

**Alo UK Limited**

**Directors' report and financial  
statements**

**Registered number 03639533**

**For the year ended 31 December 2009**

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

### 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 £675,699 (2008 £380,240) During the year, an interim dividend of £Nil was paid (2008 £250,000)

The directors do not propose the payment of a final dividend (2008 £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 or incurred any political expenditure during the year

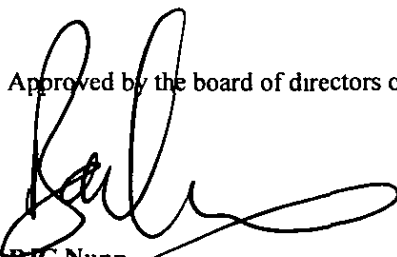
### Disclosure of information to auditors

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 1 March 2010 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

## **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 2009 set out on pages 5 to 13. 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 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**

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 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/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **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 2009 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**

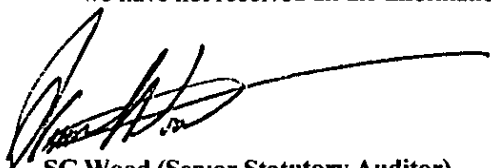
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' 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*

1 March 2010

**Profit and loss account**  
*for the year ended 31 December 2009*

	<i>Note</i>	2009 £	2008 £
Turnover	2	9,786,077	8,695,780
Cost of sales		(7,501,107)	(6,926,050)
<b>Gross profit</b>		<b>2,284,970</b>	<b>1,769,730</b>
Distribution costs		(335,661)	(404,400)
Administrative expenses		(998,303)	(828,252)
<b>Operating profit</b>		<b>951,006</b>	<b>537,078</b>
Interest receivable and similar income	6	-	4,324
Interest payable and similar charges	7	(7,207)	(1,514)
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>943,799</b>	<b>539,888</b>
Tax on profit on ordinary activities	8	(268,100)	(159,648)
<b>Profit for the financial year</b>	<b>16</b>	<b>675,699</b>	<b>380,240</b>


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 2009*

	<i>Note</i>	<b>2009</b>		<b>2008</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Intangible assets	9	-			3,889
Tangible assets	10		4,571		11,413
			<hr/>		<hr/>
			4,571		15,302
<b>Current assets</b>					
Stocks	11	929,723		948,893	
Debtors	12	1,417,121		1,464,311	
Cash at bank and in hand		482,590		160,287	
		<hr/>		<hr/>	
		2,829,434		2,573,491	
<b>Creditors</b> amounts falling due within one year	13	(1,511,243)		(1,941,730)	
		<hr/>		<hr/>	
<b>Net current assets</b>			1,318,191		631,761
			<hr/>		<hr/>
<b>Net assets</b>			1,322,762		647,063
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	15	100,000		100,000	
Profit and loss account	16	1,222,762		547,063	
		<hr/>		<hr/>	
<b>Shareholders' funds</b>	19	1,322,762		647,063	
		<hr/>		<hr/>	

These financial statements were approved by the board of directors on 1 March 2010 and were signed on its behalf by



**PJC 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 20

#### *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

#### *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

	2009 £	2008 £
United Kingdom	9,776,331	8,647,087
Rest of world	9,746	48,693
	<u>9,786,077</u>	<u>8,695,780</u>

### 3 Notes to the profit and loss account

	2009 £	2008 £
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#### *Profit on ordinary activities before taxation is stated*

#### *after charging*

Depreciation written off tangible fixed assets - owned	6,842	8,257
Amortisation of goodwill	3,889	10,000
Hire of other assets – operating leases	88,635	86,000
Hire of plant and machinery – rentals under operating leases	40,890	34,872
	<u>140,256</u>	<u>139,129</u>

#### *Auditors' remuneration*

Audit of these financial statements	16,000	16,500
	<u>16,000</u>	<u>16,500</u>

**Notes (continued)**

**4 Remuneration of directors**

	2009 £	2008 £
Directors' emoluments	87,003	88,828
Company contributions to money purchase pension schemes	6,400	5,843
	<u>93,403</u>	<u>94,671</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 2009	2008
Sales and distribution	7	7
Administration	6	6
	<u>13</u>	<u>13</u>

The aggregate payroll costs of these persons were as follows

	£	£
Wages and salaries	443,407	394,567
Social security costs	39,763	39,447
Other pension costs	30,895	28,996
	<u>514,065</u>	<u>463,010</u>

**6 Interest receivable and similar income**

	2009 £	2008 £
Bank interest receivable	<u>-</u>	<u>4,324</u>

## Notes (continued)

### 7 Interest payable and similar charges

	2009 £	2008 £
On bank overdrafts	7,207	1,514

### 8 Taxation

#### Analysis of charge in year

	2009 £	2008 £
<i>UK corporation tax</i>		
Current tax on income for the year	268,000	157,100
Adjustment in respect of prior year	-	48
	<hr/>	<hr/>
Total current tax	268,000	157,148
<i>Deferred tax</i>		
Origination/reversal of timing differences	100	2,165
Adjustment in respect on previous years	-	335
	<hr/>	<hr/>
	100	2,500
	<hr/>	<hr/>
Tax on profit on ordinary activities	268,100	159,648

#### Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2008 higher) than the standard rate of corporation tax in the UK (28% (2008 28.5%)). The differences are explained below

	2009 £	2008 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	943,799	539,888
	<hr/>	<hr/>
Current tax at 28% (2008 28.5%)	264,264	153,868
<i>Effects of</i>		
Disallowed expenses and non-taxable income	3,018	4,456
Depreciation of ineligible	667	1,043
Capital allowances in excess of depreciation	(126)	(2,220)
Other items	177	(47)
Adjustment in respect of prior year	-	48
	<hr/>	<hr/>
Total current tax charge (see above)	268,000	157,148

On 1 April 2008, the rate of corporation tax changed to 28% from 30% resulting in the combined rate for 2008 being 28.5%

#### Factors that may affect future charges

The company has a deferred tax asset of £8,400 (2008 £8,500), 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)

### 9 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At beginning and end of year	100,000
<b>Amortisation</b>	
At beginning of year	96,111
Charged for year	3,889
At end of year	100,000
<b>Net book value</b>	
At 31 December 2009	-
At 31 December 2008	3,889

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.

### 10 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>			
At beginning and end of year	150,839	27,112	177,951
<b>Depreciation</b>			
At beginning of year	139,426	27,112	166,538
Charge for year	6,842	-	6,842
At end of year	146,268	27,112	173,380
<b>Net book value</b>			
At 31 December 2009	4,571	-	4,571
At 31 December 2008	11,413	-	11,413

### 11 Stocks

	2009 £	2008 £
Goods for resale	929,723	948,893

## Notes (continued)

### 12 Debtors

	2009 £	2008 £
Trade debtors	1,389,135	1,403,928
Amounts owed from group undertakings	1,458	17,640
Prepayments and accrued income	18,128	34,243
Deferred tax asset (see note 14)	8,400	8,500
	<u>1,417,121</u>	<u>1,464,311</u>

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

	2009 £	2008 £
Trade creditors	79,759	73,098
Amounts owed to group undertakings	858,487	1,362,092
Corporation tax	147,115	83,460
Other taxation and social security	311,563	312,036
Accruals and deferred income	114,319	111,044
	<u>1,511,243</u>	<u>1,941,730</u>

### 14 Deferred tax asset

	£
At beginning of year	8,500
Charge in the year	(100)
At end of year	<u>8,400</u>

The elements of deferred tax are as follows

	2009 £	2008 £
Difference between accumulated depreciation and capital allowances	4,696	4,796
Other timing differences	3,704	3,704
	<u>8,400</u>	<u>8,500</u>

### 15 Share capital

	2009 £	2008 £
<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)

### 16 Reserves

	Profit and loss account £
At beginning of year	547,063
Profit for the year	675,699
At end of year	<u>1,222,762</u>

### 17 Commitments

There were no capital commitments at the end of the financial year (2008 £Nil)

Annual commitments under non-cancellable operating leases are as follows

	2009 Land and buildings £	Other £	2008 Land and buildings £	Other £
Operating leases which expire				
Within one year	-	5,640	86,000	10,325
In two to five years	82,900	22,065	-	24,747
	<u>82,900</u>	<u>27,705</u>	<u>86,000</u>	<u>35,072</u>

### 18 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 £30,895 (2008 £28,996) There are no unpaid contributions outstanding at the year end (2008 £Nil)

### 19 Reconciliation of shareholders' funds

	2009 £	2008 £
Profit for the financial year	675,699	380,240
Dividends on shares classified in shareholder's funds	-	(250,000)
Net addition to shareholders' funds	<u>675,699</u>	<u>130,240</u>
Opening shareholders' funds	647,063	516,823
Closing shareholders' funds	<u>1,322,762</u>	<u>647,063</u>

### 20 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