

Alo UK Limited

Report and Accounts

31 December 2001

Registered Number: 03639533

EY ERNST & YOUNG



Alo UK Limited

Registered No. 03639533

DIRECTORS

L Scott
O Pehrsson

SECRETARY

H M Bystrom

AUDITORS

Ernst & Young LLP
One Colmore Row
Birmingham
B3 2DB

BANKERS

Nordea Bank Finland Plc
19 Thomas More Street
London
E1W 1YF

REGISTERED OFFICE

Firs Industrial Estate
Stourport Road
Kidderminster
Worcestershire
DY11 7QN

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The company is principally engaged in the wholesale of agricultural machinery.

BUSINESS REVIEW

UK Farming continued to experience problems in all sectors with incomes remaining at very low levels, mainly arising from the Sterling/Euro exchange rate. The Foot and Mouth epidemic that arose in February gave further cause for concern and capital investment at that time reduced accordingly. However, the Government's compensation programme to farmers with livestock affected by the disease did give rise to an unprecedented investment in machinery in the latter half of the year. Much rationalization in manufacturing and the wholesale supply chain continued as uncertainty in the industry remained.

Against this background, the company recorded a substantial increase in profitability arising from an increase in turnover and further deductions in overhead.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £205,278 (2000: £109,128). The directors do not recommend the payment of a dividend. An amount of £205,278 (2000: £109,128) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS


The directors serving during the financial year, together with their beneficial interests in the company's share capital were:

	<i>At 31 December 2000</i>	<i>At 31 December 2001</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
Mr S J Evans (resigned 5 April 2002)	-	-
O Pehrsson	-	-
T Johansson (resigned 5 July 2002)	-	-
L Scott (appointed 2 May 2002)	-	-

AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board


H M Bystrom
Secretary

Dated

15/10-02

Alo UK Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts 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 accounts 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 ALO UK LIMITED

We have audited the company's financial statements for the year ended 31 December 2001, which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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.

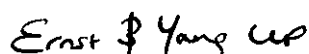
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements 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 of the state of affairs of the company as at 31 December 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Birmingham

Dated 30 October 2002

Alo UK Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

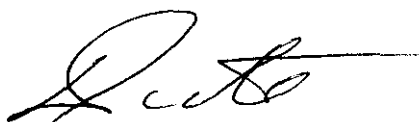
	Notes	2001 £	2000 £
TURNOVER	2	3,571,301	3,420,883
Cost of sales		2,623,525	2,509,381
GROSS PROFIT		947,776	911,502
Distribution costs		(206,356)	(211,353)
Administrative expenses		(526,326)	(570,633)
OPERATING PROFIT	3	215,094	129,516
Other interest receivable and similar income		6,655	2,458
Interest payable and similar charges	6	-	(1,846)
Interest payable to group undertakings		(9,617)	(21,000)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		212,132	109,128
Tax on profit on ordinary activities	7	(6,854)	-
PROFIT FOR THE YEAR BEING RETAINED PROFIT FOR THE YEAR	15	205,278	109,128

There were no recognised gains or losses other than the profit for the year of £205,278 (2000: profit £109,128).

Alo UK Limited

BALANCE SHEET at 31 December 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Intangible assets	8	73,889	84,445
Tangible assets	9	9,578	14,137
		<u>83,467</u>	<u>98,582</u>
CURRENT ASSETS			
Stocks	10	416,199	524,904
Debtors	11	576,807	489,146
Cash at bank and in hand		154,182	160,359
		<u>1,147,188</u>	<u>1,174,409</u>
CREDITORS: amounts falling due within one year	12	517,654	561,973
		<u>629,534</u>	<u>612,436</u>
NET CURRENT ASSETS/(LIABILITIES)			
		<u>713,001</u>	<u>711,018</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>713,001</u>	<u>711,018</u>
CREDITORS: amounts falling due in more than one year	13	300,000	503,295
		<u>413,001</u>	<u>207,723</u>
NET ASSETS			
		<u>413,001</u>	<u>207,723</u>
CAPITAL AND RESERVES			
Called up share capital	14	100,000	100,000
Profit and loss account	15	313,001	107,723
		<u>413,001</u>	<u>207,723</u>
EQUITY SHAREHOLDERS' FUNDS	15	<u>413,001</u>	<u>207,723</u>



L Scott
Director



O Pehrsson
Director

Dated

15/10-02

NOTES TO THE ACCOUNTS
at 31 December 2001

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.

Accounting convention

The financial statements of the company have been prepared under the historical cost accounting rules, and in accordance with applicable Accounting Standards.

Depreciation

Depreciation is provided by the company so as to write off the cost or valuation less the estimated residual value of the assets by equal instalments over their estimated useful economic lives, as follows:

Plant, machinery and equipment	- 10%-20% per annum
Motor vehicles	- 25% per annum

Goodwill

Goodwill is the difference between the cost of 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.

Stocks

Stocks have been valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Cash flow statement

The company has taken advantage of exemptions allowed under FRS1 (Revised) not to prepare a cash flow statement on the basis that consolidated group accounts are publicly available.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Alo UK Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

1. ACCOUNTING POLICIES (continued)

Finance and operating leases

The costs of operating lease rentals are charged to the profit and loss account in the period in which they are incurred.

Pensions schemes

The company has a defined contribution pension schemes for its employees. Contributions to defined contribution schemes are charged to the profit and loss account as incurred.

2. TURNOVER

Turnover comprises amounts invoiced to customers, exclusive of value added tax which fall due within the company's acquired activities. An analysis of turnover by geographical market is given below.

	2001 £	2000 £
United Kingdom	3,567,362	3,420,883
Rest of the World	3,939	-
	<u>3,571,301</u>	<u>3,420,883</u>

3. OPERATING PROFIT

This is stated after charging/(crediting):

	2001 £	2000 £
Profit on sale of fixed assets	(2,850)	(478)
Depreciation of tangible fixed assets:		
On owned fixed assets	5,924	11,621
Amortisation of goodwill	10,556	10,555
Auditors' remuneration	12,000	13,500
Operating lease rentals - plant and machinery	28,561	21,756
- land and buildings	45,000	46,500
	<u></u>	<u></u>

Alo UK Limited

NOTES TO THE ACCOUNTS at 31 December 2001

4. STAFF NUMBERS AND COSTS

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

	2001 No.	2000 No.
Administration	8	8
Distribution and sales staff	4	4
	<u>12</u>	<u>12</u>

The aggregate payroll costs of these persons were as follows:

	2001 £	2000 £
Wages and salaries	278,772	276,093
Social security costs	26,893	26,201
Other pension costs	26,375	19,230
	<u>332,040</u>	<u>321,524</u>

5. DIRECTORS' EMOLUMENTS

	2001 £	2000 £
Emoluments	60,000	60,000
Company contributions paid to money purchase schemes	4,200	6,038

	2001 No.	2000 No.
Number of directors in money purchase pension schemes	1	1

Alo UK Limited

NOTES TO THE ACCOUNTS at 31 December 2001

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
On bank loans and overdrafts	-	1,378
Finance charges payable under finance leases and hire purchase contracts	-	468
	<u>-</u>	<u>1,846</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
UK corporation tax	<u>6,854</u>	<u>-</u>

8. INTANGIBLE FIXED ASSETS

	<i>Goodwill</i> £
Cost:	
At 1 January 2001	100,000
At 31 December 2001	<u>100,000</u>
Amortisation:	
At 1 January 2001	15,555
Provided during the year	10,556
At 31 December 2001	<u>26,111</u>
Net book value:	
At 31 December 2001	73,889
At 31 December 2000	<u>84,445</u>

Alo UK Limited

NOTES TO THE ACCOUNTS at 31 December 2001

9. TANGIBLE FIXED ASSETS

	<i>Plant and machinery</i> £	<i>Motor vehicles</i> £	<i>Other</i> £	<i>Total</i> £
Cost:				
At 1 January 2001	83,830	51,821	2,445	138,096
Additions	1,365	-	-	1,365
Disposals	-	(13,575)	-	(13,575)
At 31 December 2001	85,195	38,246	2,445	125,886
Depreciation:				
At 1 January 2001	72,253	51,240	466	123,959
Charge for the year	4,707	519	698	5,924
Disposals	-	(13,575)	-	(13,575)
At 31 December 2001	76,960	38,184	1,164	116,308
Net book value:				
At 31 December 2001	8,235	62	1,281	9,578
At 31 December 2000	11,577	581	1,979	14,137

10. STOCKS

Stocks comprise:

	<i>2001</i> £	<i>2000</i> £
Finished goods and goods for resale	416,199	524,904

The difference between purchase price or production cost of stocks and their replacement cost is not material.

11. DEBTORS

	<i>2001</i> £	<i>2000</i> £
Trade debtors	556,675	476,551
Prepayments and accrued income	20,132	125,595
	576,807	489,146

Alo UK Limited

NOTES TO THE ACCOUNTS at 31 December 2001

12. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Trade creditors	12,086	79,395
Amounts owed to parent undertakings	303,677	296,749
Corporation Tax	6,854	-
Other taxes and social security	161,166	132,436
Accruals and deferred income	33,871	53,393
	<u>517,654</u>	<u>561,973</u>

13. CREDITORS: amounts falling due after more than one year

	2001 £	2000 £
Amounts due to parent undertaking	300,000	503,295
	<u>300,000</u>	<u>503,295</u>

14. SHARE CAPITAL

	No.	2001 £	No.	2000 £
<i>Authorised:</i>				
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Profit and loss account £	Total shareholders' funds £
At 1 January 2000	100,000	(1,405)	98,595
Profit for the year	-	109,128	109,128
	<u>100,000</u>	<u>107,723</u>	<u>207,723</u>
At 1 January 2001	100,000	107,723	207,723
Profit for the year	-	205,278	205,278
	<u>100,000</u>	<u>313,001</u>	<u>413,001</u>
At 31 December 2001	100,000	313,001	413,001

NOTES TO THE ACCOUNTS

at 31 December 2001

16. PENSIONS

The company operates a defined contribution schemes with assets held in separate self-administered and insured trustee funds.

The group's pension charge for the year to all schemes was £26,275 (2000: £19,230). There are no unpaid contributions outstanding at the year end (2000: £Nil).

17. OTHER FINANCIAL COMMITMENTS

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	2001	Other 2000	Land and buildings 2001	2000
	£	£	£	£
Operating leases which expire:				
Within one year	9,668	2,037	45,000	-
In two to five years	9,960	16,668	-	45,000

18. RELATED PARTIES

The company has taken advantage of exemptions available in paragraph 3(c) of FRS 8, Related Party Disclosures, FRS 8 not to disclose related party transactions with group undertakings.

During the year, the company operated from premises that is owned by Lawrence Edwards & Co (Engineers) Limited. Annual rental is £45,000. S Evans, a director of Alo UK Limited is also a director of Lawrence Edwards & Co (Engineers) Limited.

19. PARENT UNDERTAKING AND CONTROLLING PARTY

The smallest group in which the accounts of the company are consolidated is that headed by Alo AB whose principle place of business is SE 90137 Umea, Sweden.

The ultimate parent company is Balticgruppen AB. The accounts of the ultimate parent company, which heads the largest group into which the accounts are consolidated, are available to the public and may be obtained from the company's principle place of business at Sufflorgrand 14, Umea 901 09, Sweden.