

**Company Registration No 2090336**

**AOC (UK) LIMITED**

**Report and Financial Statements**

**30 September 2012**

**THURSDAY**



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COMPANIES HOUSE

**( - 22/01/2013)**

# **AOC (UK) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2012**

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# **AOC (UK) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2012**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

P S Cheshire  
F Norman  
J W Griggs  
T M Bayless  
B T Parker

#### **SECRETARY**

Wollastons Nominees Limited

#### **REGISTERED OFFICE**

Factory Lane  
Brantham  
Manningtree  
Essex  
CO11 1NT

#### **BANKERS**

Lloyds TSB Bank Plc  
13 Cornhill North  
Ipswich  
Suffolk  
IP1 1DG

#### **SOLICITORS**

Birketts LLP incorporating Wollastons LLP  
Brierly Place  
New London Road  
Chelmsford  
Essex  
CM2 0AP

#### **AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Cambridge, UK

# **AOC (UK) LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 September 2012

### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was the supply and distribution of materials for use in the composites industry

### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

During the year, AOC (UK) Limited ("AOC ") made a net profit of £356,075. The company continues to monitor its key performance indicators on a monthly basis. These include the analysis of turnover by product with margin contribution detailed by customer, market base and sector, as well as customer and staff retention. Turnover has fallen in the period by approximately 2% to £13,799,260 as the client base has been consolidated. The net assets position has increased from £840,058 to £1,196,133 due to the profit earned in the year. Headcount has remained consistent with prior year at 20 employees (2011: 20).

During the prior year, AOC made a net loss of £503,010 that was principally due to an exceptional cost of £1,144,000. This arose from the write off of stock due to the overstatement of resin inventory. This matter has been resolved and there are no exceptional items recorded in the current year.

The environment and safety are considered by AOC and every effort is made to ensure that they are closely monitored and reviewed at regular intervals.

The key risks facing the business are the economic factors faced by our customer base, and the unknown effects thereon. AOC remain optimistic for the next 12 months and for the future and have forecast an increase in turnover and profits in future periods.

### **FINANCIAL RISK MANAGEMENT**

#### *Price risk*

The company has risk exposure linked to the price of crude oil and as such has no control over its pricing. Every effort is made to secure raw materials at the lowest price but the costs are solely controlled by supply and demand outside the scope of the company's control.

#### *Credit risk*

The company continues to adopt its credit checking procedures prior to offering credit terms, by monitoring and reviewing its exposure on a regular basis, combined with financial information from credit bureaus where possible and the extension of credit is subject to strict credit protocol and management approval. The company's principal financial assets are bank balances and cash and trade debtors. The company's credit risk is primarily attributable to its trade debtors. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### *Liquidity risk*

The company operates within the financial facilities available through its day-to-day operations and banking arrangements, which ensures the company has sufficient funds.

#### *Interest rate and cash flow risk*

The company has interest bearing assets, being interest on cash balances in the bank and the liability interest when using banking/financing options. The company operates within its financing arrangements and as such the directors see no significant risk, however these are reviewed annually by management.

### **RESULTS AND DIVIDENDS**

The results for the year are set out on page 6. The directors do not propose a dividend for the year (2011: £nil).

### **GOING CONCERN**

The directors have considered the financing requirements of the company for a period of at least 12 months from the date of approval of these financial statements. Forecasts are based on expected future trading performance and working capital requirements with particular attention being paid to the forecast revenue levels, forecast operating expenses and the forecast cash flows. These are all key to the on-going ability of the company to continue trading under normal circumstances. Based on this assessment the directors have a reasonable expectation that the company has sufficient cash to enable it to continue trading under normal circumstances for at least that period despite current macroeconomic uncertainty. Accordingly, the financial statements have been prepared on the going concern basis.

# **AOC (UK) LIMITED**

## **DIRECTORS' REPORT (continued)**

### **DIRECTORS**

The directors who served throughout the year and to the date of this report were as follows

P S Cheshire  
F Norman  
J W Griggs  
T M Bayless  
B T Parker

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 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.

### **AUDITOR**

Each of the persons who is a director at the date of approval of this annual report confirms 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Peter Cheshire, Director

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AOC (UK) LIMITED**

We have audited the financial statements of AOC (UK) Limited for the year ended 30 September 2012 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 25. 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 directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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 Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 30 September 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
AOC (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



**Julian Rae (Senior Statutory Auditor)**  
**For and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
Cambridge, United Kingdom

28 January 2013

## AOC (UK) LIMITED

### PROFIT AND LOSS ACCOUNT Year ended 30 September 2012

|                                                                 | Note | 2012<br>£             | 2011<br>£               |
|-----------------------------------------------------------------|------|-----------------------|-------------------------|
| <b>TURNOVER</b>                                                 | 2    | <u>13,799,260</u>     | <u>14,019,634</u>       |
| Cost of sales                                                   |      |                       |                         |
| Exceptional costs                                               | 3    | -                     | (1,144,237)             |
| Other cost of sales                                             |      | <u>(11,758,108)</u>   | <u>(12,133,925)</u>     |
|                                                                 |      | <u>(11,758,108)</u>   | <u>(13,278,162)</u>     |
| Gross profit                                                    |      | 2,041,152             | 741,472                 |
| Administrative expenses                                         |      | <u>(1,601,589)</u>    | <u>(1,432,025)</u>      |
| <b>OPERATING PROFIT (LOSS)</b>                                  | 4    | 439,563               | (690,553)               |
| Interest payable and similar charges                            | 6    | <u>(26,270)</u>       | <u>(14,316)</u>         |
| <b>PROFIT (LOSS) ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b> |      | 413,293               | (704,869)               |
| Tax on profit (loss) on ordinary activities                     | 7    | <u>(57,218)</u>       | <u>201,859</u>          |
| <b>PROFIT (LOSS) FOR THE FINANCIAL<br/>YEAR</b>                 | 16   | <u><u>356,075</u></u> | <u><u>(503,010)</u></u> |

All activities derive from continuing operations

There are no recognised gains or losses for the current financial year and the preceding financial year other than as stated in the profit and loss account. Accordingly no statement of total recognised gains and losses has been provided.

# AOC (UK) LIMITED

## BALANCE SHEET 30 September 2012

|                                                                | Note | 2012<br>£               | 2011<br>£             |
|----------------------------------------------------------------|------|-------------------------|-----------------------|
| <b>FIXED ASSETS</b>                                            |      |                         |                       |
| Tangible assets                                                | 8    | 814,706                 | 900,098               |
| Investments                                                    | 9    | 1                       | 1                     |
|                                                                |      | <u>814,707</u>          | <u>900,099</u>        |
| <b>CURRENT ASSETS</b>                                          |      |                         |                       |
| Stocks                                                         | 10   | 913,109                 | 1,178,558             |
| Debtors                                                        | 11   | 2,579,011               | 3,669,920             |
| Cash at bank and in hand                                       |      | 499,686                 | 212,953               |
|                                                                |      | <u>3,991,806</u>        | <u>5,061,431</u>      |
| <b>CREDITORS: amounts falling due within one year</b>          | 12   | <u>(3,341,725)</u>      | <u>(4,798,292)</u>    |
| <b>NET CURRENT ASSETS</b>                                      |      | <u>650,081</u>          | <u>263,139</u>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | <u>1,464,788</u>        | <u>1,163,238</u>      |
| <b>CREDITORS, amounts falling due after more than one year</b> | 13   | <u>(268,655)</u>        | <u>(323,180)</u>      |
| <b>NET ASSETS</b>                                              |      | <u><u>1,196,133</u></u> | <u><u>840,058</u></u> |
| <b>CAPITAL AND RESERVES</b>                                    |      |                         |                       |
| Called up share capital                                        | 15   | 225,800                 | 225,800               |
| Share premium account                                          | 16   | 74,586                  | 74,586                |
| Profit and loss account                                        | 16   | 895,747                 | 539,672               |
| <b>SHAREHOLDER'S FUNDS</b>                                     | 17   | <u><u>1,196,133</u></u> | <u><u>840,058</u></u> |

The financial statements of AOC (UK) Limited, registered number 2090336, were approved by the Board of Directors and authorised for issue on 21 January 2013

Signed on behalf of the Board of Directors



P Cheshire  
Director

## **AOC (UK) LIMITED**

### **CASH FLOW STATEMENT Year ended 30 September 2012**

|                                                        | <b>Note</b> | <b>2012<br/>£</b>     | <b>2011<br/>£</b>    |
|--------------------------------------------------------|-------------|-----------------------|----------------------|
| <b>Net cash inflow from operating activities</b>       | 18          | 348,452               | 611,178              |
| <b>Returns on investments and servicing of finance</b> | 19          | (26,270)              | (14,316)             |
| <b>Taxation</b>                                        |             | 99,296                | (98,114)             |
| <b>Capital expenditure</b>                             | 19          | <u>(80,220)</u>       | <u>(680,379)</u>     |
| <b>Net cash inflow (outflow) before financing</b>      |             | 341,258               | (181,631)            |
| <b>Financing</b>                                       | 19          | <u>(54,525)</u>       | <u>205,449</u>       |
| <b>Increase in cash in the year</b>                    | 20,21       | <u><u>286,733</u></u> | <u><u>23,818</u></u> |

# AOC (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2012

### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

#### **Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

#### **Turnover**

Turnover represents net invoiced value, net of Value Added Tax, and is recognised when the significant risks and rewards of ownership and legal title have been passed to the customer. This is when goods have been despatched to the customer, and the turnover can be measured reliably.

#### **Tangible fixed assets and depreciation**

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

|                                  |                   |
|----------------------------------|-------------------|
| Leasehold improvements           | 25% straight line |
| Plant and machinery              | 25% straight line |
| Fixtures, fittings and equipment | 25% straight line |
| Computer equipment               | 50% straight line |

Leasehold improvements include office construction that is being depreciated at the lower of its expected useful economic life and the length of the lease, which is the length of the lease at 19 years.

The cost of fixed assets is their purchase cost. Reviews are carried out periodically of the estimated useful economic lives of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear.

#### **Leases and hire purchase commitments**

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over the shorter of their useful economic life or the term of the lease. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

#### **Investments**

Investments held as fixed assets are stated at cost less provision for any impairment in value.

#### **Retirement benefits**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **Taxation**

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

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

# AOC (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2012

### 1. ACCOUNTING POLICIES (continued)

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Where necessary, provision is made for obsolete and slow-moving items.

#### Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are included in the profit and loss account.

#### Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying value.

#### Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 405 of the Companies Act 2006 as the directors do not consider the inclusion of the subsidiary material for the purpose of giving a true and fair view in the financial statements.

#### Going concern

The directors have considered the financing requirements of the company for a period of at least 12 months from the date of approval of these financial statements. Forecasts are based on expected future trading performance and working capital requirements with particular attention being paid to the forecast revenue levels, forecast operating expenses and the forecast cash flows. These are all key to the on-going ability of the company to continue trading under normal circumstances.

Based on this assessment the directors have a reasonable expectation that the company has sufficient cash to enable it to continue trading under normal circumstances for at least that period despite current macroeconomic uncertainty. Accordingly, the financial statements have been prepared on the going concern basis.

### 2. TURNOVER

The turnover and profit (loss) before tax are attributable to the one principal activity of the company as outlined in the directors' report.

An analysis of turnover by geographical location is given below.

|                   | 2012<br>£         | 2011<br>£         |
|-------------------|-------------------|-------------------|
| United Kingdom    | 13,621,937        | 13,830,575        |
| Rest of Europe    | 162,918           | 154,719           |
| Rest of the world | 14,405            | 34,340            |
|                   | <u>13,799,260</u> | <u>14,019,634</u> |

# AOC (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2012

### 3. EXCEPTIONAL COSTS

Exceptional costs relate entirely to the write off of stock due to the overstatement of resin inventory in the prior year. The directors consider this to be an exceptional cost and do not expect it to recur in the future.

|                 | 2012<br>£ | 2011<br>£ |
|-----------------|-----------|-----------|
| Stock write off | -         | 1,144,237 |

### 4. OPERATING PROFIT (LOSS)

|                                                                                      | 2012<br>£ | 2011<br>£ |
|--------------------------------------------------------------------------------------|-----------|-----------|
| <b>Operating profit (loss) is after charging (crediting)</b>                         |           |           |
| Depreciation of tangible assets                                                      |           |           |
| - owned assets                                                                       | 115,538   | 68,965    |
| - leased assets                                                                      | 50,874    | 50,874    |
| Profit on disposal of tangible assets                                                | (800)     | (10,039)  |
| Gain on foreign exchange transactions                                                | (34,735)  | (6,830)   |
| Operating lease rentals                                                              |           |           |
| - other                                                                              | 48,021    | 46,182    |
| - land and buildings                                                                 | 143,552   | 159,057   |
| Fees payable to the company's auditor for the audit of the company's annual accounts | 20,000    | 37,160    |
| Fees payable to the company's auditor for other services to the company              |           |           |
| Corporate tax services                                                               | 4,500     | 4,500     |
| Other services                                                                       | -         | 21,900    |

The fees to Deloitte in the year were £20,000 (2011 £19,500) for audit fees and £4,500 (2011 £4,500) for non-audit fees. The remaining fees were paid to Baker Tilly LLP in both years.

### 5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

|                                                                                                    | 2012<br>£      | 2011<br>£      |
|----------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Directors' emoluments</b>                                                                       |                |                |
| Emoluments                                                                                         | 124,982        | 179,709        |
| Company pension contributions to money purchase schemes                                            | 13,670         | 14,663         |
|                                                                                                    | <u>138,652</u> | <u>194,372</u> |
|                                                                                                    | No             | No             |
| The number of directors for whom retirement benefits are accruing under money purchase schemes was | <u>1</u>       | <u>2</u>       |

# AOC (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2012

### 5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

|                                                                          | 2012           | 2011           |
|--------------------------------------------------------------------------|----------------|----------------|
|                                                                          | No             | No             |
| Average number of persons employed by the company during the year.       |                |                |
| Distribution                                                             | 17             | 17             |
| Administration                                                           | 3              | 3              |
|                                                                          | <u>20</u>      | <u>20</u>      |
|                                                                          |                |                |
| Staff costs incurred during the year in respect of these employees were: | £              | £              |
| Wages and salaries                                                       | 647,877        | 606,158        |
| Social security costs                                                    | 59,088         | 65,515         |
| Other pension costs                                                      | 26,403         | 20,657         |
|                                                                          | <u>733,368</u> | <u>692,330</u> |

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

|                              | 2012          | 2011          |
|------------------------------|---------------|---------------|
|                              | £             | £             |
| On bank loans and overdrafts | 21,039        | 9,521         |
| Hire purchase interest       | 5,231         | 4,795         |
|                              | <u>26,270</u> | <u>14,316</u> |

# AOC (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2012

### 7. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

|                                             | 2012<br>£ | 2011<br>£ |
|---------------------------------------------|-----------|-----------|
| <b>Current taxation</b>                     |           |           |
| United Kingdom corporation tax              | 27,549    | (98,114)  |
| Adjustment in respect of prior years        | (1,182)   | (18,078)  |
| Total current taxation                      | 26,367    | (116,192) |
| <b>Deferred taxation</b>                    |           |           |
| Reversal of timing differences              | 89,498    | (85,873)  |
| Adjustment for prior years                  | (64,029)  | (7,203)   |
| Change in tax rates                         | 5,382     | 7,409     |
| Total deferred tax                          | 30,851    | (85,667)  |
| Tax on profit (loss) on ordinary activities | 57,218    | (201,859) |

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 25% (2011 - 27%)  
The actual tax (credit) charge for the current and previous year differs to the standard tax rate for the reasons set out in the following reconciliation

|                                                                                                      | 2012<br>£ | 2011<br>£ |
|------------------------------------------------------------------------------------------------------|-----------|-----------|
| Profit (loss) on ordinary activities before tax                                                      | 413,293   | (704,869) |
| Profit (loss) on ordinary activities multiplied by standard rate of tax<br>in UK of 25% (2011 - 27%) | 103,323   | (190,295) |
| Effects of                                                                                           |           |           |
| Non-deductible expenses                                                                              | 14,964    | 9,647     |
| Capital allowances in deficit (excess) of depreciation                                               | 6,773     | (9,828)   |
| Movement in short term differences                                                                   | 16,662    | (3,148)   |
| Utilisation of tax losses                                                                            | (112,933) | -         |
| Creation of tax losses                                                                               | -         | 95,510    |
| Adjustment in respect of prior years                                                                 | (1,183)   | (18,078)  |
| Effects of other tax rates                                                                           | (1,240)   | -         |
| Tax on profit (loss) on ordinary activities                                                          | 26,366    | (116,192) |

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24% effective 1 April 2012 and to 23% effective 1 April 2013. These rate reductions became substantively enacted in March 2012 and July 2012 respectively. The UK Government also proposed to further reduce the standard rate of UK corporation tax to 22% effective 1 April 2014, but this change has not been substantively enacted.

The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

# AOC (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2012

### 8 TANGIBLE FIXED ASSETS

|                       | Leasehold<br>improve-<br>ments<br>£ | Plant and<br>machinery<br>£ | Fixtures,<br>fittings and<br>equipment<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|-----------------------|-------------------------------------|-----------------------------|---------------------------------------------|----------------------------|------------|
| <b>Cost</b>           |                                     |                             |                                             |                            |            |
| At 1 October 2011     | 788,484                             | 521,262                     | 52,783                                      | 122,478                    | 1,485,007  |
| Additions             | 68,321                              | 2,505                       | 1,167                                       | 9,027                      | 81,020     |
| Disposals             | -                                   | (1,000)                     | -                                           | -                          | (1,000)    |
| At 30 September 2012  | 856,805                             | 522,767                     | 53,950                                      | 131,505                    | 1,565,027  |
| <b>Depreciation</b>   |                                     |                             |                                             |                            |            |
| At 1 October 2011     | 132,946                             | 336,128                     | 21,587                                      | 94,248                     | 584,909    |
| Charge for the year   | 57,913                              | 83,517                      | 8,808                                       | 16,174                     | 166,412    |
| On disposals          | -                                   | (1,000)                     | -                                           | -                          | (1,000)    |
| At 30 September 2012  | 190,859                             | 418,645                     | 30,395                                      | 110,422                    | 750,321    |
| <b>Net book value</b> |                                     |                             |                                             |                            |            |
| At 30 September 2012  | 665,946                             | 104,122                     | 23,555                                      | 21,083                     | 814,706    |
| At 30 September 2011  | 655,538                             | 185,134                     | 31,196                                      | 28,230                     | 900,098    |

The net book value of tangible fixed assets includes £93,269 (2011 - £144,143) held under finance leases and hire purchase contracts. The depreciation charged to the financial statements in the year in respect of such assets amounted to £50,874 (2011 - £50,874).

### 9. INVESTMENTS HELD AS FIXED ASSETS

|                                         | Shares in subsidiary<br>undertaking<br>£ |
|-----------------------------------------|------------------------------------------|
| <b>Cost and net book value</b>          |                                          |
| At 1 October 2011 and 30 September 2012 | 1                                        |

| Subsidiary undertaking              | Country of<br>incorporation | Share class | Principal<br>activity | Holding<br>% |
|-------------------------------------|-----------------------------|-------------|-----------------------|--------------|
| Composite Material Supplies Limited | United Kingdom              | Ordinary £1 | Dormant               | 100          |

# AOC (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2012

### 10 STOCKS

|                                     | 2012<br>£ | 2011<br>£ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 913,109   | 1,178,558 |

The directors consider there is no material difference between the book value of stocks and their replacement cost

### 11. DEBTORS AMOUNTS DUE WITHIN ONE YEAR

|                                                           | 2012<br>£        | 2011<br>£        |
|-----------------------------------------------------------|------------------|------------------|
| Trade debtors                                             | 2,374,983        | 3,352,921        |
| Amounts owed by parent and fellow subsidiary undertakings | 67,748           | 48,451           |
| Other debtors                                             | 7,563            | 7,255            |
| Prepayments and accrued income                            | 66,839           | 70,450           |
| Deferred tax asset (see note 14)                          | 61,878           | 92,729           |
| Corporation tax                                           | -                | 98,114           |
|                                                           | <u>2,579,011</u> | <u>3,669,920</u> |

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                                           | 2012<br>£        | 2011<br>£        |
|-----------------------------------------------------------|------------------|------------------|
| Bank loan                                                 | 19,057           | 19,057           |
| Net obligations under hire purchase contracts             | 35,468           | 35,468           |
| Trade creditors                                           | 2,695,747        | 3,791,472        |
| Amounts owed to parent and fellow subsidiary undertakings | -                | 589,055          |
| Corporation tax                                           | 27,549           | -                |
| Other taxes and social security                           | 213,418          | 225,473          |
| Other creditors                                           | 191,578          | 95,789           |
| Accruals and deferred income                              | 158,908          | 137,767          |
|                                                           | <u>3,341,725</u> | <u>4,798,292</u> |

# AOC (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2012

### 13 CREDITORS' AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|                                                   | 2012<br>£      | 2011<br>£      |
|---------------------------------------------------|----------------|----------------|
| Bank loan                                         | 202,802        | 221,859        |
| Net obligations under hire purchase contracts     | 65,853         | 101,321        |
|                                                   | <u>268,655</u> | <u>323,180</u> |
| Borrowings are repayable as follows               |                |                |
| <b>Secured loans</b>                              |                |                |
| On demand or within one year                      | 19,057         | 19,057         |
| Between one and two years                         | 19,057         | 19,057         |
| Between two and five years                        | 71,454         | 71,454         |
| After five years                                  | 112,291        | 131,348        |
|                                                   | <u>221,859</u> | <u>240,916</u> |
| <b>Finance leases and hire purchase contracts</b> |                |                |
| On demand or within one year                      | 35,468         | 35,468         |
| Between one and two years                         | 42,411         | 42,411         |
| Between two and five year                         | 23,442         | 58,910         |
|                                                   | <u>101,321</u> | <u>136,789</u> |
| <b>Total borrowings</b>                           |                |                |
| On demand or within one year                      | 54,525         | 54,525         |
| Between one and two years                         | 61,468         | 61,468         |
| Between two and five years                        | 94,896         | 130,364        |
| After five years                                  | 112,291        | 131,348        |
|                                                   | <u>323,180</u> | <u>377,705</u> |

Items held under hire purchase agreements are secured over the assets to which they relate. The secured loan is payable over 10 years and attracts an interest rate of 6.25% and is secured on the assets to which it relates.

# AOC (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2012

### 14. DEFERRED TAX ASSET

|                                      | £               |
|--------------------------------------|-----------------|
| Balance at 1 October 2011            | (92,729)        |
| Credit to profit and loss account    | 94,880          |
| Adjustment in respect of prior years | (64,029)        |
|                                      | <u>(61,878)</u> |
| Balance at 30 September 2012         | <u>(61,878)</u> |

The amounts of deferred tax provided is as follows

|                                | 2012<br>£       | 2011<br>£       |
|--------------------------------|-----------------|-----------------|
| Accelerated capital allowances | (33,064)        | 13,466          |
| Other timing differences       | (28,814)        | (14,659)        |
| Creation of tax losses         | -               | (91,536)        |
|                                | <u>(61,878)</u> | <u>(92,729)</u> |

### 15. CALLED UP SHARE CAPITAL

|                                           | 2012<br>£      | 2011<br>£      |
|-------------------------------------------|----------------|----------------|
| <b>Called up, allotted and fully paid</b> |                |                |
| 225,800 ordinary shares of £1 each        | <u>225,800</u> | <u>225,800</u> |

### 16. STATEMENT OF MOVEMENT IN RESERVES

|                               | Share<br>premium<br>account<br>£ | Profit and<br>loss<br>account<br>£ | Total<br>£     |
|-------------------------------|----------------------------------|------------------------------------|----------------|
| At 1 October 2011             | 74,586                           | 539,672                            | 614,258        |
| Profit for the financial year | -                                | 356,075                            | 356,075        |
|                               | <u>74,586</u>                    | <u>895,747</u>                     | <u>970,333</u> |
| At 30 September 2012          | <u>74,586</u>                    | <u>895,747</u>                     | <u>970,333</u> |

### 17. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

|                                                    | 2012<br>£        | 2011<br>£      |
|----------------------------------------------------|------------------|----------------|
| Profit (loss) for the financial year               | 356,075          | (503,010)      |
| Net addition to (reduction in) shareholder's funds | 356,075          | (503,010)      |
| Opening shareholder's funds                        | 840,058          | 1,343,068      |
| Closing shareholder's funds                        | <u>1,196,133</u> | <u>840,058</u> |

# AOC (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2012

### 18. RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

|                                           | 2012<br>£      | 2011<br>£      |
|-------------------------------------------|----------------|----------------|
| Operating profit (loss)                   | 439,563        | (690,553)      |
| Depreciation of tangible assets           | 166,412        | 119,839        |
| Profit on disposal of tangible assets     | (800)          | (10,039)       |
| Decrease in stocks                        | 265,449        | 127,417        |
| Decrease/(increase) in debtors            | 961,944        | (1,230,205)    |
| (Decrease)/increase in creditors          | (1,484,116)    | 2,294,719      |
| Net cash inflow from operating activities | <u>348,452</u> | <u>611,178</u> |

### 19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

|                                                        | 2012<br>£       | 2011<br>£        |
|--------------------------------------------------------|-----------------|------------------|
| <b>Returns on investments and servicing of finance</b> |                 |                  |
| Interest paid                                          | <u>(26,270)</u> | <u>(14,316)</u>  |
| <b>Capital expenditure</b>                             |                 |                  |
| Payments to acquire tangible fixed assets              | (81,020)        | (697,129)        |
| Receipts from sales of tangible fixed assets           | <u>800</u>      | <u>16,750</u>    |
|                                                        | <u>(80,220)</u> | <u>(680,379)</u> |
| <b>Financing</b>                                       |                 |                  |
| New borrowings                                         | -               | 250,000          |
| Repayment of borrowings                                | (19,057)        | (9,084)          |
| Capital element of hire purchase contract payments     | <u>(35,468)</u> | <u>(35,467)</u>  |
|                                                        | <u>(54,525)</u> | <u>205,449</u>   |

### 20. ANALYSIS OF CHANGES IN NET FUNDS (DEBT)

|                                           | At 1<br>October<br>2011<br>£ | Cash<br>flow<br>£ | At 30<br>September<br>2012<br>£ |
|-------------------------------------------|------------------------------|-------------------|---------------------------------|
| Cash at bank and in hand                  | 212,953                      | 286,733           | 499,686                         |
| Debt due after one year                   | (221,859)                    | 19,057            | (202,802)                       |
| Debt due within one year                  | (19,057)                     | -                 | (19,057)                        |
| Obligations under hire purchase contracts | (136,789)                    | 35,468            | (101,321)                       |
|                                           | <u>(164,752)</u>             | <u>341,258</u>    | <u>176,506</u>                  |

# AOC (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2012

### 21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT) FUNDS

|                                                                                        | 2012<br>£ | 2011<br>£ |
|----------------------------------------------------------------------------------------|-----------|-----------|
| Increase in cash in the year                                                           | 286,733   | 23,818    |
| Cash outflow (inflow) from change in debt and lease financing                          | 54,525    | (205,449) |
| Change in net funds resulting from cash flows, being movement in net funds in the year | 341,258   | (181,631) |
| Net (debt) funds at 1 October                                                          | (164,752) | 16,879    |
| Net funds (debt) at 30 September                                                       | 176,506   | (164,752) |

### 22. OPERATING LEASE COMMITMENTS

At 30 September 2012 the company was committed to making the following payments under non-cancellable operating leases as follows

|                            | Land and buildings |           | Other     |           |
|----------------------------|--------------------|-----------|-----------|-----------|
|                            | 2012<br>£          | 2011<br>£ | 2012<br>£ | 2011<br>£ |
| Leases which expire        |                    |           |           |           |
| Within one year            | -                  | -         | 3,066     | 9,905     |
| Between two and five years | 56,000             | 56,000    | 5,648     | 13,006    |
| More than five years       | 95,790             | 95,790    | 40,226    | 40,226    |
|                            | 151,790            | 151,790   | 48,940    | 63,137    |

### 23. PENSION COSTS

#### Defined contributions

The company operates a defined contribution pension scheme whose assets are held separately from those of the company in an independently administered fund. The pension costs charge represents contributions payable by the company. There were no contributions outstanding at the year end.

### 24. ULTIMATE PARENT COMPANY

The ultimate parent company is The Alpha Corporation of Tennessee, a company incorporated in the United States of America. The Alpha Corporation is the parent company of AOC LLC, a company incorporated in the United States of America, which owns 100% of the company's issued share capital.

The largest and smallest group of companies for which group accounts are prepared is that headed by The Alpha Corporation of Tennessee. The accounts of this company are held at 955 Highway 57 East, Collierville, TN 38017, United States.

### 25. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption included in Financial Reporting Standard 8 "Related Party Disclosures" for wholly owned subsidiaries not to disclose transactions with entities that are part of the group qualifying as related parties.