

A ALGEO LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

Company Registration Number 00437100

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A ALGEO LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2014

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A ALGEO LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 AUGUST 2014

| | |
|-------------------------------|--|
| The board of directors | Mr H J Sheridan Mr M A Sheridan Mr M Cameron Mr J A Sheridan Mrs D V Sheridan Mr C W Howard |
| Company secretary | Mrs D V Sheridan |
| Business address | Sheridan House Bridge Industrial Estate Speke Hall Road Liverpool L24 9HB |
| Registered office | Sheridan House Bridge Industrial Estate Speke Hall Road Liverpool L24 9HB |
| Auditor | Baker Tilly UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston PR2 5PE |
| Accountants | Baker Tilly Tax and Accounting Limited Chartered Accountants Bluebell House Brian Johnson Way Preston PR2 5PE |
| Solicitors | O' Connors LLP The Plaza 100 Old Hall Street Liverpool L3 9QJ |

A ALGEO LIMITED
STRATEGIC REPORT
YEAR ENDED 31 AUGUST 2014

The company's principal activity is the supply of materials to the medical, orthopaedic, physiotherapy and chiropody professions and shoe making industries.

After a huge team effort we were awarded ISO13485 in May 2014. This is a quality management system where an organisation needs to demonstrate its ability to provide medical products and related services that consistently meet customer and regulatory requirements applicable to medical devices. None of our UK competitors have attained this standard of excellence.

Some other highlights in the past year have included winning a larger part of the GCC Rehabilitation tender in the Middle East than in the past. Smaller tenders in the region have also been won and this geographical area looks promising for the future.

Our Australian business is moving forward and is becoming profitable. Similarly our US operation has seen dramatic changes in management and will soon be in profit. Exports now account for over 20% of company turnover. One learns to be patient in overseas markets!

In the UK the NHS is going through major changes which will impact on our business. We estimate that 30% of our current NHS business will end up in the private sector. For this reason we have invested during 2014 in additional sales and marketing staff to accelerate the growth of sales to the Allied Health Professionals in private practice in the U.K. We are continuing our aggressive policy of new product and brand additions and in particular have introduced an increased number of products for the Physiotherapy and Podiatry markets.

UK sales revenue in the last 12 months has been solid. Turnover has increased by £46,615 (0.44%) from £10,651,575 to £10,698,190. Senior management have instigated a programme of organisational change resulting in better team involvement, standardisation and a process of continual improvement. Our staff are supportive of all these alterations and have welcomed them with noticeably improved profitability, efficiency, service and attitude to safety matters. These changes were long over-due but their introduction have incurred an extra cost which affects short term profitability.

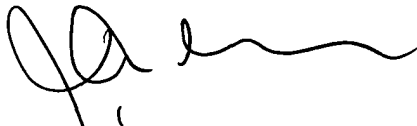
Our annual profits have fallen as a result from £312,854 to £292,543 (£20,311 decrease) but these improvements are now included in current financial budgets and we are forecasting a quick return to growth in revenue and profits.

Sales turnover has been affected somewhat by a decision to relinquish some low margin business particularly in the footwear component sector. The result has been an improvement in the company's overall gross margin and the full effect will be seen in the current year.

At the year end, the company had shareholder's funds of £1,940,238 (2013: £1,850,646).

Please see the director's report for references to the principal risks and uncertainties of the company.

Signed on behalf of the directors



Mr J A Sheridan
Director

Approved by the directors on

1st. April 2015.

A ALGEO LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 AUGUST 2014

The directors present their report and the financial statements of the company for the year ended 31 August 2014.

Results and dividends

The profit for the year, after taxation, amounted to £292,543. Particulars of dividends paid are detailed in note 8 to the financial statements.

Financial risk management objectives and policies

The company is exposed to a moderate level of price risk, credit risk, liquidity risk and cash flow risk. The company manages these risks by financing its operations through retained profits and where necessary bank borrowings to fund expansion or capital expenditure programmes.

The management objectives are to

- retain sufficient liquid funds to enable it to meet its day to day requirements,
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings, and
- match the repayment schedule of any external borrowings or overdrafts with the future cash flows expected to arise from the company's trading activities.

Where appropriate, funds are invested in sterling bank deposit accounts. As such, there is little price risk exposure.

Where appropriate, funds are held in short term variable rate deposit accounts. The directors believe that this gives them the flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in their finance markets as they arise. All deposits are with reputable banks and the directors believe that their choice of bank minimises any credit risk associated with not placing funds on deposit with a UK clearing bank.

Hedge accounting is not used by the company.

Directors

The directors who served the company during the year were as follows:

Mr H J Sheridan
Mr M A Sheridan
Mr M Cameron
Mr J A Sheridan
Mrs D V Sheridan
Mrs M Lappin
Mr C W Howard

Mrs M Lappin resigned as a director on 3 July 2014.

A ALGEO LIMITED
DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 AUGUST 2014

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 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 year.

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; 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.

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Strategic report

The information required by schedule 7 of the Large and Medium-sized Companies and Groups (accounts and reports) Regulations 2008 has been included in the Strategic Report in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

A ALGEO LIMITED
DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 AUGUST 2014

Auditor

Baker Tilly Audit Limited ceased trading on 31st March 2014. The directors, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as Auditor will be put to the members.

Registered office:
Sheridan House
Bridge Industrial Estate
Speke Hall Road
Liverpool
L24 9HB

Signed on behalf of the directors



Mr J A Sheridan
Director

Approved by the directors on

1st April 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A ALGEO LIMITED

We have audited the financial statements of A Algeo Limited for the year ended 31 August 2014 on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 August 2014 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
A ALGEO LIMITED (CONTINUED)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Julie Flintoff, Senior Statutory Auditor
For and on behalf of

Baker Tilly UK Audit LLP
Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

Date: *16 April 2015*

A ALGEO LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 AUGUST 2014

| | Note | 2014 £ | 2013 £ |
|--|------|-----------------------|-----------------------|
| Turnover | 2 | 10,698,190 | 10,651,575 |
| Cost of sales | | (6,120,209) | (6,505,241) |
| Gross profit | | <u>4,577,981</u> | <u>4,146,334</u> |
| Distribution costs | | (1,505,151) | (1,541,101) |
| Administrative expenses | | (2,643,581) | (2,130,513) |
| Operating profit | 3 | <u>429,249</u> | <u>474,720</u> |
| Interest payable and similar charges | 6 | (56,959) | (54,497) |
| Profit on ordinary activities before taxation | | <u>372,290</u> | <u>420,223</u> |
| Tax on profit on ordinary activities | 7 | (79,747) | (107,369) |
| Profit for the financial year | | <u><u>292,543</u></u> | <u><u>312,854</u></u> |

All of the activities of the company are classed as continuing.

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

The notes on pages 11 to 21 form part of these financial statements.

A ALGEO LIMITED
Registered Number 00437100

BALANCE SHEET

31 AUGUST 2014

| | Note | 2014 £ | £ | 2013 £ | £ |
|--|------|--------------------|------------------|--------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 9 | | 634,212 | | 704,247 |
| Current assets | | | | | |
| Stocks | 10 | 1,868,359 | | 1,985,204 | |
| Debtors | 11 | 3,778,333 | | 2,780,116 | |
| Cash at bank | | 83,073 | | 51,773 | |
| | | <u>5,729,765</u> | | <u>4,817,093</u> | |
| Creditors: Amounts falling due within one year | 12 | <u>(4,263,103)</u> | | <u>(3,411,555)</u> | |
| Net current assets | | | 1,466,662 | | 1,405,538 |
| Total assets less current liabilities | | | <u>2,100,874</u> | | <u>2,109,785</u> |
| Creditors: Amounts falling due after more than one year | 13 | | (134,658) | | (218,163) |
| Provisions for liabilities | | | | | |
| Deferred taxation | 16 | | <u>(25,978)</u> | | <u>(40,976)</u> |
| | | | <u>1,940,238</u> | | <u>1,850,646</u> |
| Capital and reserves | | | | | |
| Called-up share capital | 20 | | 4,500 | | 4,500 |
| Profit and loss account | 21 | | 1,935,738 | | 1,846,146 |
| Shareholders' funds | 22 | | <u>1,940,238</u> | | <u>1,850,646</u> |

These accounts were approved by the directors and authorised for issue on and are signed on their behalf by:



Mr J A Sheridan
Director

1st April 2015

The notes on pages 11 to 21 form part of these financial statements.

A ALGEO LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 AUGUST 2014

| | Note | 2014 £ | £ | 2013 £ | £ |
|--|------|-----------------|------------------|-----------------|------------------|
| Net cash inflow from operating activities | 23 | | 93,618 | | 193,907 |
| Returns on investments and Servicing of finance | | | | | |
| Interest paid | | (48,348) | | (45,042) | |
| Interest element of finance leases | | <u>(8,611)</u> | | <u>(9,455)</u> | |
| Net cash outflow from returns on investments and servicing of finance | | | (56,959) | | (54,497) |
| Taxation | | | (92,780) | | (119,816) |
| Capital expenditure | | | | | |
| Payments to acquire tangible fixed assets | | (103,909) | | (89,465) | |
| Receipts from sale of fixed assets | | <u>47,634</u> | | <u>14,550</u> | |
| Net cash outflow from capital expenditure | | | (56,275) | | (74,915) |
| Equity dividends paid | | | (202,951) | | (165,133) |
| Cash outflow before financing | | | <u>(315,347)</u> | | <u>(220,454)</u> |
| Financing | | | | | |
| Increase in debenture loans | | 790,740 | | 125,347 | |
| Repayment of bank loans | | (72,802) | | (199,474) | |
| Capital element of finance leases | | <u>(49,123)</u> | | <u>(50,855)</u> | |
| Net cash inflow/(outflow) from financing | | | 668,815 | | (124,982) |
| Increase/(decrease) in cash | 23 | | <u>353,468</u> | | <u>(345,436)</u> |

A ALGEO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2014

1. Accounting policies

Basis of accounting

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

Going concern

The directors have concluded that it is appropriate to prepare the accounts on a going concern basis as the company had adequate cash resources and financial projections indicate that the company will continue to trade within its existing bank facilities.

Turnover

The turnover in the profit and loss account represents the value of all goods sold and services provided during the year, less returns received, at selling price exclusive of value added tax and trade discounts. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the products have been transferred to the customer.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost is defined as all expenditure incurred in bringing the asset to a usable condition.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

| | |
|---------------------|------------------------|
| Land & Buildings | - 2% straight line |
| Plant & Machinery | - 15% reducing balance |
| Fixtures & Fittings | - 15% reducing balance |
| Motor Vehicles | - 25% straight line |
| Equipment | - 33.3% straight line |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Stock cost includes invoiced cost of materials only.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is capitalised in the balance sheet as a tangible fixed asset at its fair value and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

A ALGEO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2014

1. Accounting policies (continued)

Operating lease agreements

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

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

Deferred taxation

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 or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either 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.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

| | 2014 | 2013 |
|----------------|-------------------|-------------------|
| | £ | £ |
| United Kingdom | 9,253,572 | 9,470,532 |
| Overseas | 1,444,618 | 1,181,043 |
| | <u>10,698,190</u> | <u>10,651,575</u> |

A ALGEO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2014

3. Operating profit

Operating profit is stated after charging:

| | 2014 | 2013 |
|--|---------------|-------------|
| | £ | £ |
| Depreciation of owned fixed assets | 94,547 | 94,593 |
| Depreciation of assets held under finance lease agreements | 30,811 | 31,614 |
| Loss on disposal of fixed assets | 952 | 2,309 |
| Auditors remuneration | 7,100 | 6,000 |
| Operating lease costs: | | |
| -Plant and machinery | <u>46,160</u> | <u>581</u> |

4. Particulars of employees

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

| | 2014 | 2013 |
|------------------------------|-------------|-------------|
| | No | No |
| Number of distribution staff | 76 | 64 |
| Number of management staff | <u>7</u> | <u>8</u> |
| | <u>83</u> | <u>72</u> |

The aggregate payroll costs of the above were:

| | 2014 | 2013 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,958,283 | 1,883,382 |
| Social security costs | 176,404 | 179,328 |
| Other pension costs | 72,784 | 46,465 |
| | <u>2,207,471</u> | <u>2,109,175</u> |

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

| | 2014 | 2013 |
|--|----------------|----------------|
| | £ | £ |
| Remuneration receivable | 202,795 | 323,767 |
| Value of company pension contributions to money purchase schemes | <u>17,296</u> | <u>21,013</u> |
| | <u>220,091</u> | <u>344,780</u> |

Remuneration of highest paid director:

| | 2014 | 2013 |
|--|---------------|---------------|
| | £ | £ |
| Total remuneration (excluding pension contributions) | 51,759 | 92,404 |
| Value of company pension contributions to money purchase schemes | <u>4,785</u> | <u>—</u> |
| | <u>56,544</u> | <u>92,404</u> |

A ALGEO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2014

5. Directors' remuneration (continued)

The number of directors on whose behalf the company made pension contributions was as follows:

| | 2014 | 2013 |
|------------------------|-------------|-------------|
| | No | No |
| Money purchase schemes | <u>4</u> | <u>8</u> |

6. Interest payable and similar charges

| | 2014 | 2013 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Interest payable on bank borrowing | 39,534 | 27,261 |
| Finance charges | 8,611 | 9,455 |
| Other similar charges payable | 8,814 | 17,781 |
| | <u>56,959</u> | <u>54,497</u> |

7. Taxation on ordinary activities

(a) Analysis of charge in the year

| | 2014 | 2013 |
|--|---------------|----------------|
| | £ | £ |
| In respect of the year: | | |
| UK Corporation tax based on the results for the year at 21% (2013 - 23%) | 92,508 | 90,543 |
| Under provision in prior year | 2,237 | 9,926 |
| | <u>94,745</u> | <u>100,469</u> |
| Deferred tax: | | |
| Origination and reversal of timing differences | (14,998) | 6,900 |
| Tax on profit on ordinary activities | <u>79,747</u> | <u>107,369</u> |

A ALGEO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2014

7. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2013 - 23%).

| | 2014 | 2013 |
|--|----------------|----------------|
| | £ | £ |
| Profit on ordinary activities before taxation | <u>372,290</u> | <u>420,223</u> |
| Profit on ordinary activities by rate of tax | 78,181 | 96,651 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 8,716 | 8,342 |
| Difference between capital allowances and depreciation | 1,175 | (13,602) |
| Tax chargeable at higher rates | 4,872 | 2,309 |
| Under provision in prior year | 2,237 | 9,926 |
| Marginal relief | (436) | (3,157) |
| Total current tax (note 7(a)) | <u>94,745</u> | <u>100,469</u> |

(c) Factors that may affect future tax charges

There were no factors that may affect future tax charges.

8. Dividends

Equity dividends

| | 2014 | 2013 |
|---|----------------|----------------|
| | £ | £ |
| Paid during the year: | | |
| Equity dividends on ordinary shares | <u>202,951</u> | <u>140,173</u> |
| Proposed at the year-end (recognised as a liability): | | |
| Equity dividends on ordinary shares | <u>—</u> | <u>24,960</u> |

A ALGEO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2014

9. Tangible fixed assets

| | Land & Buildings £ | Plant & Machinery £ | Fixtures & Fittings £ | Motor Vehicles £ | Equipment £ | Total £ |
|-----------------------|--------------------------|---------------------------|-----------------------------|------------------------|----------------|------------------|
| Cost | | | | | | |
| At 1 Sep 2013 | 363,233 | 333,755 | 194,929 | 205,833 | 334,085 | 1,431,835 |
| Additions | – | – | 41,409 | – | 62,500 | 103,909 |
| Disposals | – | (35,000) | – | (91,991) | (49,266) | (176,257) |
| At 31 Aug 2014 | <u>363,233</u> | <u>298,755</u> | <u>236,338</u> | <u>113,842</u> | <u>347,319</u> | <u>1,359,487</u> |
| Depreciation | | | | | | |
| At 1 Sep 2013 | 72,603 | 208,386 | 128,562 | 102,759 | 215,278 | 727,588 |
| Charge for the year | 7,265 | 18,806 | 13,847 | 31,556 | 53,884 | 125,358 |
| On disposals | – | (22,790) | – | (55,615) | (49,266) | (127,671) |
| At 31 Aug 2014 | <u>79,868</u> | <u>204,402</u> | <u>142,409</u> | <u>78,700</u> | <u>219,896</u> | <u>725,275</u> |
| Net book value | | | | | | |
| At 31 Aug 2014 | <u>283,365</u> | <u>94,353</u> | <u>93,929</u> | <u>35,142</u> | <u>127,423</u> | <u>634,212</u> |
| At 31 Aug 2013 | <u>290,630</u> | <u>125,369</u> | <u>66,367</u> | <u>103,074</u> | <u>118,807</u> | <u>704,247</u> |

Finance lease agreements

Included within the net book value of £634,212 is £43,865 (2013 - £127,396) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £30,811 (2013 - £31,614).

10. Stocks

| | 2014 £ | 2013 £ |
|----------------|------------------|------------------|
| Finished goods | <u>1,868,359</u> | <u>1,985,204</u> |

11. Debtors

| | 2014 £ | 2013 £ |
|--------------------------------|------------------|------------------|
| Trade debtors | 3,673,511 | 2,638,250 |
| Prepayments and accrued income | <u>104,822</u> | <u>141,866</u> |
| | <u>3,778,333</u> | <u>2,780,116</u> |

A ALGEO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2014

12. Creditors: Amounts falling due within one year

| | 2014 | 2013 |
|------------------------------|------------------|------------------|
| | £ | £ |
| Revolving credit facility | 1,759,282 | 968,542 |
| Bank loans and overdrafts | 198,628 | 540,456 |
| Trade creditors | 1,712,187 | 1,221,240 |
| Corporation tax | 92,508 | 90,543 |
| PAYE and social security | 42,872 | 45,608 |
| VAT | 187,002 | 173,675 |
| Finance lease agreements | 24,567 | 43,327 |
| Other creditors | 85,000 | 109,960 |
| Directors current accounts | 4,117 | 7 |
| Accruals and deferred income | 156,940 | 218,197 |
| | <u>4,263,103</u> | <u>3,411,555</u> |

The following liabilities disclosed under creditors falling due within one year are secured by the company:

| | 2014 | 2013 |
|---------------------------|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts | 198,628 | 540,456 |
| Revolving credit facility | 1,759,282 | 968,542 |
| Finance lease agreements | 24,567 | 43,327 |
| | <u>1,982,477</u> | <u>1,552,325</u> |

13. Creditors: Amounts falling due after more than one year

| | 2014 | 2013 |
|--------------------------|----------------|----------------|
| | £ | £ |
| Bank loans | 114,430 | 167,572 |
| Finance lease agreements | 20,228 | 50,591 |
| | <u>134,658</u> | <u>218,163</u> |

The bank loan and overdraft amounting to £313,058 (2013: £708,028) are secured by a 1st legal charge over the company's land & buildings, and a debenture over the remaining assets of the company.

The revolving credit facility amounting to £1,759,282 (2013: £968,542) are secured on a fixed and floating charge on company's non-vesting debts and debentures incorporating full fixed and floating charges over all UK assets.

The bank loan is repayable by 120 monthly instalments commencing January 2009 at interest rates of 2.5% above the Bank of England base rate.

The company's finance lease creditors are secured on the assets acquired.

A ALGEO LIMITED
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YEAR ENDED 31 AUGUST 2014

13. Creditors: Amounts falling due after more than one year (continued)

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

| | 2014 | 2013 |
|--------------------------|----------------|----------------|
| | £ | £ |
| Bank loans | 114,430 | 167,572 |
| Finance lease agreements | 20,228 | 50,591 |
| | <u>134,658</u> | <u>218,163</u> |

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

| | 2014 | 2013 |
|------------|-------------|---------------|
| | £ | £ |
| Bank loans | — | 54,282 |
| | <u>—</u> | <u>54,282</u> |

14. Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:

| | 2014 | 2013 |
|---|----------------|----------------|
| | £ | £ |
| Amounts repayable: | | |
| In one year or less or on demand | 198,628 | 540,456 |
| In more than one year but not more than two years | 40,883 | 28,322 |
| In more than two years but not more than five years | 73,547 | 84,967 |
| In more than five years | — | 54,283 |
| | <u>313,058</u> | <u>708,028</u> |

15. Commitments under finance lease agreements

Future commitments under finance lease agreements are as follows:

| | 2014 | 2013 |
|---|---------------|---------------|
| | £ | £ |
| Amounts payable within 1 year | 24,567 | 43,327 |
| Amounts payable between 2 to 5 years | 20,228 | 50,591 |
| | <u>44,795</u> | <u>93,918</u> |
| Finance lease agreements are analysed as follows: | | |
| Current obligations | 24,567 | 43,327 |
| Non-current obligations | 20,228 | 50,591 |
| | <u>44,795</u> | <u>93,918</u> |

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16. Deferred taxation

The movement in the deferred taxation provision during the year was:

| | 2014 | 2013 |
|--|---------------|---------------|
| | £ | £ |
| At 1 Sep 2013 | 40,976 | 34,076 |
| Profit and loss account movement arising during the year | (14,998) | 6,900 |
| At 31 Aug 2014 | <u>25,978</u> | <u>40,976</u> |

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

| | 2014 | 2013 |
|---|---------------|---------------|
| | £ | £ |
| Excess of taxation allowances over depreciation on fixed assets | 25,978 | 40,976 |
| | <u>25,978</u> | <u>40,976</u> |

17. Derivatives

The company does not have any financial instruments that fall to be classed as derivatives.

18. Commitments under operating leases

At 31 August 2014 the company had annual commitments under non-cancellable operating leases as set out below.

| | Other | Other |
|--------------------------------|---------------|--------------|
| | 2014 | 2013 |
| | £ | £ |
| Operating leases which expire: | | |
| Within 2 to 5 years | <u>33,042</u> | <u>-</u> |

19. Related party transactions

At the year end the company owed £85,000 (2013: £85,000) to The John Joseph Trust, which is the majority shareholder of ALG International Holdings Limited, the majority shareholder in the company. No interest is paid on this loan.

At the year end the company was owed the sum of £928,974 (2013: £812,404) by A. Algeo (Aust) PTY Limited, a company related to A Algeo Limited by common control. This amount was included within trade debtors. Sales made by the company to A. Algeo (Aust) PTY Limited amounted to £362,759 (2013: £440,556).

At the year end the company was owed the sum of £629,177 (2013: £304,734) by Algeos USA Inc, a company related to A Algeo Limited by common control. Sales made by the company to Algeos USA Inc amounted to £158,157 (2013: £72,811).

During the year the company paid dividends of £202,951 (2013: £136,013) to The John Joseph Trust.

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20. Share capital

Allotted, called up and fully paid:

| | 2014 | | 2013 | |
|----------------------------|--------------|--------------|--------------|--------------|
| | No | £ | No | £ |
| Ordinary shares of £1 each | <u>4,500</u> | <u>4,500</u> | <u>4,500</u> | <u>4,500</u> |

21. Profit and loss account

| | 2014 | 2013 |
|-------------------------------|------------------|------------------|
| | £ | £ |
| Balance brought forward | 1,846,146 | 1,698,425 |
| Profit for the financial year | 292,543 | 312,854 |
| Equity dividends | (202,951) | (165,133) |
| Balance carried forward | <u>1,935,738</u> | <u>1,846,146</u> |

22. Reconciliation of movements in shareholders' funds

| | 2014 | 2013 |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Profit for the financial year | 292,543 | 312,854 |
| Equity dividends | (202,951) | (165,133) |
| Net addition to shareholders' funds | <u>89,592</u> | <u>147,721</u> |
| Opening shareholders' funds | <u>1,850,646</u> | <u>1,702,925</u> |
| Closing shareholders' funds | <u>1,940,238</u> | <u>1,850,646</u> |

23. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

| | 2014 | 2013 |
|---|---------------|----------------|
| | £ | £ |
| Operating profit | 429,249 | 474,720 |
| Depreciation | 125,358 | 126,207 |
| Loss on disposal of fixed assets | 952 | 2,309 |
| Decrease in stocks | 116,845 | 107,873 |
| Increase in debtors | (998,217) | (490,078) |
| Increase/(decrease) in creditors | 419,431 | (27,124) |
| Net cash inflow from operating activities | <u>93,618</u> | <u>193,907</u> |

A ALGEO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2014

23. Notes to the cash flow statement (continued)

Reconciliation of net cash flow to movement in net debt

| | 2014 | | 2013 | |
|--|---------------|--------------------|---------------|--------------------|
| | £ | £ | £ | £ |
| Increase/(decrease) in cash in the period | 353,468 | | (345,436) | |
| Net cash inflow from debenture loans | (790,740) | | (125,347) | |
| Net cash outflow from bank loans | 72,802 | | 199,474 | |
| Cash outflow in respect of finance leases | <u>49,123</u> | | <u>50,855</u> | |
| Change in net debt resulting from cash flows | | (315,347) | | (220,454) |
| New finance leases | | <u>—</u> | | <u>(72,453)</u> |
| Movement in net debt in the period | | <u>(315,347)</u> | | <u>(292,907)</u> |
| Net debt at 1 September 2013 | | <u>(1,718,715)</u> | | <u>(1,425,808)</u> |
| Net debt at 31 August 2014 | | <u>(2,034,062)</u> | | <u>(1,718,715)</u> |

Analysis of changes in net debt

| | At 1 September 2013 £ | Cash flows £ | At 31 August 2014 £ |
|--------------------------|--------------------------------|------------------|------------------------------|
| Net cash: | | | |
| Cash in hand and at bank | 51,773 | 31,300 | 83,073 |
| Overdrafts | <u>(322,168)</u> | <u>322,168</u> | <u>—</u> |
| | <u>(270,395)</u> | <u>353,468</u> | <u>83,073</u> |
| Debt: | | | |
| Debt due within 1 year | (1,186,830) | (771,080) | (1,957,910) |
| Debt due after 1 year | (167,572) | 53,142 | (114,430) |
| Finance lease agreements | <u>(93,918)</u> | <u>49,123</u> | <u>(44,795)</u> |
| | <u>(1,448,320)</u> | <u>(668,815)</u> | <u>(2,117,135)</u> |
| Net debt | <u>(1,718,715)</u> | <u>(315,347)</u> | <u>(2,034,062)</u> |

24. Transactions with directors

At the balance sheet date the company owed £4,117 (2013: £7) to Mr J A Sheridan.

25. Controlling party

The company is controlled by The John Joseph Trust.