP has been minimal in 2013
- **Bank default** ALC has a policy of spreading its investment of deposits ALC invests across five mainstream banks, all of whom were S&P long term credit rated 'A-' or better at 31 December 2013 Having a mix of banks that ALC can invest funds with has also enabled ALC to maximize the return it generates on funds invested

Strategic report *(continued)*

KPI measurement

Measurement of contract performance falls into two categories external with the MOD and internal with shareholders and lenders Contractual KPIs, that aim to ensure ALC is providing the required level of service to the military user of ALC's equipment, are measured with the MOD on a monthly basis and reported to the ALC board ALC's financial and operational performance is reviewed monthly with the shareholders In 2013 (as in 2012) there were no KPI performance deductions incurred by ALC and only minimal deductions for unavailability of equipment due to breakdowns ALC will continue to strive in 2014 to achieve service delivery to the Authority with zero penalties and continues to improve its methods of tracking internal operating performance measures

Overall Performance

FMC's financial results and, hence the return on investment for shareholders, are reflective of the high level of service performance that ALC continues to provide to the MOD The partnership between the MOD and ALC continues to go from strength to strength due to the specific aims of both parties wishing to ensure success for the Contract and ultimately the service provided to the soldier in the field as the end user This was reinforced in 2013 by the MOD and ALC together building on a joint vision and strategic objectives set in 2012 for the project ALC will continue to strive to build upon its success and aims to continue to be a supplier of choice for the MOD and continue to meet their evolving capability requirements

By order of the Board

Nicolas C Anderson
Director

Registered Office
The Sherard Building
Edmund Halley Road
Oxford
OX4 4DQ

24th February 2014

ALC (FMC) Limited

Directors' report and financial statements
Registered number 05424243
For the year ended 31 December 2013

Contents

Directors' report

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

The results for the year are set out in the profit and loss account on page 5

Dividends

The Directors approved and paid a dividend payment of £7 8M in the year ended 31 December 2013 (2012 £5 9M)

Directors

The Directors who held office during the period were as follows

Name	Appointed	Resigned
Nicolas C Anderson	1 December 2009	
Paul Bean	1 April 2013	
John G Connelly (alternate to Asif Ghafoor)	23 July 2013	
Keith Cottrell	22 September 2006	30 June 2013
John Davies	28 April 2006	
Gillian Duggan	13 March 2013	
Asif Ghafoor	23 July 2013	
Nigel P Lewis	1 June 2011	6 February 2013
Richard Taylor	28 April 2006	
Stephen J Withers	13 July 2010	6 February 2013
Paul Bean (alternate to Gillian Duggan)	13 March 2013	
Asif Ghafoor (alternate to Keith Cottrell)	25 January 2007	30 June 2013
Kevin J Jarvey (alternate to Nigel P Lewis)	1 June 2011	6 February 2013
Paul M Kingshott (alternate to Richard Taylor)	1 January 2011	
Samuel M White (alternate to Nicolas Anderson)	1 April 2013	

Supplier payment policy

When entering into commitments for the purchase of services and goods the Company gives due consideration to quality, price and the terms of payment Suppliers are made aware of these terms The Company abides by these terms where it is satisfied that suppliers have provided the services or goods in accordance with such agreed terms and conditions In the event of disputes, every effort is made to resolve things quickly

The amount due to the Company's trade creditors at 31 December 2013 represents 29 days' (2012 20 days') average daily purchases of goods and services received from those creditors, calculated in accordance with the Companies Act 2006, Statutory Instrument 2008/410 schedule 7 part 5 12

Directors' report *(continued)*

Employees

Diversity
Our aim is to ensure that no job applicant, employee or former employee receives less favourable treatment on the grounds of colour, race, nationality, ethnic or national origin, religious belief, sex, sexual orientation, marital status, age or as a consequence of unlawful discrimination relating to disability

Disabled employees
The Company gives consideration to applications for employment from disabled persons where the disabled person may adequately cover the requirements of the job Disabled persons are employed under the normal contract terms and conditions Career development and promotion is provided wherever appropriate

Employee involvement
It is the ALC Group ("Group") policy to communicate with and involve all employees, subject to commercial and practical limitation, in matters affecting their interests at work and to inform them of the performance of their Business Employees are provided with information about the Business, which is supplemented by regular team briefings The Company makes full use of its intranet and a quarterly internal communications magazine to provide current information to its employees

Disclosure of information to auditors

The directors who held office at the date 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board

Nicolas C Anderson
Director

Registered Office
The Sherard Building
Edmund Halley Road
Oxford
OX4 4DQ

24th February 2014

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 judgments 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 a 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report to the members of ALC (FMC) Limited

We have audited the financial statements of ALC (FMC) Limited for the year ended 31 December 2013 set out on pages 5 to 16 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 auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (APB'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 APB's web-site at www frc org uk/apb/scope/private cfm

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 December 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 matters prescribed by the Companies Act 2006
In our opinion 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

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

Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Leeds, LS1 4DW
5 March 2014

Profit and loss account

For the year ended 31 December 2013

	Note	2013 £000	2012 £000
Turnover	2	31,823	32,006
Cost of sales		(17,116)	(16,281)
Gross profit		**14,707**	**15,725**
Administrative expenses		(5,843)	(5,374)
Operating profit	3	**8,864**	**10,351**
Other interest receivable and similar income	6	35	66
Profit on ordinary activities before taxation		**8,899**	**10,417**
Tax on profit on ordinary activities	7	(2,125)	(2,568)
Profit for the financial year		**6,774**	**7,849**

Notes on pages 8 to 16 form part of these financial statements

The results above are all derived from continuing operations There are no recognised gains and losses for the period other than those recorded in the profit and loss account

There are no differences between the amounts reported in the profit and loss account and their historical cost equivalent

Balance sheet

At 31 December 2013

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	8	474	507
Current assets			
Debtors	9	6,497	6,969
Cash at bank and in hand		10,178	10,860
		16,675	**17,829**
Creditors: amounts falling due within one year	10	(6,107)	(5,980)
Net current assets		**10,568**	**11,849**
Total assets less current liabilities		**11,042**	**12,356**
Creditors: amounts falling due after more than one year	11	(483)	(559)
Provision for liabilities	12	(3,643)	(3,855)
Net assets		**6,916**	**7,942**
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	15	6,916	7,942
Shareholders' funds		**6,916**	**7,942**

Notes on pages 8 to 16 form part of these financial statements

These financial statements were approved by the board of directors on 24th February 2014 and were signed on its behalf by

Nicolas C Anderson
Director

Reconciliation of movements in shareholders' funds

For the year ended 31 December 2013

	2013 £000	2012 £000
Profit for the financial year	**6,774**	**7,849**
Dividends paid	(7,800)	(5,900)
Retained (loss)/profit for the financial year	(1,026)	1,949
Opening shareholders' funds	7,942	5,993
Closing shareholders' funds	**6,916**	**7,942**

Notes to 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 The financial statements have been prepared on a going concern basis The Directors feel this is appropriate as the Company has considerable financial resources together with a long term contract to provide C Vehicle Capability to the Ministry of Defence and therefore the Directors believe the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook

Under Financial Reporting Standard ("FRS") 1 the Company is exempt from the requirement to prepare 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 ALC (SuperHoldCo) Limited, 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 ALC (SuperHoldCo) Limited, within which this Company is included, can be obtained from the address given in note 17

Fixed assets

Tangible fixed assets are depreciated on a straight line basis to write off the cost of such assets less any residual value over their anticipated useful economic lives

The anticipated useful lives are as follows

Tools & equipment	-	5 years straight line
Van racking	-	4 years straight line

Where equipments have been purchased to meet a specific MOD demand over an agreed period, the life of the asset is taken to be the same as this agreed period

Foreign currencies
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translations are included in the profit and loss account

Leases
Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease

Taxation
The charge for taxation is based on the taxable profits for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Tax, including tax relief for losses if applicable, is charged on profits on ordinary activities and amounts charged or credited to reserves as appropriate

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 FRS 19

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

Cash
Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Turnover
Turnover represents the amounts derived from the provision of goods and services to customers and excludes VAT

Turnover from services is recognised when the service provided to the customer has been completed This largely represents the monthly service fee, together with other services provided such as repair work

Turnover from the provision of goods is recognised when the risks and rewards of ownership of goods have been transferred to the customer The risks and rewards of ownership of goods are deemed to have been transferred when the goods are shipped to or picked up by the customer This largely represents the sale of spare parts

2. Analysis of turnover

	2013 £000	2012 £000
By activity		
Service revenue	24,828	24,600
Sale of goods	6,995	7,406
	31,823	**32,006**

All turnover originates in the United Kingdom

3. Operating Profit

	2013 £000	2012 £000
Operating profit is stated after charging		
Depreciation	103	55
Lease payments	315	334
Amounts receivable by the auditor and their associates in respect of.		
Audit of these financial statements	17	21
Audit of financial statements of parent undertakings	3	3
	20	**24**

Notes to the financial statements *(continued)*

4. Remuneration of directors

Directors' emoluments for the period amounted to £nil (2012 £nil)

5. Staff numbers and costs

All UK staff are seconded in from the parent companies and not employed directly by ALC ALC does reimburse the parent companies for the payroll costs of all secondees In Germany, ALC employs 14 (2012 14) people directly The analysis of ALC's total UK and German staff numbers is shown in the table below

	2013 (No)	**2012 (No.)**
Technical	49	50
Administration	62	63
	111	113

The aggregate payroll costs of these persons were as follows

	2013 £000	**2012 £000**
Wages and salaries	3,826	3,686
Social security costs	489	512
Other pension costs	406	402
	4,721	**4,600**

The above payroll cost includes the cost of employees in Germany of 2013 £604K (2012 £628K)

6. Other interest receivable and similar income

	2013 £000	**2012 £000**
Bank interest	35	66

Notes to the financial statements *(continued)*

7. Taxation

	2013 £000	2012 £000
UK Corporation tax	2,095	2,472
Adjustment in respect of prior years	2	(8)
Overseas tax on income for the period	41	28
Overseas tax adjustment in respect of prior periods	-	-
Deferred tax arising in the period	(43)	51
Deferred tax adjustment in respect of prior years	-	(1)
Deferred tax adjustment in respect of the changes in tax rate	30	26
Tax on profit on ordinary shares	2,125	2,568

Current Tax reconciliation

	2013 £000	2012 £000
Profit on ordinary activities before taxation	8,899	10,417
UK Corporation tax thereon at 23 25% (2012 24 5%)	2,069	2,552
Effects of		
Expenses not deductable	2	-
Capital allowances for the period in excess of depreciation	8	(15)
Other timing differences	41	(39)
German branch tax provision	41	28
Adjustment in respect of prior years	2	(8)
Overseas tax adjustment in respect of prior periods	-	-
Double taxation relief	(25)	(26)
Total current tax charge	2,138	2,492

Current Tax	**2013** **£000**	**2012** **£000**
At beginning of period	(1,871)	(2,091)
Paid	2,959	2,712
Charge to the Profit & Loss	(2,138)	(2,492)
At the end of period	(1,050)	(1,871)
Comprising		
Current tax payable (Note 10)	(770)	(628)
Inter company payable (Note 10)	(280)	(1,243)
	(1,050)	(1,871)

Notes to the financial statements *(continued)*

7. Taxation (*continued*)

Deferred Tax

	2013 £000	2012 £000
At beginning of period	241	317
Prior year adjustment	-	1
Charge to the Profit & Loss	13	(77)
At the end of period	254	241

The elements of deferred taxation are as follows		
Difference between accumulated depreciation and capital allowances	9	1
Other timing differences	245	240
	254	241

8. Tangible fixed assets

	Tools & Equipment £000	Van Racking £000	Other £000	Total £000
Cost or valuation				
Balance at beginning of year	752	144	199	1,095
Additions	282	-	-	282
Disposals	(225)	-	-	(225)
Balance at the end of year	809	144	199	1,152
Depreciation				
Balance at beginning of year	245	144	199	588
Charge for the year	103	-	-	103
Disposals	(13)	-	-	(13)
Balance at the end of year	335	144	199	678
Net book value				
As at 31 December 2012	507	-	-	507
As at 31 December 2013	474	-	-	474

Notes to the financial statements *(continued)*

9. Debtors

	2013 £000	2012 £000
Trade Debtors	391	663
Amount due from group undertakings	4,658	4,868
Deferred Taxation (Note 7)	254	241
Other Debtors	891	881
Prepayments and accrued income	303	316
	6,497	6,969

10. Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	1,366	903
Amount due to group undertakings (Note 7)	280	1,243
Tax payable (Note 7)	770	628
Other creditors	17	7
Accruals and deferred income	3,674	3,199
	6,107	5,980

11. Creditors: amounts falling due after more than one year

	2013 £000	2012 £000
Deferred Fair Value of Spares	483	559

	2013 £000	2012 £000
Deferred Fair Value of Spares at 1 January	634	709
Net amount released to Profit and Loss in the period	(75)	(75)
Deferred Fair Value of Spares at 31 December 2013	559	634
Less amounts shown as less than 1 year (in accruals and deferred income)	(76)	(75)
	483	559

Notes to the financial statements *(continued)*

12. Provision for liabilities

	Gain Share	Other Provisions	Total
	£'000	£'000	£'000
At beginning of year	**675**	**3,180**	**3,855**
Utilised during year	(405)	(420)	(825)
Additional amounts provided	-	613	613
	270	**3,373**	**3,643**

The Gain Share provision relates to the disposal of legacy equipment The gain share is accounted for in the Profit and Loss account on an overall projected percentage gain basis This amount is gradually reducing as further sales are made

Other provisions relate to certain contractual risks that have arisen that ALC has made provision against

13. Pension schemes

The Company does not operate a pension scheme All UK staff are seconded in from the parent companies and as such are eligible to participate in the relevant Company's pension scheme All German staff are directly employed by ALC (FMC) Limited and they are not part of any pension scheme however the Company is contributing to their personal pension funds

14. Called up share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
Equity 1 Ordinary share of £1 00 each	1	1

Notes to the financial statements *(continued)*

15. Profit and loss account

	2013 £000	2012 £000
At beginning of the year	7,942	5,993
Profit for the year	6,774	7,849
Dividends paid per one ordinary share	(7,800)	(5,900)
At end of the year	**6,916**	**7,942**

16. Commitments

	2013 £000	2012 £000
Operating leases (other than land and buildings) which expire		
Within one year	248	289
Between 2 – 5 years	117	275
	365	**564**

Notes to the financial statements *(continued)*

17. Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of ALC (SuperHoldCo) Limited in the United Kingdom ALC (SuperHoldCo) Limited has no single ultimate parent undertaking or controlling party by virtue of the Company's joint ownership and joint control by Amey Ventures Investments Limited and Babcock Defence and Security Investments Limited

Amey Ventures Investments Limited itself a joint venture company held jointly between Amey Investments Limited and DIF Infrastructure II UK Limited since 14 December 2009 Amey Investments Limited is a wholly owned subsidiary undertaking of Amey plc group whose ultimate parent is Ferrovial, S A , a company incorporated in Spain DIF Infrastructure II UK Limited is a wholly owned subsidiary of DIF Infrastructure UK Partnership, whose ultimate parent is DIF Infrastructure II B V (NL), a company incorporated in The Netherlands

Babcock Defence and Security Investments Limited is a wholly owned subsidiary undertaking of Babcock International Group Plc

The largest and smallest group in which the results of the Company are consolidated is that headed by ALC (SuperHoldCo) Limited The consolidated accounts of this group are available to the public and may be obtained from The Sherard Building, Edmund Halley Road, Oxford, OX4 4DQ