

Alco Components Limited

**Directors' report and financial
statements**

Registered number 02673521

Year ended 31 October 2012

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Officers and professional advisors

The board of directors

AJ Lomax
SA Lomax
B Watson

Company secretary

A Mitchell

Registered office

Mission Works
Birds Royd Lane
Brighouse
West Yorkshire
HD6 1LQ

Auditor

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' report

The directors have pleasure in presenting their report and financial statements of the company for the year ended 31 October 2012

Principal activities

The principal activity of the company is that of engineering Results for the year can be found on page 6

Dividend

The directors do not recommend the payment of a dividend

Directors

The directors, who held office during the year and subsequent to the year end, were as follows

AJ Lomax
SA Lomax
B Watson

Disclosure of information to auditor

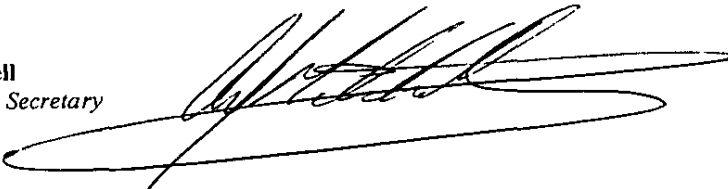
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

A Mitchell
Company Secretary



Mission Works
Birds Royd Lane
Brighouse
West Yorkshire
HD6 1LQ



2013

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of Alco Components Limited

We have audited the financial statements of Alco Components Limited for the year ended 31 October 2012 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 October 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Alco Component Limited
(continued)

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

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



Andrew Sills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW



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Profit and loss account
for the year ended 31 October 2012

	<i>Note</i>	2012 £	2011 £
Turnover	2	1,024,243	1,053,788
Cost of sales		(631,024)	(663,393)
Gross profit		393,219	390,395
Administrative expenses		(211,161)	(181,112)
Operating profit		182,058	209,283
Other interest receivable and similar income		-	-
Profit on ordinary activities before taxation	3-5	182,058	209,283
Tax on profit on ordinary activities	6	(43,733)	(55,349)
Profit for the financial year	13	138,325	153,934

There were no recognised gains or losses other than the profit for the financial year shown above

All activities in the current and preceding year derived from continuing activities

There is no difference between the profit disclosed above and the profit under a historical cost basis

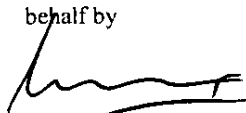
The notes on pages 8 to 14 form part of the financial statements

Balance sheet
as at 31 October 2012

	<i>Note</i>	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	7		75,771		69,235
Current assets					
Stock	8	41,559		38,009	
Debtors	9	151,125		126,955	
Cash at bank and in hand		14,638		27,477	
		<u>207,322</u>		<u>192,441</u>	
Creditors amounts falling due within one year	10	<u>(120,974)</u>		<u>(239,534)</u>	
Net current assets			<u>86,348</u>		<u>(47,093)</u>
Total assets less current liabilities			<u>162,119</u>		<u>22,142</u>
Provisions for liabilities	11		<u>(3,625)</u>		<u>(1,973)</u>
Net assets			<u>158,494</u>		<u>20,169</u>
Capital and reserves					
Called up share capital	12	1,500		1,500	
Profit and loss account	13	156,994		18,669	
		<u>158,494</u>		<u>20,169</u>	
Shareholders' funds	14	<u>158,494</u>		<u>20,169</u>	

The notes on pages 8 to 14 form part of the financial statements

These financial statements were approved by the board of directors on behalf by



SA Lomax
Director



2013 and were signed on its

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

Going concern

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future, hence the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors continue to adopt the going concern basis of accounting in preparing the financial statements

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods to customers

Depreciation

Depreciation is provided on all tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over its expected economic life, as follows

Plant and machinery	10% reducing balance
Office equipment	25% reducing balance basis
Leasehold improvements	2% on cost

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting policies which have arisen but not reversed by the balance sheet date, except as required by FRS 19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Notes

(forming part of the financial statements)

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

2 Turnover

The company's turnover represents the value, excluding valued added tax, of goods and services supplied to customers during the year.

3 Notes to the profit and loss account

Profit on ordinary activities before taxation is stated after charging

	2012 £	2011 £
Auditor's remuneration – audit of these financial statements	3,127	3,127
Auditor's remuneration – other services relating to taxation	666	666
Depreciation of tangible fixed assets - owned	3,064	1,932
Hire of other assets – operating leases	39,840	39,840
Loss on disposal of fixed assets	-	2,238

Notes to the financial statements *(continued)*

4 Remuneration of directors

	2012 £	2011 £
Directors' emoluments (including benefits in kind)	40,525	76,190

Directors' emoluments for AJ Lomax and SA Lomax are paid by Xamol Limited, the ultimate parent undertaking. Alco Valves Limited pays a management charge to Xamol Limited to cover a proportion of this cost.

Directors' emoluments for B Watson are paid by Alco Hi-Tek Limited, a fellow subsidiary undertaking.

5 Staff numbers and costs

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

	2012 No	2011 No
Production	17	14
Administration	1	1
	18	15

The aggregate payroll costs of these persons (excluding directors) were as follows:

	2012 £	2011 £
Wages and salaries	364,882	358,085
Social security costs	34,502	35,598
Other pension costs (see note 17)	720	915
	400,104	394,598

6 Taxation

Analysis of current period tax charge

	2012 £	2011 £
<i>UK corporation tax</i>		
Current tax on income for the period	42,040	76,515
Adjustments in respect of prior periods	41	(42)
Total current tax	42,081	76,473
<i>Deferred tax (see note 11)</i>		
Origination/reversal of timing differences	1,810	(18,649)
Effect of rate change	(158)	(2,475)
Total deferred tax	1,652	(21,124)
Tax on profit on ordinary activities	43,733	55,349

Notes to the financial statements (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2011 higher) than the standard rate of corporation tax in the UK (24.83%, 2011 26.83%). The differences are explained below

	2012 £	2011 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	182,058	209,283
Current tax at 24.83% (2011 26.83%)	45,205	56,145
<i>Effects of</i>		
Expenses not deductible for tax purposes	331	358
Depreciation for period in excess of capital allowances	(1,954)	20,012
Marginal relief	-	-
Adjustments to tax charge in respect of previous periods	42	(42)
Tax not at UK rate	(1,543)	-
Total current tax charge (see above)	42,081	76,473

Factors that may affect future current and total tax charges

The Autumn Statement on 5 December 2012 announced that the UK corporation tax rate will reduce to 21% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 October 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date. It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

7 Tangible fixed assets

	Freehold leasehold land and buildings £	Plant and machinery £	Office equipment £	Total £
<i>Cost</i>				
At beginning of year	66,680	7,953	1,121	75,754
Additions	-	9,600	-	9,600
At end of year	66,680	17,553	1,121	85,354
<i>Depreciation</i>				
At beginning of year	5,338	464	717	6,519
Charge for the year	1,334	1,629	101	3,064
At end of year	6,672	2,093	818	9,583
<i>Net book value</i>				
At 31 October 2012	60,008	15,460	303	75,771
At 31 October 2011	61,342	7,489	404	69,235

Notes to the financial statements *(continued)*

8 Stock

	2012 £	2011 £
Raw materials	25,546	25,887
Work in progress	16,013	12,122
	<u>41,559</u>	<u>38,009</u>

9 Debtors

	2012 £	2011 £
Trade debtors	1,283	8,860
Amounts due from group undertakings	130,841	93,015
Other debtors	15,089	21,139
Prepayments	3,912	3,941
	<u>151,125</u>	<u>126,955</u>

10 Creditors, amounts falling due within one year

	2012 £	2011 £
Trade creditors	41,493	65,625
Amounts owed to group undertakings	24,449	74,756
Corporation tax	42,039	76,473
Taxation and social security	9,393	9,756
Accruals	3,600	12,924
	<u>120,974</u>	<u>239,534</u>

Notes to the financial statements *(continued)*

11 Provisions for liabilities

	Deferred taxation £
At beginning of year	1,973
Charge to the profit and loss account	1,652
At end of year	3,625

The elements of deferred taxation at 23% (2011 25%) are as follows

	2012 £	2011 £
Difference between accumulated depreciation and amortisation and capital allowances	3,625	1,973

12 Share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
1,500 ordinary shares of £1 each	1,500	1,500

13 Reserves

	Profit and loss account £
At beginning of year	18,669
Profit for the year	138,325
At end of year	156,994

14 Reconciliation of movements in shareholders' funds/(deficit)

	2012 £	2011 £
Profit for the financial year	138,325	153,934
Retained profit and net addition to shareholders' funds	138,325	153,934
Opening shareholders' deficit	20,169	(133,765)
Closing shareholders' funds	158,494	20,169

15 Contingent liabilities

The company has entered into a cross guarantee in favour of its bankers in respect of fellow group companies. At 31 October 2012 the borrowings of fellow group companies was £50,358 (2011 £1,107,883)

Notes to the financial statements *(continued)*

16 Related parties

Controlling entity

The company is controlled by Xamol Limited which owns 100% of the share capital

Related party transactions

As a subsidiary of Xamol Limited, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by Xamol Limited, except for transactions with Alco Process Valves Limited which is a 75% owned subsidiary of Xamol Limited. There were no transactions with Alco Process Valves Limited during the year (2011 nil) and there are no outstanding balances at the year end (2011 nil)

During the year the company paid £3,840 (2011 £3,840) of rent, on normal commercial terms, to Royd Properties Discretionary Trust, a trust of which AJ Lomax and Miss GM Lomax are beneficiaries

During the year the company paid £18,000 (2011 £18,000) of rent on commercial terms to AJ Lomax

During the year the company paid £18,000 (2011 £18,000) of rent on commercial terms to SA Lomax

17 Pension scheme

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £720 (2011 £915)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

18 Ultimate parent company and parent undertaking of larger group

The company is a wholly owned subsidiary of Xamol Limited, a company incorporated in Great Britain and registered in England and Wales

The financial statements contain information about Alco Components Limited as an individual company, and do not contain consolidated financial information on the group to which Alco Components Limited belongs

The financial statements of Xamol Limited, which consolidate those of its subsidiary companies are available from

The Secretary
Xamol Limited
Mission Works
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