

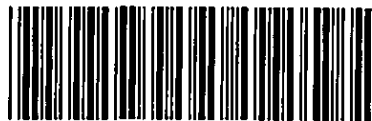
Alo UK Limited

Directors' report and financial
statements

Registered number 03639533

For the year ended 31 December 2008

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Directors' report

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

Principal activities and business review

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

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 £380,240 (2007: £164,948). During the year, an interim dividend of £250,000 was paid (2007: £Nil).

The directors do not propose the payment of a final dividend (2007: £Nil).

Directors

The directors who served during the year were as follows:

PO Pehrsson
PJC Nunn

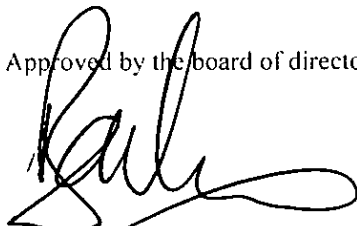
Disclosure of information to auditors

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 auditors will be deemed to be reappointed and KPMG will therefore continue in office.

Approved by the board of directors on 20 March 2009 and signed on its behalf by:



P.J.C. 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).

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 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 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 1985. 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
2 Cornwall Street
Birmingham
B3 2DL

Report of the independent auditors' to the members of Alo UK Limited

We have audited the financial statements of Alo UK Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 2.

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

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

In addition we 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' remunerations and other transactions is not disclosed.

We read the Directors' Report 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit 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.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

20 March 2009

Profit and loss account
for the year ended 31 December 2008

	<i>Note</i>	2008 £	2007 £
Turnover	2	8,695,780	7,614,502
Cost of sales		(6,926,050)	(6,220,742)
Gross profit		1,769,730	1,393,760
Distribution costs		(404,400)	(377,253)
Administrative expenses		(828,252)	(778,027)
Operating profit		537,078	238,480
Interest receivable and similar income	6	4,324	5,920
Interest payable		(1,514)	(1,166)
Profit on ordinary activities before taxation	3	539,888	243,234
Tax on profit on ordinary activities	7	(159,648)	(78,286)
Profit for the financial year	15	380,240	164,948

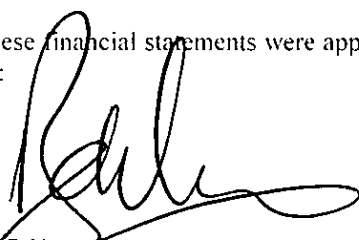
There are no recognised gains or losses in either the current or preceding year other than as disclosed in the profit and loss account.

All of the above activities relate to continuing operations.

Balance sheet
at 31 December 2008

	Note	2008		2007	
		£	£	£	£
Fixed assets					
Intangible assets	8		3,889		13,889
Tangible assets	9		11,413		13,916
			<u>15,302</u>		<u>27,805</u>
Current assets					
Stocks	10	948,893		806,782	
Debtors	11	1,464,311		1,482,440	
Cash at bank and in hand		160,287		200,800	
		<u>2,573,491</u>		<u>2,490,022</u>	
Creditors: amounts falling due within one year	12	<u>(1,941,730)</u>		<u>(2,001,004)</u>	
Net current assets			<u>631,761</u>		<u>489,018</u>
Net assets			<u>647,063</u>		<u>516,823</u>
Capital and reserves					
Called up share capital	14	100,000		100,000	
Profit and loss account	15	547,063		416,823	
Shareholders' funds	18	<u>647,063</u>		<u>516,823</u>	

These financial statements were approved by the board of directors on 20 March 2009 and were signed on its behalf by:


P.J.C. Nunn
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under 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 IntressenterAB, within which this company is included, can be obtained from the address given in note 19.

Intangible assets and amortisation

Purchased goodwill (representing the excess of fair value of the consideration given to the fair value of the separable net assets acquired) arising on acquisitions is capitalised.

Amortisation is provided by the company to write off the cost over ten years which is the estimated useful economic life.

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
Other	-	20% 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.

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:

	2008 £	2007 £
United Kingdom	8,647,087	7,614,502
Rest of world	48,693	-
	<u>8,695,780</u>	<u>7,614,502</u>

3 Notes to the profit and loss account

	2008 £	2007 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation written off tangible fixed assets - owned	8,257	16,820
Amortisation of goodwill	10,000	10,000
Hire of other assets – operating leases	86,000	85,250
Hire of plant and machinery – rentals under operating leases	34,872	30,215
	<u>139,129</u>	<u>142,285</u>
<i>Auditors' remuneration</i>		
Audit of these financial statements	16,500	16,000
	<u>16,500</u>	<u>16,000</u>

Notes (continued)

4 Remuneration of directors

	2008 £	2007 £
Directors' emoluments	88,828	86,890
Company contributions to money purchase pension schemes	5,843	3,944
	<u>94,671</u>	<u>90,834</u>

Retirement benefits are accruing to the following number of directors under:

	Number
Money purchase pension schemes	<u>1</u>

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 2008	2007
Sales and distribution	7	5
Administration	6	6
	<u>13</u>	<u>11</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	394,567	393,766
Social security costs	39,447	40,067
Other pension costs	28,996	19,728
	<u>463,010</u>	<u>453,561</u>

6 Interest receivable and similar income

	2008 £	2007 £
Bank interest receivable	<u>4,324</u>	<u>5,920</u>

Notes (continued)

7 Taxation

Analysis of charge in year

	2008	2007
	£	£
<i>UK corporation tax</i>		
Current tax on income for the year	157,100	60,000
Adjustment in respect of prior year	48	286
Total current tax	157,148	60,286
<i>Deferred tax</i>		
Origination/reversal of timing differences	2,165	19,243
Adjustment in respect on previous years	335	(1,243)
	2,500	18,000
Tax on profit on ordinary activities	159,648	78,286

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2007: lower) than the standard rate of corporation tax in the UK (28.5% (2007: 30%)). On 1 April 2008 the rate of corporation tax changed to 28% from 30% resulting in the combined rate for the year at 28.5%. The differences are explained below:

	2008	2007
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	539,888	243,234
Current tax at 28.5% (2007: 30%)	153,868	72,970
<i>Effects of:</i>		
Disallowed expenses and non-taxable income	4,456	4,560
Depreciation of ineligible	1,043	1,157
Capital allowances less than/(in excess of) depreciation	(2,220)	770
Short term timing differences	-	(19,415)
Other items	(47)	(42)
Adjustment in respect of prior year	48	286
Total current tax charge (see above)	157,148	60,286

Factors that may affect future charges

The company has a deferred tax asset of £8,500 (2007: £11,000), calculated at 28%. This has been recognised on the basis that the company expects to continue to make taxable profits in the future in which to utilise this asset.

Notes (continued)

8 Intangible fixed assets

	Goodwill £
<i>Cost</i>	
At beginning and end of year	100.000
<i>Amortisation</i>	
At beginning of year	86.111
Charged for year	10.000
At end of year	96.111
<i>Net book value</i>	
At 31 December 2008	3.889
At 31 December 2007	13.889

The goodwill arose on the acquisition of some of the trade and assets from Lawrence Edwards Limited and is being amortised over the directors' estimate of its economic useful life of 10 years. The directors consider this to be an appropriate period of amortisation if goodwill is to reflect the longevity of the product, market and industry.

9 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>			
At beginning of year	145.085	27.112	172.197
Additions	5.754	-	5.754
At end of year	150.839	27.112	177.951
<i>Depreciation</i>			
At beginning of year	131.169	27.112	158.281
Charge for year	8.257	-	8.257
At end of year	139.426	27.112	166.538
<i>Net book value</i>			
At 31 December 2008	11.413	-	11.413
At 31 December 2007	13.916	-	13.916

Notes *(continued)*

10 Stocks

	2008 £	2007 £
Goods for resale	948,893	806,782

11 Debtors

	2008 £	2007 £
Trade debtors	1,403,928	1,426,624
Amounts owed from group undertakings	17,640	-
Other debtors	-	1,861
Prepayments and accrued income	34,243	42,955
Deferred tax asset (see note 13)	8,500	11,000
	<u>1,464,311</u>	<u>1,482,440</u>

12 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	73,098	103,428
Amounts owed to group undertakings	1,362,092	1,429,343
Corporation tax	83,460	60,000
Other taxation and social security	312,036	273,469
Accruals and deferred income	111,044	134,764
	<u>1,941,730</u>	<u>2,001,004</u>

13 Deferred tax asset

	£
At beginning of year	11,000
Charge in the year	(2,500)
At end of year	<u><u>8,500</u></u>

Notes (continued)

13 Deferred tax asset (continued)

The elements of deferred tax are as follows:

	2008 £	2007 £
Difference between accumulated depreciation and capital allowances	4,796	7,296
Other timing differences	3,704	3,704
	<u>8,500</u>	<u>11,000</u>

14 Share capital

	2008 £	2007 £
<i>Authorised, allotted, called up and fully paid:</i>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

15 Reserves

	Profit and loss account £
At beginning of year	416,823
Profit for the year	380,240
Dividends on shares classified in shareholders' funds	(250,000)
At end of year	<u>547,063</u>

16 Commitments

There were no capital commitments at the end of the financial year (2007: £Nil).

Annual commitments under non-cancellable operating leases are as follows:

	2008		2007	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	86,000	10,325	86,000	1,814
In two to five years	-	24,747	-	24,059
	<u>86,000</u>	<u>35,072</u>	<u>86,000</u>	<u>25,873</u>

Notes (continued)

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 £28,996 (2007: £19,728). There are no unpaid contributions outstanding at the year end (2007: £Nil).

18 Reconciliation of shareholders' funds

	2008 £	2007 £
Profit for the financial year	380,240	164,948
Dividends on shares classified in shareholder's funds	(250,000)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	130,240	164,948
Opening shareholders' funds	516,823	351,875
	<hr/>	<hr/>
Closing shareholders' funds	647,063	516,823
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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. 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 Umea, Sweden.