

Alo UK Limited

**Directors' report and financial
statements**

Registered number 03639533

For the year ended 31 December 2011

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Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	2
Independent auditor's report to the members of Alo UK Limited	3
Profit and loss account	5
Balance sheet	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities and business review

The principal activity of the company during the year was that of wholesale of agricultural machinery

In July 2011, Altor Fund III GP Limited acquired Alo Intressenter AB, the company's ultimate parent company

The directors are satisfied with the results for the year and are optimistic about the future

Results and dividends

The profit after tax for the year amounted to £713,089 (2010 £680,228) During the year, a dividend of £Nil was paid (2010 £850,000)

The directors do not propose the payment of a final dividend (2010 £Nil)

Directors

The directors who served during the year were as follows

PO Pehrsson
PJC Nunn

Donations

The company made no political or charitable donations (2010 £Nil)

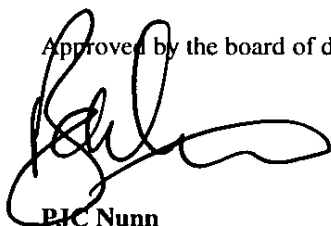
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that 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 auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

Approved by the board of directors on 20 March 2012 and signed on its behalf by



PJC Nunn
Director

315 Elm Drive
Hartlebury Trading Estate
Hartlebury
Kidderminster
Worcestershire
DY10 4JB

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 proper 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of Alo UK Limited

We have audited the financial statements of Alo UK Limited for the year ended 31 December 2011 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

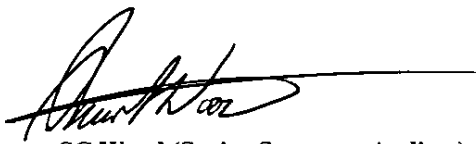
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Alo UK Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



SC Wood (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

20 March 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £	2010 £
Turnover	2	12,987,912	11,013,716
Cost of sales		(10,411,971)	(8,665,087)
		<hr/>	<hr/>
Gross profit		2,575,941	2,348,629
Distribution costs		(464,497)	(365,529)
Administrative expenses		(1,135,015)	(1,026,604)
		<hr/>	<hr/>
Operating profit		976,429	956,496
Interest payable and similar charges	6	(5,605)	(3,480)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	970,824	953,016
Tax on profit on ordinary activities	7	(257,735)	(272,788)
		<hr/>	<hr/>
Profit for the financial year	15	713,089	680,228
		<hr/> <hr/>	<hr/> <hr/>

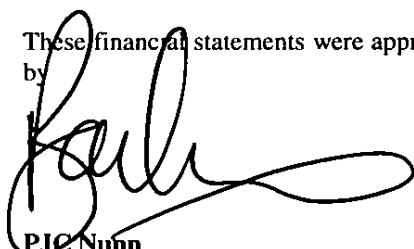
There are no recognised gains or losses in either the current or preceding year other than as disclosed in the profit and loss account

All of the above activities relate to continuing operations

Balance sheet
at 31 December 2011

	<i>Note</i>	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	9		20,245		14,096
Current assets					
Stocks	10	1,673,659		1,115,974	
Debtors	11	2,876,827		1,847,867	
Cash at bank and in hand		182,948		354,781	
		<u>4,733,434</u>		<u>3,318,622</u>	
Creditors: amounts falling due within one year	12	<u>(2,887,000)</u>		<u>(2,179,728)</u>	
Net current assets			<u>1,846,434</u>		<u>1,138,894</u>
Total assets less current liabilities			<u>1,866,679</u>		<u>1,152,990</u>
Provisions for liabilities	13		<u>(600)</u>		<u>-</u>
Net assets			<u>1,866,079</u>		<u>1,152,990</u>
Capital and reserves					
Called up share capital	14	100,000		100,000	
Profit and loss account	15	1,766,079		1,052,990	
Shareholders' funds	18	<u>1,866,079</u>		<u>1,152,990</u>	

These financial statements were approved by the board of directors on 20 March 2012 and were signed on its behalf by


PIC Nunn
Director

Company number 03639533

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

Under FRS1 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 Alo AB, 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. The consolidated financial statements of Alo Intressenter AB, within which this company is included, can be obtained from the address given in note 19

Fixed assets and depreciation

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

Plant and machinery	-	20% per annum
Motor vehicles	-	25% per annum

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. 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 translation are included in the profit and loss account

Leases

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

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Stocks

Stocks are stated at the lower of cost and net realisable value

Dividends on shares presented in shareholders' funds

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

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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

2 Turnover

Turnover comprises amounts invoiced to customers, exclusive of value added tax, which are all derived from the company's principal activity

An analysis of turnover by geographical market is given below

	2011 £	2010 £
United Kingdom	12,943,627	10,978,040
Rest of world	44,285	35,676
	<u>12,987,912</u>	<u>11,013,716</u>

3 Notes to the profit and loss account

	2011 £	2010 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation written off tangible fixed assets - owned	7,712	3,810
Hire of other assets – operating leases	82,900	82,900
Hire of plant and machinery – rentals under operating leases	54,865	50,003
	<u> </u>	<u> </u>
<i>Auditors' remuneration</i>		
Audit of these financial statements	17,500	17,500
	<u> </u>	<u> </u>

4 Remuneration of directors

	2011 £	2010 £
Directors' emoluments	111,500	97,136
Company contributions to money purchase pension schemes	7,920	6,584
	<u>119,420</u>	<u>103,720</u>

Notes (continued)

4 Remuneration of directors (continued)

Retirement benefits are accruing to the following number of directors under

	Number
	2011 2010
Money purchase pension schemes	1 1
	<hr style="width: 50%; margin: 0 auto;"/> <hr style="width: 50%; margin: 0 auto;"/>

5 Staff numbers and costs

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

	Number of employees
	2011 2010
Sales and distribution	6 6
Administration	6 6
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	12 12
	<hr style="width: 50%; margin: 0 auto;"/> <hr style="width: 50%; margin: 0 auto;"/>

The aggregate payroll costs of these persons were as follows

	£	£
Wages and salaries	453,954	431,089
Social security costs	46,126	40,850
Other pension costs	33,919	31,292
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	533,999	503,231
	<hr style="width: 50%; margin: 0 auto;"/>	<hr style="width: 50%; margin: 0 auto;"/>

6 Interest payable and similar charges

	2011	2010
	£	£
On bank overdrafts	5,605	3,480
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Notes (continued)

7 Taxation

Analysis of charge in year

	2011 £	£	2010 £	£
<i>UK corporation tax</i>				
Current tax on income for the year	255,308		264,200	
Adjustment in respect of prior year	(73)		2,088	
	<hr/>		<hr/>	
Total current tax		255,235		266,288
<i>Deferred tax</i>				
Origination/reversal of timing differences	2,500		4,000	
Adjustment in respect on previous years	-		2,500	
	<hr/>		<hr/>	
		2,500		6,500
		<hr/>		<hr/>
Tax on profit on ordinary activities		257,735		272,788
		<hr/>		<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2010 lower) than the standard rate of corporation tax in the UK (26.49% (2010 28%)). The differences are explained below

	2011 £	2010 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	970,824	953,016
	<hr/>	<hr/>
Current tax at 26.49% (2010 28%)	257,171	266,844
<i>Effects of</i>		
Disallowed expenses and non-taxable income	667	1,123
Depreciation of ineligible	-	158
Capital allowances in excess of depreciation	(2,463)	(3,926)
Other items	(67)	1
Adjustment in respect of prior year	(73)	2,088
	<hr/>	<hr/>
Total current tax charge (see above)	255,235	266,288
	<hr/>	<hr/>

Factors that may affect future charges

The company has a deferred tax liability of £600 (2010 asset of £1,900), calculated at 25%

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively.

This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2011 has been calculated based on the rate of 25% substantively enacted at the balance sheet date.

Notes (continued)

7 Taxation (continued)

Factors that may affect future charges (continued)

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly

8 Dividends

	2011 £	2010 £
Dividend paid in respect of the year	-	850,000

9 Tangible fixed assets

	Plant and machinery £
<i>Cost</i>	
At beginning of year	91,438
Additions	13,861
At end of year	105,299
<i>Depreciation</i>	
At beginning of year	77,342
Charge for year	7,712
At end of year	85,054
<i>Net book value</i>	
At 31 December 2011	20,245
At 31 December 2010	14,096

10 Stocks

	2011 £	2010 £
Goods for resale	1,673,659	1,115,974

Notes (continued)

11 Debtors

	2011 £	2010 £
Trade debtors	2,793,350	1,772,363
Amounts owed from group undertakings	35,195	18,269
Prepayments and accrued income	48,282	55,335
Deferred tax asset (see note 13)	-	1,900
	<u>2,876,827</u>	<u>1,847,867</u>

12 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	76,678	87,010
Amounts owed to group undertakings	1,977,042	1,470,991
Corporation tax	140,235	108,151
Other taxation and social security	538,160	354,219
Accruals and deferred income	154,885	159,357
	<u>2,887,000</u>	<u>2,179,728</u>

13 Provisions for liabilities

	£
Deferred tax asset at beginning of year	1,900
Charge in the year	(2,500)
Deferred tax liability at end of year	<u>(600)</u>

The elements of deferred tax (liability)/assets are as follows

	2011 £	2010 £
Difference between accumulated depreciation and capital allowances	(1,915)	479
Other timing differences	1,315	1,421
	<u>(600)</u>	<u>1,900</u>

14 Share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid.</i>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Notes (continued)

15 Reserves

	Profit and loss account £
At beginning of year	1,052,990
Profit for the year	713,089
	<hr/>
At end of year	1,766,079
	<hr/>

16 Commitments

(a) Capital commitments at the end of the financial year for which no provision has been made, are as follows

	2011 £	2010 £
Contracted	-	4,750
	<hr/>	<hr/>

(b) Annual commitments under non-cancellable operating leases are as follows

	2011 Land and buildings £	Other £	2010 Land and buildings £	Other £
Operating leases which expire				
Within one year	-	5,834	-	7,419
In two to five years	82,900	43,974	82,900	34,005
	<hr/>	<hr/>	<hr/>	<hr/>
	82,900	49,808	82,900	41,424
	<hr/>	<hr/>	<hr/>	<hr/>

17 Pensions

The company operates a defined contribution pension scheme

The pension cost charge for the year represents contributions payable by the company scheme and amounted to £33,919 (2010 £31,292) There are no unpaid contributions outstanding at the year end (2010 £Nil)

Notes (continued)

18 Reconciliation of shareholders' funds

	2011 £	2010 £
Profit for the financial year	713,089	680,228
Dividends on shares classified in shareholder's funds	-	(850,000)
	<hr/>	<hr/>
Net addition to/(reduction in) shareholders' funds	713,089	(169,772)
Opening shareholders' funds	1,152,990	1,322,762
	<hr/>	<hr/>
Closing shareholders' funds	1,866,079	1,152,990
	<hr/>	<hr/>

19 Immediate and ultimate parent company

The company is a wholly owned subsidiary of Alo AB, incorporated in Sweden. The ultimate parent company, Alo Intressenter AB, is incorporated in Sweden. In July 2011, Altor Fund III GP Limited acquired Alo Intressenter AB. The results of the company are included in the group financial statements of Alo Intressenter AB. Financial statements are available to the public and may be obtained from Brannland 300, SE-901 37 Umeå, Sweden.