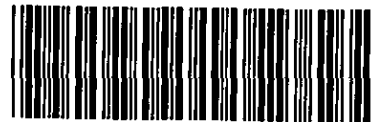


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DECCO LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2012

Company no 00417021

FINANCIAL STATEMENTS

Company registration number 00417021

Registered office

Votec House
Hambridge Lane
Newbury
Berkshire
RG14 5TN

Directors	N J Palmer S Westbrook J M Findlay D J Schofield B Jackson
------------------	--

Secretary S Westbrook

Independent auditor

Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
1020 Eskdale Road
IQ Winnersh
Wokingham
Berkshire
RG41 5TS

DECCO LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2012

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DECCO LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2012

The directors present their report and the audited financial statements for the year ended 31 December 2012

Principal activity

The principal activity of the company during the year was the wholesaling of DIY and garden products, fasteners, industrial engineering products and janitorial supplies

Business review

The directors use a number of measures, both financial and non-financial, to monitor and benchmark the performance of the continuing operations of the company. They regard the following as the key financial indicators of performance

Turnover decreased during the year from £93.9m to £90.0m. This 4.2% decrease arose due to adverse weather affecting sales.

Total operating costs decreased from £94.5m to £85.5m with the operating profit increasing to £4.5m from a loss of £0.6m, as a result of an exceptional charge of £5.2m in relation to the closure of the defined benefit pension scheme in 2011 (note 16). Operating profit before exceptional charges is consistent with prior year and reflects the company's continued realisation of improvements enabled by previous restructuring activity.

Average employee numbers decreased from 378 to 371 during the year.

During the year, net assets increased from £20.4m to £23.8m and net current assets increased from £20.6m to £23.9m.

Our net cash level including loans to and from group companies at year end was £12.2m compared to £9.5m last year. This was mainly as a result of cash generated from operating activities being partially re-invested into working capital to support business operations.

The directors believe the company is in a sound position and is well placed to meet the challenges of the year ahead. The directors do not anticipate any major changes in the company's strategy for the year ahead and believe its prospects are good.

We continue to review our environmental policies and seek at all times to meet our legal obligations in this regard.

Charitable donations

During the year the company made charitable contributions of £2,000 (2011: £2,000).

DECCO LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2012

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements. There was a profit for the year after taxation amounting to £3.3m (2011: loss £0.4m).

The directors do not recommend the payment of a dividend (2011: £nil).

Financial risk management objectives and policies

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the company's financial instruments are market risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies remain unchanged from previous years.

Market risk

The company is exposed to foreign exchange risk on certain transactions. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge, the company does not adopt an accounting policy of hedge accounting for these financial statements. The impact of the hedging arrangements in place as at 31 December 2012 and 31 December 2011 are disclosed in note 24.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved through support from the parent company.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references. Exposure levels are reviewed by senior management on a regular basis in conjunction with debt ageing and collection history.

Directors

The present membership of the Board, and listing of directors who served during the year, is set out below.

N J Palmer
S Westbrook
J M Findlay
D J Schofield
B Jackson

DECCO LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2012

Employee consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. Employee representatives are consulted regularly on a range of matters affecting their interests.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Statement of directors' responsibilities

The directors are responsible for preparing the report of the directors 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 the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 adequate 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Each of the persons who are directors at the time when this Report of the Directors is approved has confirmed that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

DECCO LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2012

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

BY ORDER OF THE BOARD



S Westbrook
Secretary

Company registration number 00417021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DECCO LIMITED

We have audited the financial statements of Decco Limited for the year ended 31 December 2012 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 the directors and auditor

As explained more fully in the Statement of directors' responsibilities set out on page 3, 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 website 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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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 Report of the directors 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 DECCO 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 audit

Grant Thornton UK LLP

James Rogers
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading

Date

24 September 2013

DECCO LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2012

Basis of accounting

Accounting policies

These financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with applicable UK accounting standards and the Companies Act 2006

Under the provision of section 400 of the Companies Act 2006 the company is exempt from preparing consolidated financial statements and has not done so, therefore the financial statements show information about the company as an individual entity

The principal accounting policies are set out below and have remained unchanged from the previous year

True and fair accounting

During a previous period, trade and assets of subsidiary undertakings were transferred to the company at their fair value. The cost of the company's investment in the transferor subsidiary undertakings reflected the underlying fair value of its net assets and goodwill at the dates of acquisition. As a result of the transfer, the value of the company's investment in that subsidiary undertaking fell below the amount at which it was stated in the company's accounting records. Schedule 1 to statutory instrument 2008/410 requires that the investment be written down accordingly and that the amount be charged as an expense in the company's profit and loss account.

In respect of transfers that occurred immediately after the share acquisition however, the directors consider that, as there has been no overall loss to the company, it would fail to give a true and fair view to charge that diminution to the company's profit and loss account for the period. It should instead be reallocated to purchased goodwill, so as to recognise in the company's balance sheet the effective cost to the company of the subsidiary undertaking transferred.

If the departure had not been taken the company's result for the period would be no different (2011: £nil) and the value of intangible assets would also be no different (2011: £nil) in the company's balance sheet.

Cash flow statement

The company is a wholly-owned subsidiary of Newbury Investments (UK) Limited and is included in the consolidated financial statements of Newbury Investments (UK) Limited, which are publically available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) 'Cash Flow Statements'.

Going concern

The financial statements have been prepared on the going concern basis as the directors have undertaken a review of the future financing requirements for the on-going operation of the company and wider group and are satisfied that sufficient cash facilities are secured, in respect of positive cashflows from operations, to meet its working capital requirements for at least 12 months from the date of signing of these financial statements. The directors accordingly consider it appropriate for the financial statements to be prepared on a going concern basis.

Fixed asset investments

Fixed asset investments are shown at cost less any amounts written off. Provisions are made for any impairment. Only dividends received and receivable are credited to the company's profit and loss account.

DECCO LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2012

Goodwill

Goodwill arising on the acquisition of the trade and assets of a business represents the excess of the fair value of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and amortised on a straight line basis over its estimated useful economic life from the date of acquisition.

Fixed assets

All assets are initially measured at cost. Cost comprises the initial purchase price plus, where material, any further directly attributable costs in making the asset available for use.

Fixed asset depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and equipment - 4 years

Motor vehicles - 4 years

Office and computer equipment - 4 years

Leasehold improvements - over the lower of the life of the lease or 5 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete, slow moving and defective items where appropriate.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of value added tax. Turnover is recognised when the risk and rewards of ownership of stock is transferred to the customer. This occurs when the stock is delivered to the customer or is collected by them from the point of sale. As such, invoices are raised on delivery or collection and recognised immediately.

Finance lease agreements

Rentals applicable to finance leases, where substantially all of the benefits and risks of ownership transfer to the lessee, are capitalised and depreciated over the period of the lease.

Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Pension costs

Defined benefit pension scheme

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred taxation, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the company.

DECCO LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2012

Pension costs (continued)

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Interest on the scheme liabilities and the expected return on the scheme assets are included in other finance income/charges. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

The company also provides pension arrangements to employees through a defined benefit scheme which is operated by another group company. It is not practicable to identify the share of the underlying assets and liabilities in this scheme which is attributable to the company on a consistent and reasonable basis. Therefore, the company has applied the provisions in Financial Reporting Standard 17 'Retirement Benefits' to account for the scheme as if it were a defined contribution scheme.

Defined contribution pension scheme

The company operates a defined contribution scheme for employees. 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 in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date. Deferred tax is recognised on an undiscounted basis.

Taxation

United Kingdom corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

The taxation liabilities are reduced wholly or in part by the surrender of losses by fellow group companies. The taxation benefits arising from group relief are recognised in the financial statements of the surrendering and recipient company.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

DECCO LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2012

Financial instruments

Forward exchange contracts

Forward exchange contracts are used to manage currency fluctuations on stock purchasing in foreign currencies by entering into a forward exchange contract to match the future foreign currency commitment when due. Foreign exchange contracts and the amounts due are valued at the time when the contract is taken out.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Property dilapidations and onerous leases

Under certain operating leases for land and buildings, the company is obligated to make repairs of dilapidations to the leased property upon the expiry of the lease. The company charges amounts to profit and loss so that, by the end of the lease, a total provision is accrued that is estimated to be equal to the future costs of those dilapidation obligations. Where repairs are made part way through the lease that will reduce the estimated costs of dilapidation obligations at the expiry of the lease, the costs of those repairs are charged against the dilapidation provision.

Where leased properties are vacated the company provides for the best estimate of the future unrecoverable costs of its obligations under those leases.

DECCO LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2012

	Note	2012 £000s	2011 £000s
Turnover	1	89,951	93,943
Operating profit before exceptional charges		4,470	4,593
Exceptional charge	16, 26	-	(5,180)
Operating profit/(loss) after exceptional charge	2	4,470	(587)
Interest receivable and similar income	3	90	61
Interest payable and similar charges	4	(15)	(7)
Other financial (expense)/income	26	(58)	37
Income from fixed asset investments	11	-	11
Profit/(loss) on ordinary activities before taxation		4,487	(485)
Tax on profit/(loss) on ordinary activities	7	(1,139)	105
Profit/(loss) for the financial year	20	3,348	(380)

All results derive from continuing operations for both the current year and prior year

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents for both the current and prior year

The accompanying accounting policies and notes form an integral part of these financial statements

DECCO LIMITED**BALANCE SHEET AT 31 DECEMBER 2012**

Company no 00417021

	Note	2012 £000s	2011 £000s
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	1,551	1,449
Investments	11	15	15
		<u>1,566</u>	<u>1,464</u>
Current assets			
Stocks	12	11,121	11,272
Debtors	13	24,208	21,233
Cash at bank		3,607	1,390
		<u>38,936</u>	<u>33,895</u>
Creditors: Amounts falling due within one year	14	<u>(15,072)</u>	<u>(13,258)</u>
Net current assets		<u>23,864</u>	<u>20,637</u>
Total assets less current liabilities		25,430	22,101
Creditors: Amounts falling due after more than one year	15	(325)	(233)
Provisions for liabilities and charges	18	<u>(1,343)</u>	<u>(1,512)</u>
Net assets		<u>23,762</u>	<u>20,356</u>
Capital and reserves			
Called-up share capital	19	58,040	58,040
Profit and loss account	20	<u>(34,278)</u>	<u>(37,684)</u>
Total shareholders' funds	20	<u>23,762</u>	<u>20,356</u>

The financial statements on pages 7 to 26 were approved and authorised for issue by the board of directors on 20 September 2013 and signed on their behalf by



N J Palmer
Director

The accompanying accounting policies and notes form an integral part of these financial statements

DECCO LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

For the year ended 31 December 2012

	Note	2012 £000s	2011 £000s
Profit/(loss) for the financial year		3,348	(380)
Actuarial gain relating to the pension scheme	26	58	3,177
Deferred taxation movement on pension fund asset	17	-	(858)
Total gains and losses recognised since the last financial statements		<u>3,406</u>	<u>1,939</u>

The accompanying accounting policies and notes form an integral part of these financial statements

DECCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2012

1 TURNOVER

The turnover is attributable to the principal activity of the company as described in the report of the directors and is derived from orders received in the United Kingdom

2 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after (charging)/crediting

	2012 £000s	2011 £000s
Change in stocks of finished goods	(151)	70
Other operating income	544	552
Raw materials and consumables	(67,449)	(70,940)
Other external charges	(3,800)	(3,807)
Staff costs (see note 5)	(9,943)	(10,289)
Depreciation written off owned fixed assets	(507)	(549)
Depreciation written off assets on hire purchase and finance leases	(115)	(33)
Exceptional charges (see note 16)	-	(5,180)
Other operating charges	(4,060)	(4,354)
	(85,481)	(94,530)

Operating profit is stated after (charging)/crediting

	2012 £000s	2011 £000s
Auditor's remuneration		
- Audit fees	(24)	(24)
- Audit of pension scheme	(12)	(11)
- Other services relating to taxation	(6)	(4)
Profit on disposal of fixed assets	38	66
Operating lease rentals		
- Plant and machinery	(36)	(55)
- Other	(1,655)	(1,886)

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £000s	2011 £000s
Interest on group balances	89	58
Other interest received	1	3
	90	61

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £000s	2011 £000s
Finance lease interest	10	6
Other interest payable	5	1
	15	7

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

5 EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2012 No.	2011 No
Administration	91	90
Sales and distribution	280	288
	<u>371</u>	<u>378</u>

The aggregate payroll costs of the above were

	2012 £000s	2011 £000s
Wages and salaries	8,635	8,895
Social security costs	720	800
Pension costs (see note 26)	588	594
	<u>9,943</u>	<u>10,289</u>

6 DIRECTORS

Remuneration in respect of directors was as follows

	2012 £000s	2011 £000s
Emoluments receivable	330	326
Value of company pension contributions to defined contribution scheme	30	-
Value of company pension contributions to a final salary scheme	-	36
	<u>360</u>	<u>362</u>

Two directors had benefits accruing under a defined contribution pension scheme

In the prior year, up until the closure of the defined benefit pension scheme, three directors were accruing benefits under the defined benefit pension scheme

The amounts set out above include remuneration in respect of the highest paid director as follows

	2012 £000s	2011 £000s
Emoluments receivable	<u>194</u>	<u>186</u>

The accrued pension entitlement under the defined benefit scheme of the highest paid director as at 31 December 2012 was £27,000 (2011 £27,000) This represents the total amount that would be paid each year on retirement based on service to the end of the current year

DECCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2012

7 TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The tax charge represents	2012 £000s	2011 £000s
UK corporation tax at 24.5% (2011: 26%)	1,136	1,270
Total current tax (see note 8)	1,136	1,270
Origination and reversal of timing differences	(14)	(19)
Deferred tax movement in respect of the defined benefit pension scheme	-	(1,383)
Adjustment for change in future corporation tax rate	17	27
Tax on profit/(loss) on ordinary activities	1,139	(105)

8 FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed on the profit on ordinary activities for the year is higher (2011: higher) than the standard rate of corporation tax in the UK of 24.5% (2011: 26%)

	2012 £000s	2011 £000s
Profit/(loss) on ordinary activities before taxation	4,487	(485)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26%)	1,099	(129)
Effect of		
Expenses not deductible for tax purposes	23	23
Depreciation in excess of capital allowances	7	4
Timing differences in respect of pension schemes	15	9
Pension curtailment	-	1,357
Other timing differences	(8)	6
Current tax charge	1,136	1,270

9 INTANGIBLE FIXED ASSETS

	Goodwill £000s
Cost	
At 1 January and 31 December 2012	4
Amortisation	
At 1 January and 31 December 2012	4
Net book value at 31 December 2012 and 31 December 2011	-

DECCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2012

10 TANGIBLE FIXED ASSETS

	Plant and Equipment £000s	Motor Vehicles £000s	Office and computer equipment £000s	Leasehold improvements £000s	Total £000s
Cost					
At 1 January 2012	2,096	1,127	196	846	4,265
Additions	180	306	150	172	808
Disposals	(78)	(286)	(33)	(70)	(467)
At 31 December 2012	2,198	1,147	313	948	4,606
Depreciation					
At 1 January 2012	1,457	584	87	688	2,816
Charge for the year	275	227	46	74	622
Disposals	(60)	(251)	(3)	(69)	(383)
At 31 December 2012	1,672	560	130	693	3,055
Net book value at 31 December 2012	526	587	183	255	1,551
Net book value at 31 December 2011	639	543	109	158	1,449

Included within the net book value of £1,551,000 is £483,000 (2011 £311,000) relating to assets purchased on finance lease and hire purchase. The depreciation charged in respect of these assets during the year amounted to £115,000 (2011 £33,000).

11 INVESTMENTS

	Shares in subsidiary and associate undertakings £000s
Cost	
At 1 January 2012 and 31 December 2012	15
Amounts written off	
At 1 January and 31 December 2012	-
Net book value at 31 December 2012	15
Net book value at 31 December 2011	15

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

11 INVESTMENTS (CONTINUED)

The company owns, directly or indirectly, share capital of the companies listed below, all of which are incorporated in England and Wales

Name	Activities	Ownership
K Supplies (Holdings) Limited	Dormant	100%
K Supplies Limited*	Dormant	100%
Decco Pension Trustees Limited	Pension trustee company	100%
Today's Wholesale Services Limited	Co-operative purchasing	6% (100 shares)

*By virtue of shares held in K Supplies (Holdings) Limited

The directors consider the value of the investments to be supported by their underlying assets

12 STOCKS

	2012 £000s	2011 £000s
Finished goods	<u>11,121</u>	<u>11,272</u>

13 DEBTORS

	2012 £000s	2011 £000s
Trade debtors	10,757	11,339
Amounts owed by group undertakings	12,800	9,014
Deferred tax (see note 17)	137	140
Other debtors	285	233
Prepayments and accrued income	<u>229</u>	<u>507</u>
	<u>24,208</u>	<u>21,233</u>

Amounts owed by group undertakings are unsecured and bear interest at a rate equal to the NatWest Bank Plc base rate or achieved longer-term NatWest Bank Plc deposit rates, whichever is highest

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £000s	2011 £000s
Trade creditors	7,021	7,906
Amount owed to group undertakings	4,221	886
Corporation tax payable	515	671
Other taxation and social security	21	140
Other creditors	123	92
Finance lease creditor (note 15)	179	96
Accruals and deferred income	2,978	3,454
Pension contributions	<u>14</u>	<u>13</u>
	<u>15,072</u>	<u>13,258</u>

Amounts owed to group undertakings are unsecured, repayable on demand and interest bearing at a rate of 1.5% above the NatWest Bank Plc's base rate

DECCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2012

15 CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR

	2012 £000s	2011 £000s
Finance lease creditor	<u>325</u>	<u>233</u>

The assets held under finance lease are held as security for the finance lease creditor

Finance leases

The future minimum payments under finance leases are as follows

	2012 £000s	2011 £000s
Within one year	190	100
Within two to five years	<u>333</u>	<u>244</u>
	523	344
Less finance charges included above	<u>(19)</u>	<u>(15)</u>
	<u>504</u>	<u>329</u>

16 EXCEPTIONAL CHARGES

The defined benefit pension scheme was closed to future accrual on 31 March 2011. At the point of closure the surplus in the scheme of £6,681,000 was written off as the company will receive no further economic benefit (in the form of reductions in future contributions or refunds) from the pension scheme. A curtailment gain of £1,501,000 arose because the requirement to accrue defined benefits for all of the employees' future services has been removed. The write off of the scheme surplus and the curtailment gain were recorded as an exceptional charge of £5,180,000 within the profit and loss account in 2011.

17 DEFERRED TAXATION

The movement in the deferred taxation account during the year was

	2012 £000s	2011 £000s
At the beginning of the year	140	(377)
Profit and loss account movement arising during the year	14	1,402
Adjustment for change in future corporation tax rate	(17)	(27)
Statement of total recognised gains and losses movements arising during the year	<u>-</u>	<u>(858)</u>
At the end of the year	<u>137</u>	<u>140</u>

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

17 DEFERRED TAXATION (CONTINUED)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2012 £000s	2011 £000s
Capital allowances and depreciation	122	124
Other timing differences	15	16
Deferred tax asset at the end of the year (excluding pension scheme)	137	140
Deferred tax liability on pension scheme	-	-
Total provision for deferred tax (including pension scheme)	137	140

At 31 December 2012 the company had capital losses of £113,249 (2011 £121,000) available for future use. The company has not recognised any deferred tax asset in respect of this amount as the losses that may be used in the foreseeable future cannot be reliably estimated.

18 PROVISIONS FOR LIABILITIES AND CHARGES

	Property Dilapidations and onerous leases £000s
At 1 January 2012	1,512
Profit and loss charge	174
Released during the year	(281)
Utilised during the year	(62)
At 31 December 2012	1,343

A provision has been made for the expected reinstatement costs for all leased properties as well as the best estimate of the future unrecoverable costs of vacated leased properties. The settlement timing of these obligations is dependent upon the remaining lease terms and whether any interim reinstatement activity takes place.

19 SHARE CAPITAL

	2012 £000s	2011 £000s
Authorised		
58,040,000 ordinary shares of £1 each	58,040	58,040
Allotted, called up and fully paid		
58,040,000 ordinary shares of £1 each	58,040	58,040

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital	Profit and loss reserve	Total
	£000s	£000s	£000s
At 1 January 2011	58,040	(39,623)	18,417
Loss for the year	-	(380)	(380)
Actuarial gain relating to pension scheme	-	3,177	3,177
Deferred taxation movement on pension fund	-	(858)	(858)
At 1 January 2012	58,040	(37,684)	20,356
Profit for the year	-	3,348	3,348
Actuarial gain relating to pension scheme	-	58	58
At 31 December 2012	<u>58,040</u>	<u>(34,278)</u>	<u>23,762</u>

21 CAPITAL COMMITMENTS

At 31 December 2012 the company had capital commitments of £138,000 (2011 £318,000)

22 CONTINGENT LIABILITIES

BANK CROSS GUARANTEE

There is an unlimited cross guarantee between the company, Newbury Investments (UK) Limited, Stearn Electric Company Limited, Deta Electrical Company Limited, UK Cables Limited, UK Electric Limited and Norbain SD Limited (formerly Specialist Heating Components Limited) in favour of NatWest Bank Plc. The obligation under this guarantee at 31 December 2012 was £nil (2011 £nil)

CONTINGENT CHARGE

Upon closing the scheme to future accrual, the company came to an agreement with the Trustees to register a contingent charge over assets to protect members in the unlikely event of the company defaulting on its obligations in very specific circumstances. This contingent charge will only become non-contingent if, firstly, the pension scheme was to fall into a situation where an agreement to fund the scheme is triggered and, then only if the company defaulted on its obligations under that agreement, became insolvent.

As at the date of signing these financial statements the directors consider the possibility of the charge becoming non-contingent as being remote. The obligation under this contingent charge, as at the date of signing of these financial statements is £nil (2011 £nil). The maximum amount recoverable under this charge is limited to £2,000,000 (2011 £2,000,000).

There were no other contingent liabilities at 31 December 2012 or at 31 December 2011.

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

23 LEASING COMMITMENTS

At the end of the year the company had annual commitments under non-cancellable operating leases for land and buildings as set out below

	2012 £000s	2011 £000s
Operating leases that expire		
Within one year	41	341
Within two to five years	1,222	761
After more than five years	88	110
	<u>1,351</u>	<u>1,212</u>

24 FINANCIAL COMMITMENTS

At 31 December 2012 the company had no commitments to buy EUR (2011 buying EUR€5,000) at an average exchange rate of EUR€1 1844/£ (2011 EUR€1 1844/£) under forward exchange contracts from other group companies There was no fair value gain or loss (2011 loss)

25 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary undertaking of Newbury Investments (UK) Limited and has taken advantage of the exemption available under Financial Reporting Standard 8 'Related Party Disclosures' not to disclose details of transactions with entities which are part of this group The directors do not consider that transactions with other related parties, which were conducted under normal commercial terms, are sufficiently material to influence decisions made by the users of the financial statements

26 PENSION ARRANGEMENTS

Defined benefit pension scheme

THE DECCO PENSION AND LIFE INSURANCE SCHEME 1980

The company operated a defined benefit pension scheme during part of the year, the Decco Pension and Life Insurance Scheme 1980, covering the majority of its employees The scheme is of a defined benefit type with the assets being managed through separate trustee administered funds With effect from January 2005 this scheme was closed for new employees A defined contribution scheme was started for new employees from that date

The last full triennial actuarial valuation took place as at 31 March 2011

On 31 March 2011 the defined benefit pension scheme was closed to future accrual This closure meant that assumptions regarding the future increases in average earnings were no longer appropriate as members' benefits, barring future inflationary increases, effectively crystallised at that date

The pension cost is assessed in accordance with the advice of an independent qualified actuary using the projected unit method and in accordance with FRS 17

DECCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2012

26 PENSION ARRANGEMENTS (CONTINUED)*Principal actuarial assumptions at the balance sheet date*

	2012	2011
Discount rate	4.50%	4.70%
Inflation rate	3.00%	3.10%
Expected return on plan assets at 31 December	4.25%	5.40%
Rate of increase of pensions in payment	3.00%	3.10%
Future salary increases	N/A	5.20%

The post-retirement mortality assumptions used to value the benefit obligations at 31 December 2012 and 31 December 2011 are based on the mortality table known as PMA92/PFA92 MC with reference to members' actual years of birth. Under this mortality assumption, the expected future lifetime for a member retiring at age 65 at the accounting date would be 23.9 years for males and 26.5 years for females. As a result of expected improvements to mortality in the future, the future expectations of life at retirement for a member retiring at age 65 in 20 years' time would be 25.8 years for males and 28.6 years for females.

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The major categories of plan assets as a percentage of total plan assets are as follows

	2012	2011
Equities	50.3%	54.8%
Bonds	44.8%	39.8%
Others	4.9%	5.4%

Changes in the fair value of plan assets are as follows

	2012 £000s	2011 £000s
Opening fair value of plan assets	40,702	41,440
Expected return	1,712	1,973
Gain/(loss) on asset return	3,496	(1,717)
Employer contributions	-	129
Plan participants' contributions	-	31
Benefits paid	(1,416)	(1,154)
Closing fair value of plan assets	44,494	40,702

DECCO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2012

26 PENSION ARRANGEMENTS (CONTINUED)*Changes in the present value of the defined benefit obligation are as follows*

	2012 £000s	2011 £000s
Opening defined benefit obligation	(38,363)	(39,495)
Service cost	-	(108)
Interest cost	(1,770)	(1,936)
Plan participants' contributions	-	(31)
(Loss)/gain on changes in assumptions	(1,411)	552
Benefits paid	1,416	1,154
Scheme curtailment	-	1,501
Closing defined benefit obligation	(40,128)	(38,363)

Amounts for the current and previous four periods are as follows (expressed in £000s)

	2012	2011	2010	2009	2008
Benefit obligation at year end	(40,128)	(38,363)	(39,495)	(36,744)	(33,183)
Fair value of plan assets at year end	44,494	40,702	41,440	37,685	32,748
Surplus/(deficit)	4,366	2,339	1,945	941	(435)
Experienced gain/(loss) arising on					
Scheme liabilities	-	2,452	-	-	1,389
Scheme assets	3,496	(1,717)	2,362	3,456	(8,734)

Amounts recognised in the balance sheet

	2012 £000s	2011 £000s
Fair value of plan assets	44,494	40,702
Benefit obligations	(40,128)	(38,363)
Scheme surplus	4,366	2,339
Surplus not recognised	(4,366)	(2,339)
Pension asset recognised	-	-

Amounts charged to staff costs (see note 5)

	2012 £000s	2011 £000s
Current service cost	-	108

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

26 PENSION ARRANGEMENTS (CONTINUED)

Amounts (charged)/credited to other financial (expense)/income

	2012 £000s	2011 £000s
Expected return on pension scheme assets	1,712	1,973
Interest on pension scheme liabilities	(1,770)	(1,936)
	<u>(58)</u>	<u>37</u>

Amounts (charged)/credited to operating profit

	2012 £000s	2011 £000s
Restricted pension scheme asset write off	-	(6,681)
Curtailment gain	-	1,501
	<u>-</u>	<u>(5,180)</u>

Amounts recognised in the statement of total recognised gains and losses

	2012 £000s	2011 £000s
Actual return less expected return on pension scheme assets	3,496	(1,717)
Change in assumptions underlying the present value of scheme liabilities	(1,411)	552
Actuarial movement on surplus not recognised	(2,027)	4,342
	<u>58</u>	<u>3,177</u>

As described in note 16, the surplus at the point of closure of the scheme to future accrual was written off in the year ended 31 December 2011. The actuarial movement of £2,027,000 (2011: £4,342,000) on the surplus not recognised from the point of closure of the scheme has been recognised in the statement of total recognised gains and losses.

In respect of this scheme, the cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 in the year ended 31 December 2005 is a loss of £779,000 (2011: £837,000).

Other non-group scheme

Certain employees of the company are members of a defined benefit scheme operated by a non-group company. The assets of the scheme are managed through a separate trustee administered fund. The scheme was closed to future accrual at 31 March 2011.

Contributions to this fund are based upon triennial actuarial valuations of the scheme carried out by an independent scheme actuary, with the most recent having been carried out as at 31 March 2010. This valuation was updated to 31 December 2012 at which time the market value of the scheme's assets was £273,100,000 with the market value of the assets representing 110% of the liabilities that had accrued to members on the FRS17 basis. The actuarial valuation as at 31 March 2013 is currently being carried out.

The pension cost for the year was £3,000 (2011: £3,000).

DECCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

26 PENSION ARRANGEMENTS (CONTINUED)

Defined contribution pension scheme

The company also operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held separately from those of the company in independently administered funds. Included within the pension cost charge are contributions payable by the company to the fund and amount to £585,000 for the year ended 31 December 2012 (2011: £483,000).

27 ULTIMATE PARENT COMPANY

The ultimate parent company is Newbury Investments BV, incorporated in the Netherlands. The smallest and largest group in which the results of the company are consolidated is that headed by Newbury Investments (UK) Limited, a company incorporated in England and Wales. A copy of these financial statements may be obtained from Companies House. The immediate parent company is Newbury Investments (UK) Limited.