

Altro Limited

Report and Accounts

for the year ended 31 December 2009

Company Registration No 00154159

FRIDAY



A26 *AHCRCBMWN* 223
27/08/2010
COMPANIES HOUSE

Altro Limited

Report and Accounts

for the year ended 31 December 2009

Contents	Page
Directors' report	1 - 4
Independent auditors' report	5
Profit and loss account	6
Statement of total recognised gains and losses	7
Reconciliation of movements in shareholders' funds	7
Balance sheet	8
Notes to the accounts	9 - 26

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2009

Principal activities

The principal activities of the Company are as follows

- the manufacture and marketing of Altro safety flooring - slip resistant flooring for use in commercial applications
- the manufacture and marketing of Altro resins systems
- the marketing and distribution of specialist floorings from other leading manufacturers
- the manufacture and marketing of wall and ceiling systems
- the manufacture and distribution of Autoglym and Kanor vehicle care and car wash products

Directors

The directors, all of whom served for the whole year, and who are also directors of The Altro Group plc, are listed below

DJ Kahn	<i>Chairman</i>
EP Boyle	<i>Secretary</i>
PL Caller	
G Cleverdon	
MP Fincham *	
RJ Kahn	<i>Managing Director</i>
JFH Park *	
* <i>Non-executive</i>	

Financial review

The profit and loss account for the year is set out on page 6. The reduction in profit before tax is due to the difficult trading conditions encountered during the global downturn.

Key performance indicators

Turnover of £84.1 million represents a decrease of 4% on the year to 31 December 2008. Profit before tax was £11.6 million, a decrease of 18% on the previous year. The directors propose a dividend of £44.34 (2008: £36.02) per share, totalling £8.0 million (2008: £6.5 million). The directors expect the Company to maintain profitability for the foreseeable future.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks and the Company has procedures and systems to manage these.

The key business risks affecting the Company are considered to relate to competition from other manufacturers, increased raw material and energy costs, fluctuations in the UK and global economy and any action which may be taken by governments in our major markets to address their budget deficits.

The board takes action where possible to eliminate, reduce or mitigate specific risks through the adoption of appropriate strategies.

Financial risk management

The Company's operations expose it to a variety of financial risks, including the effects of changes in currency exchange rates, credit exposure, liquidity and interest rates.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

The main risks arising from the Company's financial management can be analysed as follows:

Currency risk

The Company is exposed in its trading operations to the risk of fluctuations in currency exchange rates. Where appropriate, forward contracts are used to hedge this exposure.

Directors' report

Credit risk

The Company's principal financial assets are bank balances and trade debtors which represent the Company's maximum exposure to credit risk in relation to financial assets. Risk is managed through internal monitoring processes and credit insurance, both of which have been given greater focus because of difficult trading conditions.

Price risk

The Company is exposed to commodity price risk as a result of its operations and such exposure is monitored and reported on regularly. In the majority of cases, dual supply arrangements are in place.

Liquidity risk

The Company has positive cash balances, very low gearing and appropriate overdraft facilities in place with its bankers where considered necessary.

Interest rate risk

The Company has very limited exposure to interest rate risk as borrowings are insignificant. However, there is an exposure to the impact of longer term rate movements in the Defined Benefit Pension Scheme, which is managed by the trustees and their advisers.

Directors' liability insurance

The Company maintained liability insurance for all directors throughout the year.

Employees

The Company operates non-discriminatory employment policies which are designed to attract, retain and motivate the very best people, recognising that this can only be achieved through offering equal opportunities regardless of age, disability, gender, race, religion, colour, nationality, marital status or sexual orientation.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Our success is due to the teamwork and co-operation of the people within the Company. The directors thank all those who have worked so hard and contributed so much to achieve these results during a demanding time. The Company continues to develop and maintain a culture which encourages long service and we are proud that so many employees choose to remain with us over many years.

Staff are encouraged to plan their careers within the Company and to participate in appropriate ongoing training, consistent with the needs of the business.

All divisions develop their own internal communications and employees receive regular updates on the Company's results, strategies and policies.

Health & Safety and the environment

Health & Safety and environmental performance remain key business objectives.

Our World Class Manufacturing and Sustainability programmes are of prime importance and we continue to invest for the future.

Research and development

We continue to strengthen this essential element of our business. All research and development expenditure is charged to the profit and loss account as incurred.

Directors' report

Pension schemes

The future of our pension schemes is underpinned by the knowledge that a strong and successful Company should ensure that pension obligations can be met today and in the future

The Defined Benefit Pension Scheme is in deficit and the Company continues to support the funding plan originally agreed with the trustees in 2006, and reviewed and updated in July 2009, by making a contribution of £1.75 million per annum to the Defined Benefit Pension Scheme, in addition to the expected future funding contribution. The Company also made a non-recurring additional cash injection of £1 million in July 2009.

The Company operates a Defined Contribution Pension Scheme for employees who joined after 1 October 2005.

Payments to suppliers

The Company does not follow any published code or standard on payment practice for suppliers of goods and services. However, in respect of regular suppliers, our policy is generally to establish agreed payment terms which apply to recurring transactions, subject to review as appropriate. For occasional suppliers, the policy is to pay in accordance with the prevailing practice for the particular industry or market concerned, subject to any specific agreement.

The Company's creditor days were 40 at 31 December 2009 (2008: 44).

Going concern

In arriving at their decision to prepare these accounts on the going concern basis, the directors have reviewed the Company's budget and cash flow projections for 2010 and beyond (including proposed capital expenditure) and compared these with the Company's cash holdings, its committed borrowing facilities and projected gearing ratios.

The directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements by the board, and so continue to adopt the going concern basis.

Statement of directors' responsibilities

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 the directors have prepared 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 United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

Directors' report

Disclosure of information to auditors

Each director in office at the date of the Directors' Report confirms the following

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue as auditors, and the members have resolved to re-appoint them

By order of the Board



EP Boyle
Secretary
29 July 2010

Independent auditors' report to the members of Altro Limited for the year ended 31 December 2009

We have audited the financial statements of Altro Limited for the year ended 31 December 2009 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Reconciliation of movements in shareholders' funds, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 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.

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.

David Newstead (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
29 July 2010

Profit and loss account

for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Turnover	2	84,123	87,554
Cost of sales		(40,524)	(41,560)
Gross profit		43,599	45,994
Operating expenses	5	(32,230)	(32,324)
Operating profit		11,369	13,670
Income from shares in subsidiary undertaking		347	-
Profit on ordinary activities before interest and tax		11,716	13,670
Net interest	6	108	467
Other finance (charge) / income	6	(254)	18
Profit on ordinary activities before tax	7	11,570	14,155
Tax on profit on ordinary activities	9	(3,627)	(2,829)
Profit on ordinary activities after tax		7,943	11,326

All the above results derive from continuing operations

There are no material differences between the profit on ordinary activities before tax and the retained profit for the year stated above and their historical cost equivalents

Statement of total recognised gains and losses

for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Profit attributable to shareholders		7,943	11,326
Actuarial (loss) /gain on net Defined Benefit Pension Scheme assets	20	(13,772)	6,419
Deferred tax on actuarial loss / (gain)		3,856	(1,798)
Total recognised gains and losses in the year		(1,973)	15,947

Reconciliation of movements in shareholders' funds

for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Total recognised gains and losses in the year		(1,973)	15,947
Dividends paid	10	(8,000)	(6,500)
		(9,973)	9,447
Parent company capital contribution from share-based payment		117	379
Opening shareholders' funds		44,888	35,062
Closing shareholders' funds		35,032	44,888

Balance sheet

at 31 December 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Intangible assets	11	89	95
Tangible assets	12	10,052	12,036
Investments	13	8,002	8,752
		18,143	20,883
Current assets			
Stocks	14	8,367	9,713
Debtors due within one year	15	11,604	12,325
Debtors due after more than one year	15	557	896
Cash at bank and in hand		11,506	8,596
		32,034	31,530
Creditors amounts falling due within one year	16	(9,165)	(9,129)
Net current assets		22,869	22,401
Total assets less current liabilities		41,012	43,284
Provisions for liabilities and charges	17	(727)	(860)
Net assets excluding Defined Benefit Pension Scheme liability / asset		40,285	42,424
Defined Benefit Pension Scheme (liability) / asset	20	(5,253)	2,464
Net Assets including Defined Benefit Pension Scheme liability / asset		35,032	44,888
Capital and reserves			
Called up share capital	18	180	180
Share premium account	19	46	46
Profit and loss account	19	34,806	44,662
Total shareholders' funds		35,032	44,888

These financial statements were approved by the board on 29 July 2010 and signed on its behalf by



RJ Kahn

Managing Director

Altro Ltd

Company Registration No 00154159

Notes to the financial statements

1 Accounting policies

(a) Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below.

(b) Goodwill and intangible fixed assets

Goodwill, being the difference between the cost of the businesses acquired and the fair value of their separable net assets, is included in the balance sheet in accordance with FRS 10 Goodwill and Intangible Assets. Purchases of intangible fixed assets are included in the balance sheet at cost less accumulated amortisation. Intangible fixed assets are amortised in equal instalments over their estimated useful economic lives, up to a maximum of twenty years.

The useful economic lives are reviewed annually and revised if necessary. Provision is made for any impairment.

(c) Tangible fixed assets

Depreciation is provided evenly on the cost of tangible fixed assets to write them down to their estimated residual values over their expected useful lives.

The rates of depreciation used are as follows:

- Land and buildings short leasehold - 5% or term of the lease if under twenty years
- Plant, equipment and vehicles - 10% to 50% according to the type of asset

Where there is evidence of impairment, fixed assets are written down to the recoverable amount.

(d) Deferred tax

Deferred tax is provided, except as noted below, on timing differences that have arisen which have not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and tax purposes.

In accordance with FRS 19 Deferred Tax, deferred tax is not provided on timing differences arising from:

- revaluation gains on land and buildings, unless there is a binding agreement to sell them at a balance sheet date
- gains on the sale of non-monetary assets, where on the basis of all available evidence, it is more likely than not that the taxable gain will be rolled over into replacement assets
- extra tax payable on the unremitted earnings of the overseas subsidiaries and associates where there is no commitment to remit these earnings
- fair value adjustment gains to fixed assets and stock to uplift prices to those ruling when an acquisition is completed

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

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

Deferred tax assets and liabilities are not discounted. Where law or accounting standards require gains and losses to be recognised in the Statement of total recognised gains and losses (STRGL), the related deferred tax is also taken directly to the STRGL.

Notes to the financial statements

1 Accounting policies (continued)

(e) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at either

- the rate ruling at the date of the transactions, or
- the contracted rate if the transactions are covered by a forward exchange contract

Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date, or if appropriate at the forward contract or option rate. These translation differences are dealt with in the profit and loss account.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents all direct costs incurred in bringing stocks to their present state and location, including an appropriate proportion of manufacturing overheads. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

(g) Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

(h) Pension costs

The Company operates a Defined Benefit Pension Scheme (DB Scheme), closed to new members, the costs of which are assessed in accordance with the advice of an independent actuary.

Pension costs for the DB Scheme have been accounted for in accordance with FRS 17 Retirement Benefits. The assets of the DB Scheme are measured at current bid price, and the liabilities using a projected unit method and discounted at a high quality corporate bond rate.

The DB Scheme asset or liability is recognised in full on the balance sheet, net of the effects of deferred tax. The cost charged to operating profit is the current and past service cost of the DB Scheme. The interest costs and expected return on DB Scheme assets are included in net interest income. Actuarial gains or losses as a result of the actual return on assets differing from the expected return are recognised in the Statement of total recognised gains and losses.

The Company also operates a Defined Contribution Pension Scheme (DC Scheme). The pension costs for this DC Scheme represent contributions payable by the Company in the year.

(i) Investments

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

(j) Operating leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

(k) Cash flow statement

The Company has taken advantage of the exemption in FRS 1 Cash Flow Statements not to produce a cash flow statement. The Company is a wholly owned subsidiary of The Altro Group plc, a Company incorporated in the UK and its results are included in the consolidated financial statements of The Altro Group plc, which are publicly available.

Notes to the financial statements

1 Accounting policies (continued)

(l) Share-based payment

The Company's ultimate parent company, The Altro Group plc, issues share options to certain employees. The fair value of equity-settled share-based payments is measured at the date of the grant. The fair value of cash-settled share-based payments is remeasured at the end of each year. The charge, based on fair value and the parent company's estimation of shares that will eventually vest, is expensed on a straight-line basis over the vesting period.

The calculation of the fair value of the share options issued by the parent company has been based on the Black-Scholes valuation model, using a number of subjective assumptions, the most significant of which is that the expected volatility of the parent company's share valuation will be 40%.

The Altro Group plc operates a Share Incentive Plan (SIP) on which it is required to recognise a compensation charge under FRS 20, calculated as detailed above.

Employer's National Insurance contributions arise on the exercise of certain share options. In accordance with UITF 25 National Insurance Contributions on Share Option Gains, provision has been made by the parent company, The Altro Group plc, based on the difference between the market price of the parent company's shares at the balance sheet date and the option exercise price, spread pro-rata over the vesting period of the options. The liability for the UITF 25 charge has been transferred to Altro Limited via an intercompany recharge from The Altro Group plc.

(m) Turnover

The Company follows the principles of Application Note G Revenue Recognition of FRS 5 Reporting the Substance of Transactions, in determining appropriate revenue recognition policies. In principle therefore, revenue is recognised to the extent that the Company has obtained the right to consideration through its performance.

Turnover (excluding value added tax) comprises the value of sales of goods after deducting certain sales incentives.

Notes to the financial statements

2 Turnover

Turnover represents the invoiced value of goods sold to external customers and completed contracts, excluding value added tax. Turnover by geographical area was

	2009		2008	
	£'000	%	£'000	%
Territory				
United Kingdom	58,805	70	61,935	71
Continental Europe	13,249	16	14,150	16
The Americas	6,192	7	5,543	6
Australia and Asia Pacific	4,810	6	4,989	6
Rest of world	1,067	1	937	1
	84,123	100	87,554	100

The directors have elected not to show an analysis of turnover, profit before tax or net assets by activity, as in their opinion it would be prejudicial to the interests of the Company. An analysis of profit and net assets by geographical area has been omitted for the same reason.

3 Employees

The average number of employees, including directors, during the year was

	2009	2008
Manufacturing	144	152
Sales and marketing	170	160
Warehouse and distribution	60	58
Administration and management	113	127
	487	497

Employee costs, including directors, during the year were

	2009	2008
	£'000	£'000
Wages and salaries	15,418	15,354
Social security costs	1,524	1,606
Pension costs		
Defined Benefit Scheme (DB Scheme)	982	1,802
Defined Contribution Scheme (DC Scheme)	79	54
Other staff benefits	446	562
	18,449	19,378

Notes to the financial statements

4 Directors' remuneration

	2009	2008
	£	£
Emoluments	1,037,634	1,034,989
DB Scheme contributions	123,426	114,347
	1,161,060	1,149,336

Retirement benefits are accruing to four directors (2008: four) under the DB Scheme at 31 December 2009

	2009	2008
	£	£
Highest paid director		
emoluments	360,922	356,035
DB Scheme contributions	49,367	43,116
	410,289	399,151

The amount of the accrued pension of the highest paid director at 31 December 2009 is £108,937 (2008: £98,472). 24,500 share options were exercised by the highest paid director in the year (2008: 43,660).

5 Operating expenses

	2009	2008
	£'000	£'000
Distribution costs	21,126	20,888
Administrative expenses	11,104	11,436
	32,230	32,324

6 Net interest and other finance (charge) / income

	2009	2008
	£'000	£'000
Interest payable		
bank loans and overdrafts	(1)	(1)
other	-	-
Interest receivable		
short term deposits	37	207
loans to subsidiary companies	40	257
other	32	4
Net interest receivable	108	467
Finance (charge) / income on DB Scheme (note 20)	(254)	18

Notes to the financial statements

7 Profit on ordinary activities before tax

The profit for the year before tax is arrived at after charging / (crediting)

	2009	2008
	£'000	£'000
Depreciation	2,528	2,861
Amortisation of intangibles	6	7
Fees payable to the Company's auditor for the audit of the annual accounts	64	63
Fees payable to the Company's auditor for other services		
other services relating to tax - compliance and advice	13	49
Research and development	1,559	1,722
Foreign exchange losses / (gains)	120	(33)
Rentals under operating leases		
hire of plant and machinery	2	2
other operating leases	1,014	973
Loss / (profit) on disposal of fixed assets and asset impairments	715	(5)

8 Operating lease commitments

The commitments at 31 December under non-cancellable operating leases are

	2009		2008	
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Leases expiring				
within one year	29	58	35	62
between one and five years	13	483	13	508
after five years	212	-	212	-
	254	541	260	570

Notes to the financial statements

9 Tax on profit on ordinary activities

The tax charge based on the profit for the year is made up as follows

	2009 £'000	2008 £'000
Current tax		
UK corporation tax		
current tax on income for the period	2,353	2,889
adjustments in respect of prior periods	296	(476)
	2,649	2,413
Double tax relief	-	(155)
Current tax charge for the year	2,649	2,258
Deferred tax		
Timing differences - origination and reversal	978	571
Deferred tax charge for the year	978	571
Tax on profit on ordinary activities	3,627	2,829

A reconciliation of the current tax charge for the year is presented below

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	11,570	14,155
Tax charge on profit at a standard rate of 28.0% (2008: 28.5%)	3,239	4,034
Expenses not deductible for tax purposes	300	(284)
Depreciation in excess of capital allowances	304	64
Movement in short-term timing differences	(1,353)	(820)
Under / (over) provision in prior years	296	(476)
Other	(137)	(260)
Current tax charge for the year	2,649	2,258

Factors that may affect the future tax charge

A deferred tax asset has not been recognised in respect of timing differences relating to capital losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £80,516 (2008: £80,516). The asset would be recovered if the Company made sufficient gains in future periods to utilise the capital losses brought forward.

Notes to the financial statements

10 Dividends

	2009 £'000	2008 £'000
Authorised and paid £44 34 per share (2008 £36 02)	8,000	6,500

11 Intangible fixed assets

	Distribution rights £'000	Franchise £'000	Total £'000
Cost			
At 1 January 2009	100	141	241
At 31 December 2009	100	141	241
Accumulated amortisation			
At 1 January 2009	100	46	146
Charge for the year	-	6	6
At 31 December 2009	100	52	152
Net book value			
At 31 December 2009	-	89	89
At 31 December 2008	-	95	95

12 Tangible fixed assets

	Land and buildings Short leasehold £'000	Plant equipment and vehicles £'000	Total £'000
Cost			
At 1 January 2009	365	32,282	32,647
Additions	-	1,262	1,262
Disposals	-	(2,436)	(2,436)
At 31 December 2009	365	31,108	31,473
Accumulated depreciation			
At 1 January 2009	320	20,291	20,611
Charge for the year	12	2,516	2,528
Disposals	-	(1,718)	(1,718)
At 31 December 2009	332	21,089	21,421
Net book value			
At 31 December 2009	33	10,019	10,052
At 31 December 2008	45	11,991	12,036

Notes to the financial statements

13 Investments held as fixed assets

Shares in subsidiary undertakings

	£'000
Cost	
At 1 January 2009	9,534
At 31 December 2009	9,534
Provisions for impairment	
At 1 January 2009	(782)
Charge for the year	(750)
At 31 December 2009	(1,532)
Net book value	
At 31 December 2009	8,002
At 31 December 2008	8,752

The principal trading subsidiaries at 31 December 2009 were

Company	Country of incorporation	Class of shares	% of shares held	Activity
Altro GmbH	Germany	-	100	Distribution
Altro Nordic AB	Sweden	Ordinary	100	Distribution
Altro Scandess SA	Spain	Ordinary	100	Distribution
Compass Flooring Ltd	Canada	Common	100	Distribution
Compass Flooring Inc	USA	-	100	Distribution

The Company has taken advantage of the provisions of the Companies Act 2006 not to prepare consolidated financial statements as the Company is a wholly owned subsidiary of The Altro Group plc, incorporated in Great Britain. The results, assets and liabilities of the Company's subsidiary undertakings are included in the consolidated financial statements of the Company's parent undertaking, The Altro Group plc.

Notes to the financial statements

14 Stocks

	2009	2008
	£'000	£'000
Raw materials	3,185	3,419
Finished goods	5,182	6,294
	8,367	9,713

15 Debtors

Debtors due within one year

	2009	2008
	£'000	£'000
Trade debtors	9,024	9,104
Owed by subsidiary undertakings within one year	1,984	2,551
Other debtors	184	134
Prepayments and accrued income	412	536
	11,604	12,325

Debtors due after more than one year

	2009	2008
	£'000	£'000
Owed by subsidiary undertakings greater than one year	557	896
	557	896

Amounts due from subsidiary undertakings are unsecured, and accrue interest at relevant agreed rates to the extent that such balances are overdue

16 Creditors: amounts falling due within one year

	2009	2008
	£'000	£'000
Trade creditors	4,904	6,108
Corporation tax	950	625
Other tax and social security	745	527
Other creditors	278	228
Accruals	2,288	1,641
	9,165	9,129

Notes to the financial statements

17 Provisions for liabilities and charges

	Deferred tax £'000	Other £'000	Total £'000
At 1 January 2009	174	686	860
Charge to profit and loss account for the year	407	256	663
Utilised in the year	(285)	(391)	(676)
Released in the year	-	(120)	(120)
At 31 December 2009	296	431	727

Other provisions represent estimated amounts in respect of worldwide dilapidations and reparations. These provisions are expected to be used over the next five years.

Deferred tax

Provision for deferred tax comprises

	2009 £'000	2008 £'000
Additional DB Scheme contribution balance	-	(362)
Accelerated capital allowances	251	535
Short-term timing differences	45	1
Deferred tax provision	296	174

Not included above is a deferred tax asset of £2,042,880 (2008 liability of £958,160) relating to the Defined Benefit Pension Scheme liability (2008 asset) which is disclosed in note 20.

18 Called up share capital

	2009 £'000	2008 £'000
Authorised		
200,000 ordinary shares of £1 each	200	200
Called up allotted and fully paid		
180,433 ordinary shares of £1 each	180	180

Notes to the financial statements

19 Reserves

	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 January 2009	46	44,662	44,708
Profit for the year	-	7,943	7,943
Actuarial loss on Defined Benefit Pension Scheme	-	(9,916)	(9,916)
Equity dividend paid	-	(8,000)	(8,000)
Parent company capital contribution from share-based payment	-	117	117
At 31 December 2009	46	34,806	34,852

20 Retirement benefits

(a) Defined Benefit Pension Scheme (DB Scheme)

The Company operates one 'funded' DB Scheme in the UK which offers both pensions in retirement and death benefits to members. Pension benefits are related to the members' final salary at retirement and their length of service. A full actuarial valuation was carried out at 30 April 2008, the preliminary results have been updated to 31 December 2009 by a qualified independent actuary and showed a deficit at that date of £7.3 million measured in accordance with FRS 17 Retirement Benefits.

As the DB Scheme is closed to new members, under the projected unit method, the current service cost, as a percentage of pensionable salaries, will increase as the members of the Scheme approach retirement. Contributions by the Company to the DB Scheme for the year beginning 1 January 2010 are currently expected to be £1.55 million of future accrual payments and £1.75 million of deficit reduction payments.

i) Net pension (liability) / asset

The pension (liability) / asset at 31 December was as follows

	2009 £'000	2008 £'000
Fair value of DB Scheme assets	65,123	54,714
Present value of DB Scheme liabilities	(72,419)	(51,292)
Pension (liability) / asset before tax	(7,296)	3,422
Related deferred tax asset / (liability)	2,043	(958)
Net pension (liability) / asset	(5,253)	2,464

The present value of 'unfunded' DB Scheme liabilities is nil (2008: nil). The irrecoverable surplus in the DB Scheme is nil (2008: nil).

Notes to the financial statements

20 Retirement benefits (continued)

ii) Analysis of assets and expected rates of return

The assets in the DB Scheme and the expected rates of return at 31 December were

	2009			2008		
	Expected	% of overall	DB Scheme	Expected	% of overall	DB Scheme
	rate of return %			rate of return %		
		assets	£'000		assets	£'000
Equities	8.0	51.7	33,674	7.4	44.4	24,269
Corporate bonds	5.8	5.5	3,550	-	-	-
Liability Driven Investment funds	4.4	40.3	26,245	3.8	53.5	29,321
Cash	4.4	2.5	1,654	3.8	2.1	1,124
Fair value of DB Scheme assets		100.0	65,123		100.0	54,714

The Scheme assets do not include any of the Company's own financial instruments, nor any property occupied by, or other assets used by the Company

iii) Financial and demographic assumptions

The principal financial assumptions used by the actuary at the balance sheet date were

	2009	2008
	%	%
Rate of increase in salaries	4.60	4.00
Rate of increase in pensions in payment (post April 1997)	3.80	3.40
Discount rate	5.80	6.65
Inflation assumption	3.60	3.00

The assumed life expectancies on retirement at age 65 were

		2009	2008
		years	years
Retiring today	males	21.3	21.0
	females	23.7	23.9
Retiring in 20 years' time	males	23.3	21.0
	females	25.7	23.9

The assumptions used in determining the overall expected return of the Scheme have been set with reference to yields available on government bonds and appropriate risk margins

Notes to the financial statements

20 Retirement benefits (continued)

iv) Changes in fair value of DB Scheme assets

	2009 £'000	2008 £'000
Fair value of DB Scheme assets at 1 January	54,714	56,058
Expected return on DB Scheme assets	3,158	3,537
Actuarial gain / (loss)	3,861	(7,176)
Contributions by employers	4,290	3,322
Contributions by DB Scheme members	765	814
Benefits paid	(1,665)	(1,841)
Fair value of DB Scheme assets at 31 December	65,123	54,714

The expected return on DB Scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on DB Scheme assets in the year was £7.0 million (2008: a negative return of £3.6 million).

v) Changes in present value of DB Scheme liabilities

	2009 £'000	2008 £'000
Present value of DB Scheme liabilities at 1 January	51,292	60,593
Current service cost	976	1,788
Interest cost	3,412	3,473
Contributions by DB Scheme members	765	814
Actuarial loss / (gain)	17,633	(13,549)
Benefits paid	(1,665)	(1,841)
Past service cost	6	14
Present value of Scheme liabilities at 31 December	72,419	51,292

vi) Analysis of amounts recognised in the profit and loss account

	2009 £'000	2008 £'000
Current service cost	976	1,788
Past service cost	6	14
Total operating charge	982	1,802
Expected return on DB Scheme assets	3,158	3,491
Interest on DB Scheme liabilities	(3,412)	(3,473)
Total finance (charge) / income (note 6)	(254)	18

Notes to the financial statements

20 Retirement benefits (continued)

vii) Cumulative actuarial gains and losses recognised in equity

	2009	2008 as restated
	£'000	£'000
Actuarial loss at 1 January	(4,204)	(10,623)
Actuarial (loss) / gain recognised in the year	(13,772)	6,419
Cumulative actuarial loss at 31 December	(17,976)	(4,204)

The 2008 numbers have been restated to aid comparability year on year

viii) History of DB Scheme assets, liabilities and actuarial gains and losses

	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Fair value of DB Scheme assets	65,123	54,714	56,058	49,461	38,638
Present value of DB Scheme liabilities	(72,419)	(51,292)	(60,593)	(54,205)	(54,968)
Pension (liability) / asset before tax	(7,296)	3,422	(4,535)	(4,744)	(16,330)
Total actuarial (loss) / gain recognised in Statement of total recognised gains and losses	(13,772)	6,419	(2,355)	6,470	(4,171)

ix) History of DB Scheme experience adjustments

	2009	2008	2007	2006	2005
Experience adjustments to Scheme assets					
amount (£'000)	3,861	(7,176)	20	1,356	6,274
% of DB Scheme assets	5.9	(13.1)	0.5	2.7	16.2
Experience adjustments to Scheme liabilities					
amount (£'000)	-	(666)	-	-	(2,073)
% of DB Scheme liabilities	-	(1.3)	-	-	(3.8)

From January 2010 onwards, it has been agreed with the trustees that contributions to the DB Scheme by the Company will be made at a rate of 16.1% of members' salaries

(b) Defined Contribution Pension Scheme (DC Scheme)

A number of employees are in a DC Scheme. The assets of this Scheme are held in separate, insured funds. The total contributions payable by the Company in the year in respect of this Scheme were £78,719 (2008: £53,712). There were no prepaid or accrued contributions at the year end.

Notes to the financial statements

21 Share-based payment

During the year ended 31 December 2009 The Altro Group plc, the Company's ultimate parent company, operated five share-based payment arrangements for the benefit of the staff of Altro Limited, as follows

- The Altro Group plc 1996 Approved Senior Staff Share Option Scheme
- The Altro Group plc 1996 Unapproved Senior Staff Share Option Scheme
- The Altro Group plc Phantom Share Option Scheme 2005
- The Altro Group plc 2007 Approved Senior Staff Share Option Scheme
- The Altro Group plc Share Incentive Plan

The Share Incentive Plan (SIP) has been in operation since 2003. At the Company's discretion an award of free shares may be made annually to all eligible employees. The shares are held in trust for a minimum of three years to take full advantage of HMRC tax concessions. Awards have been made each year to UK-based employees of Altro Limited with six months' service at the date of grant.

The fair value of shares granted under the SIP is based on share price at grant date. The exercise price is nil, and dividends are paid as they fall due.

The charge in respect of share-based payment transactions included in the Company's income statement for the year is as follows

	2009 £'000	2008 £'000
Expense arising from share-based payment arrangements	52	99

A reconciliation of option and SIP movements over the year to 31 December 2009 is shown below. Note that shares issued under the SIP do not have an exercise price and therefore only a reconciliation of the number of awards has been shown and not of their weighted average exercise price.

	2009		2008	
	Number of options	Weighted average exercise price pence	Number of options	Weighted average exercise price pence
Outstanding at 1 January	1,135,745	293	1,152,243	238
Granted during the year	270,597	404	318,308	439
Exercised during the year	(200,761)	215	(305,653)	199
Cancelled during the year	(12,926)	352	(29,153)	302
Outstanding at 31 December	1,192,655	328	1,135,745	293
Exercisable at 31 December	405,518	239	420,242	217

During the year three directors exercised share options (2008: four)

Notes to the financial statements

21 Share-based payment (continued)

The weighted average fair value of the share options granted during the year was calculated using the Black-Scholes option valuation model, with the following assumptions and inputs

	2009	2008
Risk-free interest rate	2.1 - 4.4%	3.9 - 4.5%
Expected volatility	40%	35%
Expected option life	4 years	4 years
Expected dividend yield	3.0% - 3.5%	2.0%

The expiry dates and exercise prices of The Altro Group plc share options outstanding at 31 December are as follows

Share option schemes	Settlement method	2009 Number of options	2008 Number of options	Exercise price pence	Exercisable between
Unapproved	Equity	-	79,325	200	31 10 05 and 31 10 09
		39,210	72,700	188	28 08 06 and 28 08 10
		79,671	115,737	218	22 04 07 and 22 04 11
		93,816	129,469	249	27 01 08 and 27 01 12
Total Unapproved		212,697	397,231		
Approved	Equity	23,011	23,011	188	28 08 06 and 28 08 13
		44,499	44,499	485	03 04 11 and 03 04 15
		10,123	-	404	05 03 12 and 05 03 19
Total Approved		77,633	67,510		
Phantom	Cash	169,810	169,810	262	21 04 09 and 21 04 13
		192,428	205,354	352	18 04 10 and 18 04 14
		16,542	16,542	485	18 04 10 and 18 04 14
		71,196	71,196	485	03 04 11 and 03 04 15
		134,139	-	404	05 03 12 and 05 03 16
Total Phantom		584,115	462,902		
Share Incentive Plan	Equity	318,210	208,102		
Total Share Incentive Plan		318,210	208,102		
Total share options outstanding		1,192,655	1,135,745		

Notes to the financial statements

22 Capital commitments

	2009	2008
	£'000	£'000
Contracted but not provided for	113	965

23 Related party transactions

The Company has taken advantage of the exemption available under FRS 8 Related Party Transactions and has not disclosed transactions with other Group companies. There are no other related party transactions requiring disclosure.

24 Ultimate parent company and controlling party

The immediate and ultimate parent company and controlling party is The Altro Group plc, for which Group financial statements are prepared. The Company is incorporated in Great Britain and registered in England and Wales. Copies of the Group financial statements are available from Companies House, Crown Way, Cardiff CF14 3UZ. For the year ended 31 December 2009, the largest and smallest groups in which the results of the Company are consolidated is that headed by The Altro Group plc.