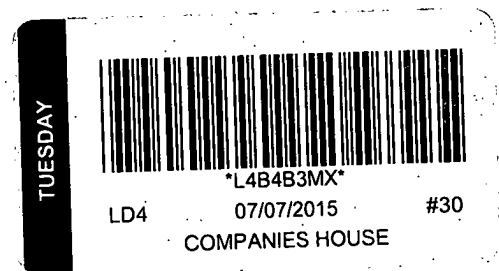


Registration number: 00141976

Alcester Number 1 Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2014



Alcester Number 1 Limited

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Alcester Number 1 Limited
Company Information

Directors	G P Martin S A Peckham G E Barnes A G Peart D A Roper J C Miller
Company secretary	A D C Westley
Registered office	11th Floor Colmore Plaza 20 Colmore Circus Queensway Birmingham West Midlands B4 6AT
Auditor	Deloitte LLP Chartered Accountants London United Kingdom

Alcester Number 1 Limited

Strategic Report for the Year Ended 31 December 2014

The Directors present their strategic report for the year ended 31 December 2014.

Principal activity

The Company's principal activity is to act as an intermediate holding company. The Directors do not expect any change in this activity in the foreseeable future.

Fair review of the business

The operating loss for the year ended 31 December 2014 was £4,827,000 (year ended 31 December 2013: loss of £4,090,000). The retained loss for the year ended 31 December 2014 was £5,270,000 (year ended 31 December 2013: loss of £4,390,000).

During the year an impairment review was carried out resulting in the impairment of an intercompany loan with Precision House Management Services Limited. This resulted in an exceptional expense of £5,072,000 (2013: £3,641,000).

The Company considers its key performance indicators to be in line with those of Melrose Industries PLC as disclosed in the Strategic Report of the 2014 Annual Report.

Principal risks and uncertainties

The Company's activities expose it to a number of financial risks including credit risk and liquidity risk.

Credit risk

The Company's principal financial assets are bank balances.

The Company's credit risk is primarily attributable to its receivables from other Group undertakings. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk

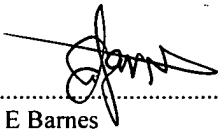
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company ensures regular communication with other Group companies.

Alcester Number 1 Limited
Strategic Report for the Year Ended 31 December 2014

Going concern

The Directors have considered the going concern assumption given the current uncertain economic climate and the net liabilities of the Company and have reviewed the Company forecast and considered the financial commitment from the ultimate parent company, which has been confirmed in writing, for the foreseeable future. After making enquiries and considering the above facts, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 29 June 2015 and signed on its behalf by:


.....

G E Barnes
Director

Alcester Number 1 Limited
Directors' Report for the Year Ended 31 December 2014

The Directors present their report and the audited financial statements for the year ended 31 December 2014.

Directors of the company

The directors who held office during the year were as follows:

G P Martin
S A Peckham
G E Barnes
A G Peart
D A Roper
J C Miller

Dividends

The Directors do not recommend the payment of a dividend in the year (year ended 31 December 2013: £nil).

Directors' indemnities

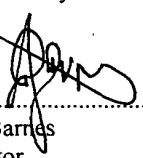
The ultimate parent undertaking has indemnified one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force throughout the year and at the date of this report.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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

Approved by the Board on 29 June 2015 and signed on its behalf by:


.....
G E Barnes
Director

Alcester Number 1 Limited

Statement of Directors' Responsibilities

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 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.

Alcester Number 1 Limited

Independent Auditor's Report to the members of Alcester Number 1 Limited

We have audited the financial statements of Alcester Number 1 Limited for the year ended 31 December 2014, set out on pages 8 to 18. 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 Statement of Directors' Responsibilities (set out on page 5), 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

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2014 and of its loss 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Alcester Number 1 Limited
Independent Auditor's Report to the members of Alcester Number 1 Limited

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.

Helen Burridge

Helen Burridge (Senior Statutory Auditor)

For and on behalf of Deloitte LLP, Chartered Accountants and Statutory Auditor

London
United Kingdom

30 June 2015

Alcester Number 1 Limited
Profit and Loss Account for the Year Ended 31 December 2014

	Note	2014 £ 000	2013 £ 000
Administrative expenses		245	(449)
Exceptional operating items	2	<u>(5,072)</u>	<u>(3,641)</u>
Operating loss	2	(4,827)	(4,090)
Income from shares in group undertakings	4	50	-
Interest receivable and similar income	5	666	727
Interest payable and similar charges	6	<u>(1,159)</u>	<u>(1,027)</u>
Loss on ordinary activities before taxation		(5,270)	(4,390)
Tax on loss on ordinary activities	8	<u>-</u>	<u>-</u>
Loss for the financial year	13	<u><u>(5,270)</u></u>	<u><u>(4,390)</u></u>

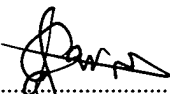
The above results derive from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Alcester Number 1 Limited
(Registration number: 00141976)
Balance Sheet as at 31 December 2014

	Note	2014 £ 000	2013 £ 000
Fixed assets			
Investments	9	11,390	11,440
Current assets			
Debtors	10	22,516	19,780
Cash at bank and in hand		<u>569</u>	<u>330</u>
		23,085	20,110
Creditors: Amounts falling due within one year	11	<u>(61,805)</u>	<u>(53,610)</u>
Net current liabilities		<u>(38,720)</u>	<u>(33,500)</u>
Net liabilities		<u>(27,330)</u>	<u>(22,060)</u>
Capital and reserves			
Called up share capital	12	26,973	26,973
Share premium reserve	13	65,207	65,207
Other reserves	13	12,042	12,042
Profit and loss account	13	<u>(131,552)</u>	<u>(126,282)</u>
Shareholders' deficit	14	<u>(27,330)</u>	<u>(22,060)</u>

Approved and authorised for issue by the Board on 29 June 2015 and signed on its behalf by:



 G E Barnes
 Director

Alcester Number 1 Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently.

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with applicable United Kingdom law and accounting standards, and on a going concern basis as described in the Strategic Report.

Exemption from preparing a cash flow statement

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group.

Exemption from preparing group accounts

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared group accounts.

Going concern

The Directors have considered the going concern assumption given the current uncertain economic climate and the net liabilities of the Company and have reviewed the Company forecast and considered the financial commitment from the ultimate parent company, which has been confirmed in writing, for the foreseeable future. After making enquiries and considering the above facts, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Impairment

Fixed assets (including investments) are reviewed for impairment when changes in circumstances or events indicate that the carrying value of the fixed assets may not be recoverable. An impairment loss is recognised where the recoverable amount is less than the carrying value.

Fixed asset investments

The Company's investments in shares in Group companies are stated at cost less provision for impairments in value. Income received from investments is credited to the Profit and Loss account on a receivables basis.

Alcester Number 1 Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

1 Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign 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 recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the Balance Sheet date there is a binding agreement to sell the revalued asset and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount on the related investments. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the dates the fair values were determined.

Alcester Number 1 Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

1 Accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense 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 amount.

2 Operating loss

Operating loss is stated after charging/(crediting):

	2014 £ 000	2013 £ 000
Foreign currency (gains)/losses	(290)	212
Impairment	<u>50</u>	<u>-</u>

Also included within operating loss were the following exceptional items:

	2014 £ 000	2013 £ 000
Impairment of loan to Group undertaking	<u>5,072</u>	<u>3,641</u>
	<u>5,072</u>	<u>3,641</u>

The loan to Precision House Management Services Ltd was impaired by £5,072,000 during the year and by £3,641,000 in the previous year.

Also during the year, the investment in the dormant subsidiary Prelok Limited was impaired by £49,900

3 Auditor's remuneration

The fees payable to the Company's auditor for the audit of the financial statements of £8,000 (year ended 31 December 2013: £8,000) were borne by a fellow Group undertaking.

4 Investment Income

	2014 £ 000	2013 £ 000
Dividends received from subsidiary undertakings	<u>50</u>	<u>-</u>
	<u>50</u>	<u>-</u>

Alcester Number 1 Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

5 Interest receivable and similar income

	2014	2013
	£ 000	£ 000
Bank interest receivable	-	152
Interest on loans to group undertakings	666	575
	<u>666</u>	<u>727</u>

6 Interest payable and similar charges

	2014	2013
	£ 000	£ 000
Interest on bank borrowings	1	3
Interest on loans from group undertakings	1,158	1,024
	<u>1,159</u>	<u>1,027</u>

7 Directors' remuneration

The Directors received no remuneration for their services to the Company during the year (year ended 31 December 2013: £nil). The Directors of the Company who served during the year were also Directors of a number of the companies within the Melrose Group and as such remuneration of directors is borne by a fellow company.

Alcester Number 1 Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

8 Taxation

Tax on loss on ordinary activities

	2014	2013
	£ 000	£ 000
Total current tax	<u>-</u>	<u>-</u>
Total tax on loss on ordinary activities	<u><u>-</u></u>	<u><u>-</u></u>

Factors affecting current tax charge for the year

The tax on loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK (2013: higher than the standard rate of corporation tax in the UK) of 21.5% (2013: 23.25%).

The differences are reconciled below:

	2014	2013
	£ 000	£ 000
Loss on ordinary activities before tax	<u>(5,270)</u>	<u>(4,390)</u>
Corporation tax at standard rate	(1,133)	(1,021)
Other timing differences	(276)	(299)
Non-taxable income	(15)	-
Expenses not deductible for tax purposes	1,101	847
Group relief at nil consideration	<u>323</u>	<u>473</u>
Total current tax	<u><u>-</u></u>	<u><u>-</u></u>

Due to the uncertainty of future profits, the company has not recognised a deferred tax asset of £257,000 (2013: £514,000) in respect of other timing differences. The amount not recognised is based on a corporation tax rate of 20% (2013: 20%).

The Finance Act 2012 reduced the main corporation tax rate from 24% to 23% for financial year commencing 1 April 2013. The Finance Act 2013 further reduced this rate to 21% for financial year commencing 1 April 2014 and 20% for financial year commencing 1 April 2015.

Alcester Number 1 Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

9 Investments

	2014	2013
	£ 000	£ 000
Shares in group undertakings and participating interests	<u>11,390</u>	<u>11,440</u>

Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000	Total £ 000
Cost		
At 1 January 2014	<u>120,721</u>	<u>120,721</u>
At 31 December 2014	<u>120,721</u>	<u>120,721</u>
Provision for impairment		
At 1 January 2014	109,281	109,281
Charge for year	<u>50</u>	<u>50</u>
At 31 December 2014	<u>109,331</u>	<u>109,331</u>
Net book value		
At 31 December 2014	<u>11,390</u>	<u>11,390</u>
At 31 December 2013	<u>11,440</u>	<u>11,440</u>

Alcester Number 1 Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

9 Investments (continued)

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion held	Principal activity
Subsidiary undertakings				
Alcester Overseas Limited	Great Britain	Ordinary	100%	Holding
Eachairn Directors No 2 Limited	Great Britain	Ordinary	100%	Dormant
Alcester Capricorn	Great Britain	Ordinary	100%	Dormant
Alcester Components Limited	Great Britain	Ordinary	100%	Dormant
Prelok Limited	Great Britain	Ordinary	100%	Dormant
New Melrose Limited	Great Britain	Ordinary	100%	Dormant
McKechnie Metals Limited	Great Britain	Ordinary	100%	In Liquidation
PSM Fasteners PLC	Great Britain	Ordinary	100%	In Liquidation
Eachairn Willenhall PLC	Great Britain	Ordinary	100%	In Liquidation

During the year the investment in Prelok Limited was impaired by £49,900 following a Share Capital and Capital Redemption Reserve reduction by Prelok Limited.

10 Debtors

	2014	2013
	£ 000	£ 000
Amounts owed by group undertakings	22,415	19,574
Prepayments and accrued income	101	206
	<u>22,516</u>	<u>19,780</u>

Alcester Number 1 Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

11 Creditors: Amounts falling due within one year

	2014 £ 000	2013 £ 000
Trade creditors	28	12
Amounts owed to group undertakings	61,481	53,058
Other taxes and social security	218	251
Other creditors	67	274
Accruals and deferred income	11	15
	<u>61,805</u>	<u>53,610</u>

12 Share capital

Allotted, called up and fully paid shares

	No.	2014 £ 000	No.	2013 £ 000
Ordinary shares of £0.25 each	<u>107,891,245</u>	<u>26,973</u>	<u>107,891,245</u>	<u>26,973</u>

13 Reserves

	Share premium account £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2014	65,207	12,042	(126,282)	(49,033)
Loss for the year	<u>-</u>	<u>-</u>	<u>(5,270)</u>	<u>(5,270)</u>
At 31 December 2014	<u>65,207</u>	<u>12,042</u>	<u>(131,552)</u>	<u>(54,303)</u>

14 Reconciliation of movement in shareholders' funds

	2014 £ 000	2013 £ 000
Loss attributable to the members of the company	<u>(5,270)</u>	<u>(4,390)</u>
Shareholders' deficit at 1 January	<u>(22,060)</u>	<u>(17,670)</u>
Shareholders' deficit at 31 December	<u>(27,330)</u>	<u>(22,060)</u>

Alcester Number 1 Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

15 Related party transactions

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

16 Control

The immediate parent company is BlueAzure Limited, which is incorporated in England and Wales.

The ultimate parent company and controlling party is Melrose Industries PLC, which is incorporated in England and Wales.

The smallest and largest group in which results of the Company are consolidated is that headed by Melrose Industries PLC. Consolidated financial statements are available from the 11th Floor, Colmore Plaza, 20 Colmore Circus Queensway, Birmingham, West Midlands, B4 6AT.