

Registered No 1173014

Alno (United Kingdom) Limited

Report and Financial Statements

31 December 2008

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COMPANIES HOUSE

Alno (United Kingdom) Limited

Registered No: 1173014

Directors

J P Wagstaff
M L Mills
S Groesslhuber

Secretary

M L Mills

Auditors

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

Registered office

Shaw Cross Court
Shaw Cross Business Park
Dewsbury
West Yorkshire
WF12 7RF

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2008.

Results and dividends

The loss for the year amounted to £486,657 (2007 loss: £143,474). The directors do not recommend the payment of any dividends (2007 - £nil).

Principal activity

The principal activity of the company is that of the marketing and sale of built in kitchens to the retail and contract markets.

Principal risk and uncertainties

Of the company's total sales in 2008 approximately 57% were to builders and developers for the new-build contract market. This segment of the company's business is vulnerable to a fall in demand for new properties. The reduction in the availability of mortgage financing, during 2008, has contributed to such a fall in the demand.

The remaining 43% of the company's turnover arose from sales to kitchen retailers. This business segment primarily relates to the replacement market, which is typically financed by borrowing secured on property. This segment is therefore vulnerable to any sustained fall in property values or any restriction in the availability of credit, both of which has arisen in 2008.

The company's business with builders and developers is carried out through a small number of agents with each of whom the company has a formal contractual agreement, thus providing a measure of security against the risk inherent in this business structure.

The company is well established in each of its markets with a broad spread of customers. There have in recent times been no significant new suppliers entering these markets.

The majority of the kitchen furniture sold by the company is sourced from group companies in Germany and these purchases are priced in Euros. Any significant rise in the value of the Euro against Pound Sterling would increase the cost price of the company's core products and put pressure on margins.

The company is also exposed to the risk of bad debts arising from the failure of one or more major customers. Although the company's sales are to a wide range of major builders and to a broad spread of retailers it nevertheless extends significant credit to certain customers. The company aims to minimise this risk by taking credit insurance cover wherever possible and by close management of the debtor book.

As disclosed in note 1 to the financial statements, the company is dependent on the provision of financial support from its parent undertaking, Alno AG. The Directors of the Company have obtained confirmation from the parent undertaking's directors that the financial support will continue to be in place for the next 12 months after the approval of these financial statements, based on the events disclosed in note 1 to the financial statements. This enabled the Directors of the company to expect the continued availability of the parental financial support for the foreseeable future. Nevertheless, as set out in Note 1 to the financial statements, there is a degree of uncertainty surrounding this matter, some of which is beyond the control of the company or the Directors of the company.

Directors' report

Review of the business

The key financial highlights are as follows:

	2008	2007
	£	£
Turnover	30,255,190	30,486,370
Turnover growth	(231,180)	1,222,940
Gross profit margin (%)	6	9
Loss before tax	(472,871)	(129,727)

Turnover in 2008 was 1% below that of 2007, with broadly consistent sales volumes in both the contract and retail sectors. As a result of the economic downturn in 2008 which has continued into 2009, the directors anticipate a significant reduction in sales volumes in the contract business and only modest or no increases in the retail business.

The gross profit margin has dropped primarily due to the weakening of the Pound Sterling against Euro in the period.

On the 31 December 2008 the company sold part of the business trading as In-toto. The trademark and the benefit of the franchise agreements was purchased by Gustav Wellmann GmbH & Co. KG ("Wellman"), a fellow group company, for a total consideration of £2,083,000, which resulted to a gain on disposal of £1,638,706. The company will continue to manage the operational aspects of the In-toto franchise business under an agency agreement with Wellman.

Financial instruments

The company's principal financial instruments comprise bank balances, bank overdraft, trade debtors, trade creditors, amounts owed to group undertakings and a loan secured on the debtors book. The main purpose of these instruments is to raise funds for and to finance the company's operations.

The company's approach to managing the risks applicable to these financial instruments is set out below.

In respect of bank balances, liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of an overdraft at market rates of interest. The company will occasionally hold funds in foreign currencies in order to meet obligations to foreign suppliers. Liquidity risk associated with trade creditors is managed in accordance with the company's overall cash management policy.

The loan secured on the debtor book is denominated in Euros, and in addition to the risk of any rise in European interest rates, the company is exposed to the risk of fluctuations in the value of the Euro against Pound Sterling.

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

Directors

The present directors of the company are shown on page 1.

S Groesslhuber and S Popp were appointed as directors on 29 April 2008. M L Mills and J P Wagstaff were appointed as directors on 20 March 2009.

G Kellinghusen and R M Woelk resigned on 29 April 2008. S Popp resigned on 31 October 2008 and J R Kinder resigned on 31 March 2009.

Directors' report

Post balance sheet events

On 24 February 2009 the company purchased the assets and business, on a going concern basis, of Acrebridge Properties Ltd trading as Intoto Contracts Scotland for a consideration of £90,000. The assets acquired are:

- 50% of the issued share capital of WWM Ltd (Trading as Intoto Contracts North), and
- other tangible assets including office furniture, computers, motor vehicles

There is also an element of deferred consideration included in the agreement that is dependent on the performance of the company.

Fixed assets

In the opinion of the directors no fixed assets have a significant difference in value between the book value reported and the market value.

Auditors

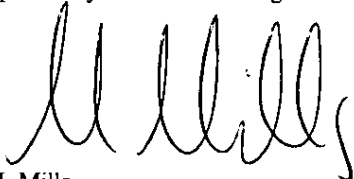
A resolution to reappoint the auditors, Ernst & Young LLP, will be put to the members at the Annual General Meeting.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board and signed on its behalf by:



M L Mills
Director

14 July 2009

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 auditors' report

to the members of Alno (United Kingdom) Limited

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 23. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

In addition we report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report, consider whether it is consistent with the audited financial statements and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of Alno (United Kingdom) Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have also considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The conditions described in Note 1 indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Leeds

14 July 2009

Profit and loss account

for the year ended 31 December 2008

	Notes	2008 £	2007 £
Turnover	2	30,255,190	30,486,370
Cost of sales		(28,310,382)	(27,598,673)
Gross profit		1,944,808	2,887,697
Distribution costs		(162,989)	(229,581)
Administrative expenses		(4,324,745)	(3,112,516)
Other operating income		450,400	336,486
Operating loss	3	(2,092,526)	(117,914)
Exceptional item	4	1,638,706	-
Other interest receivable and similar income	8	241,763	226,698
Interest payable and similar charges	7	(260,814)	(238,511)
Loss on ordinary activities before taxation		(472,871)	(129,727)
Tax on loss on ordinary activities	9	(13,786)	(13,747)
Loss for the financial year		(486,657)	(143,474)

All amounts relate to continuing business.

Statement of total recognised gains and losses

for the year ended 31 December 2008

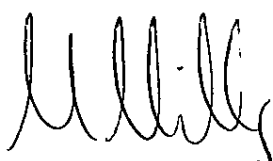
	2008 £	2007 £
Loss for the financial year	(486,657)	(143,474)
Actuarial gain recognised on deferred benefit pension scheme	-	59,000
Movement on deferred tax relating to pension liability	-	(17,700)
Total recognised gains and losses relating to the year	(486,657)	(102,174)

Balance sheet

at 31 December 2008

	Notes	2008 £	2007 £
Fixed assets			
Intangible assets	10	-	470,429
Tangible assets	11	442,801	479,421
		<u>442,801</u>	<u>949,850</u>
Current assets			
Stocks	12	1,188,057	1,769,545
Debtors	13	6,401,939	6,358,003
Cash at bank and in hand		2,710	16,724
		<u>7,592,706</u>	<u>8,144,272</u>
Creditors: amounts falling due within one year	14	(8,523,017)	(9,074,095)
		<u>(930,311)</u>	<u>(929,823)</u>
Net current liabilities			
		<u>(487,510)</u>	<u>20,027</u>
Net (liabilities)/assets excluding pension liability			
		<u>(487,510)</u>	<u>20,027</u>
Defined benefit pension scheme liability	20	(33,120)	(54,000)
		<u>(520,630)</u>	<u>(33,973)</u>
Net liabilities			
		<u>(520,630)</u>	<u>(33,973)</u>
Capital and reserves			
Called up share capital	15	30,000	30,000
Profit and loss reserve	16	(550,630)	(63,973)
		<u>(520,630)</u>	<u>(33,973)</u>

Approved by the Board and signed on its behalf by:



M L Mills
Director

14 July 2009



S Groesslhuber
Director

14 July 2009

Notes to the financial statements

at 31 December 2008

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements are prepared in accordance with applicable accounting standards.

Going concern

The parent undertaking, Alno AG has provided financial support to the company to enable the company to meet its liabilities as when they fall due, but only to the extent that money is not otherwise available to the company to meet such liabilities.

The ability of the parent undertaking to provide financial support to the company is dependent on the continued availability of the group's banking facility to the parent undertaking. On 27 May 2009, the parent undertaking's bankers agreed to provide an extension to the group's existing banking facility for the foreseeable future. This extension was granted after the parent undertaking demonstrated forecasted improvement in the future financial performance of the group, as a result of a restructuring project undertaken at group level in 2008, and also, the parent undertaking's success in securing additional capital from existing investors.

In the event that the parent undertaking's existing banking facility is withdrawn, the parent undertaking might not be able to continue to provide financial support to the company. Should the company be unable to continue trading as a result of the withdrawal of the support from its parent undertaking, adjustments would have to be made to reduce the value of assets to their recoverable amount and to provide for any further liabilities that might arise and to reclassify fixed assets as current assets.

The Directors acknowledge that the potential withdrawal of the parent undertaking's banking facility indicates the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern. Nevertheless, after making enquiries of the parent undertaking's directors, in which the Directors obtained confirmation that the extension given by the parent undertaking's bankers on 27 May 2009 will continue to be in place for the next 12 months after the approval of this financial statements, and after considering the circumstances described above, the Directors have a reasonable expectation that the company will obtain sufficient financial support from its parent undertaking to continue in operational existence for the foreseeable future. For these reasons, the Directors believe that it is appropriate to continue to prepare the financial statements on the going concern basis.

Change in accounting policy

The accounting policies adopted are consistent with those of the previous financial year except that the company has adopted the amendment to FRS 17 'Retirement Benefits'. The adoption of the amendments to FRS 17 has resulted in a change in accounting policy for the valuation of quoted securities included in plan assets. Adoption of this amendment did not have any effect on the financial statements of the company. The amendments to FRS 17 also align the disclosures in the standard to with those of the equivalent International Accounting Standard 19. These disclosures have been given in note 20.

Cash flow statement

The company has taken advantage of the exemption in FRS 1 'Cash Flow Statements' 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90% or more of the voting rights are controlled within the group. The consolidated accounts in which this subsidiary undertaking is included are publicly available (see note 21).

Notes to the financial statements

at 31 December 2008

1. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Leasehold properties	-	10% straight line or equal instalments over the life of the lease
Fixtures, fittings and equipment	-	33 1/3%, 20% or 10% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

The acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years. If a business is subsequently sold or closed, any goodwill that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving items. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Deferred taxation

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

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Notes to the financial statements

at 31 December 2008

1. Accounting policies (continued)

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Foreign currencies

All transactions with overseas group companies are translated through the year at a fixed rate of exchange which is determined from time to time by the relevant transacting group company. All monetary balance sheet items are translated at the year end rate of exchange. All differences are taken to the profit and loss account.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Defined contribution schemes

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

Defined benefit pension schemes

The company operates a defined benefit pension scheme, whereby contributions are made to a separately administered fund. There are no longer any active members in the scheme. Pension scheme liabilities are determined using the projected unit method and discounted at the current rate of return on high quality corporate bond of equivalent term and currency to the liability. Pension scheme assets are measured using market values and in the case of quoted securities is the published bid price.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The value of a net pension scheme surplus is limited to the amount that may be recoverable either through reduced contributions or agreed refunds from the scheme. The movement in the scheme surplus/deficit is split between profit and loss account and in the statement of total recognised gains and losses, actuarial gains and losses.

Group relief payments

The group takes advantage of provisions within the Taxes Act which enable certain tax benefits available in one group company to be transferred to another group company. No consideration is passed for these benefits.

2. Turnover

Turnover represents the amounts, excluding value added tax, derived from the provision of goods and services to customers. An analysis of turnover by geographical market is given below:

	2008	2007
	£	£
United Kingdom	30,080,504	30,330,651
Europe	174,686	155,719
	<u>30,255,190</u>	<u>30,486,370</u>

Notes to the financial statements

at 31 December 2008

3. Operating loss

Operating loss is stated after charging:

	2008	2007
	£	£
Auditors' remuneration	21,800	19,800
Operating lease rentals		
Land and buildings	42,629	37,021
Other	43,090	31,439
Loss on sale of tangible fixed assets	502	1,213
Depreciation of tangible fixed assets	88,131	92,999
Amortisation of goodwill	26,135	26,135
	<u>208,087</u>	<u>200,407</u>

4. Exceptional item

Exceptional item is the gain from the disposal of trademarks and the benefits of the franchise agreements to Gustav Wellman GmbH & Co. KG of £1,638,706, which took place on 31 December 2008. The company received consideration of £2,083,000 and the asset associated with the disposal is the goodwill with a carrying amount of £444,294 (see note 10).

5. Particulars of employees

The average monthly number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2008	2007
	No.	No.
Sales personnel	15	17
Office and management	8	9
	<u>23</u>	<u>26</u>

The aggregate payroll costs of these persons were as follows:

	2008	2007
	£	£
Wages and salaries	898,098	882,516
Social security	104,750	103,375
Other pension costs	46,472	44,201
	<u>1,049,320</u>	<u>1,030,092</u>

Other pension costs are in respect of the defined contribution scheme.

Notes to the financial statements

at 31 December 2008

6. Directors' emoluments

The directors' emoluments for the year were as follows:

	2008 £	2007 £
Directors' emoluments (including benefits in kind)	115,981	105,051
Directors' defined contribution pension contributions	5,352	5,364
	<u>121,333</u>	<u>110,415</u>

During the year the number of directors who were accruing benefits under company pension schemes was as follows:

	2008 No.	2007 No.
Money purchase	<u>1</u>	<u>1</u>

7. Interest payable and similar charges

	2008 £	2007 £
Bank interest payable	69,078	70,700
Loan interest payable	191,736	167,811
	<u>260,814</u>	<u>238,511</u>

8. Other interest receivable and similar income

	2008 £	2007 £
Bank interest receivable	716	1,482
Other interest receivable	2,787	2,347
Interest receivable from group undertakings	238,260	222,869
	<u>241,763</u>	<u>226,698</u>

Notes to the financial statements

at 31 December 2008

9. Taxation

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2008 £	2007 £
<i>Current tax:</i>		
UK Corporation tax	5,666	-
Under provision in previous year	-	2,047
UK corporation tax (note 9(b))	5,666	2,047
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 9(c))	8,120	11,700
Total deferred tax	8,120	11,700
Total tax on loss on ordinary activities	13,786	13,747

(b) Factors affecting current period tax charge

The tax assessed on the loss on ordinary activities for the year is higher than (2007 - higher) the standard rate of corporation tax in the UK of 28.5% (2007 - 30%).

	2008 £	2007 £
Loss on ordinary activities before taxation	(472,871)	(129,727)
Standard rate corporation tax credit	(134,768)	(38,918)
Expenses not deductible for tax purposes	24,161	28,573
Non-taxable income	(467,031)	-
Capital gain on disposal	593,655	-
Capital allowances for the year in excess of depreciation	(996)	(4,099)
Unrelieved tax losses carried forward	-	25,640
Pension provision	(8,265)	(10,200)
Adjustments to previous periods	-	2,047
Other timing differences	(1,090)	(996)
Total current tax for the year (note 9(a))	5,666	2,047

Notes to the financial statements

at 31 December 2008

9. Taxation (continued)

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2008 £	2007 £
Included in defined benefit pension liability (note 20)	12,880	21,000
	<u>12,880</u>	<u>21,000</u>
		£
At 1 January 2008 including deferred tax on defined benefit pension liability		21,000
Deferred tax charge in profit and loss account (note 9 (a))		(8,120)
		<u>12,880</u>
At 31 December 2008 including deferred tax on defined benefit pension liability		<u>12,880</u>

(d) Factors that may affect future tax charges

The company had deductible temporary difference of £174,904 (2007 - £182,222) and tax losses of £100,143 (2007 - £100,143) to be carried forward indefinitely and offset against future taxable profits. Deferred tax assets of £77,013 (2007- £79,062) have not been recognised due to uncertainty of future taxable profits.

10. Intangible fixed assets

	Goodwill £
Cost:	
As at 1 January 2008	522,699
Disposals (note 4)	(522,699)
	<u>-</u>
As at 31 December 2008	<u>-</u>
Amortisation:	
As at 1 January 2008	52,270
Charge for the year	26,135
Disposals (note 4)	(78,405)
	<u>-</u>
As at 31 December 2008	<u>-</u>
Net book value:	
As at 31 December 2008	<u>-</u>
	<u>-</u>
As at 31 December 2007	<u>470,429</u>

Notes to the financial statements

at 31 December 2008

11. Tangible fixed assets

	<i>Short leasehold property £</i>	<i>Fixtures, fittings and equipment £</i>	<i>Total £</i>
Cost:			
As at 1 January 2008	668,150	192,349	860,499
Additions	36,336	15,741	52,077
Disposals	(5,574)	(32,291)	(37,865)
As at 31 December 2008	698,912	175,799	874,711
Depreciation:			
As at 1 January 2008	223,971	157,107	381,078
Eliminated on disposals	(5,232)	(32,067)	(37,299)
Charge for the year	71,506	16,625	88,131
As at 31 December 2008	290,245	141,665	431,910
Net book value:			
As at 31 December 2008	408,667	34,135	442,801
As at 31 December 2007	444,179	35,242	479,421

12. Stocks

	<i>2008 £</i>	<i>2007 £</i>
Goods for resale	1,188,057	1,769,545

13. Debtors

	<i>2008 £</i>	<i>2007 £</i>
Trade debtors	5,825,554	5,687,038
Other debtors	329,967	112,357
Prepayments and accrued income	246,148	558,608
	6,401,939	6,358,003

Notes to the financial statements

at 31 December 2008

13. Debtors (continued)

Debtors includes £643,714 (2007 - £589,074) receivable after more than one year. This can be analysed as follows:

	2008 £	2007 £
Trade debtors	625,714	571,074
Other debtors	18,000	18,000
	<u>643,714</u>	<u>589,074</u>

14. Creditors: amounts falling due within one year

	2008 £	2007 £
Bank overdraft	1,252,900	1,412,445
Other loans	3,700,402	2,802,044
Trade creditors	916,550	1,244,891
Amounts owed to parent and fellow subsidiary undertakings	1,135,930	2,114,213
Social security and other taxes	135,519	34,014
Accruals and deferred income	1,381,716	1,466,488
	<u>8,523,017</u>	<u>9,074,095</u>

The other loan is secured on the book debts of the company.

15. Share capital

	2008 £	Authorised 2007 £
30,000 ordinary shares of £1 each	30,000	30,000

Allotted, called up and fully paid

	2008 £	2007 £
30,000 ordinary shares of £1 each	30,000	30,000

Notes to the financial statements

at 31 December 2008

16. Reserves

	<i>Profit and loss reserve £</i>
At 1 January 2008	(63,973)
Loss for the year	(486,657)
At 31 December 2008	(550,630)

17. Reconciliation of movements in shareholders' deficit

	<i>2008 £</i>	<i>2007 £</i>
Total recognised gains and losses	(486,657)	(102,174)
Shareholders' (deficit)/funds at 1 January	(33,973)	68,201
Shareholders' (deficit) at 31 December	(520,630)	(33,973)

18. Capital commitments

There is no expenditure contracted for but not provided in the financial statements.

19. Operating lease commitments

As at 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expires:				
Within one year	-	-	-	5,386
Between two and five years	18,000	-	56,614	37,882
Over five years	190,000	128,000	-	-
	<u>208,000</u>	<u>128,000</u>	<u>56,614</u>	<u>43,268</u>

20. Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme in respect of current employees who are not members of the defined benefit scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £46,472 (2007 - £44,201).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes to the financial statements

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20. Pension schemes (continued)

Defined benefit pension scheme

The company provides pension arrangements to former employees through a defined benefit scheme and the related costs are assessed in accordance with the advice of a professionally qualified actuary. There are no longer any active members of the scheme. The company made contributions of £45,000 (2007 - £50,000) during the year. It is agreed that the company will contribute £60,000 to the scheme during 2009.

The latest full actuarial valuation was carried out at 1 January 2007 and was updated for FRS 17 purposes to 31 December 2008 by a qualified independent actuary.

The major assumptions used in this valuation were:

	2008	2007
	%	%
Rate of increase in salaries	n/a	n/a
Rate of increase in payment and deferred pensions	5.00	5.00
Discount rate applied to scheme liabilities	6.50	5.80
Inflation assumption	2.60	3.50
Expected rate of return on plan assets	3.70	3.70
Post-retirement mortality (years):		
Current pensioners at 65 – male	22.3	20.2
Current pensioners at 65 – female	24.9	23.0
Future pensioners at 65 – male	23.6	20.2
Future pensioners at 65 – female	26.0	23.0

The post-retirement mortality assumptions allow for expected increases in longevity. The “current” disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with “future” being that relating to an employee retiring in 20 years after the balance sheet date.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets and liabilities

The fair value of the schemes assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme’s liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2008	2007	2006	2005	2004
	£	£	£	£	£
Scheme assets	530,000	552,000	495,000	399,000	402,000
Total fair value of assets	530,000	552,000	495,000	399,000	402,000
Present value of scheme liabilities	(576,000)	(627,000)	(663,000)	(664,000)	(595,000)
Deficit in the scheme	(46,000)	(75,000)	(168,000)	(265,000)	(193,000)
Related deferred tax asset	12,880	21,000	50,400	79,500	57,900
Net pension liability	(33,120)	(54,000)	(117,600)	(185,500)	(135,100)
Experience (loss)/gain arising on scheme liabilities	(3,000)	(5,000)	(6,000)	17,000	87,000
Experience loss arising on scheme assets	(76,000)	-	(13,000)	(14,000)	(19,000)

Notes to the financial statements

at 31 December 2008

20. Pension schemes (continued)

Defined benefit pension scheme (continued)

Scheme assets and liabilities (continued)

An analysis of other pension costs charged in arriving at operating loss was as follows:

	2008 £	2007 £
Other financial costs	(16,000)	(16,000)
Net operating charge	(16,000)	(16,000)

The amount recognised in the statement of total recognised gains and losses was as follows:

	2008 £	2007 £
Actuarial gain recognised	-	59,000

The cumulative amount of actuarial gains recognised in statement of total recognised gains and losses was £21,000 (2007: £21,000)

Analysis of movement in the present value of the scheme liabilities is as follows:

	2008 £	2007 £
At 1 January	627,000	663,000
Interest cost on scheme liabilities	36,000	34,000
Actuarial gains	(76,000)	(59,000)
Benefits paid	(11,000)	(11,000)
At 31 December	576,000	627,000

An analysis of movement in the fair value of the scheme assets was as follows:

	2008 £	2007 £
At 1 January	552,000	495,000
Expected return on scheme assets	20,000	18,000
Actuarial loss	(76,000)	-
Contributions paid	45,000	50,000
Benefits paid	(11,000)	(11,000)
At 31 December	530,000	552,000
Actual return on scheme assets	(56,000)	18,000

The scheme assets are held under an insurance contract. The contract is administered on deposit administration principles and is invested in a mix of backing assets.

Notes to the financial statements

at 31 December 2008

21. Ultimate parent undertaking

The directors regard Alno AG, a company incorporated in Germany as the company's ultimate parent undertaking. Its consolidated financial statements can be obtained from Alno AG, 88629 Pfullendorf, Germany.

22. Related party transactions

The company is taking advantage of the exemption from disclosure of intra group transactions as required by FRS 8 'Related Party Transactions' on the grounds that the details are available in the consolidated financial statements of the ultimate parent undertaking.

23. Post balance sheet events

On 24 February 2009 the company purchased the assets and business, on a going concern basis, of Acrebridge Properties Ltd trading as Intoto Contracts Scotland for a consideration of £90,000. The assets acquired are:

- 50% of the issued share capital of WWM Ltd (Trading as Intoto Contracts North), and
- other tangible assets including office furniture, computers, motor vehicles

There is also an element of deferred consideration included in the agreement that is dependent on the performance of the company.