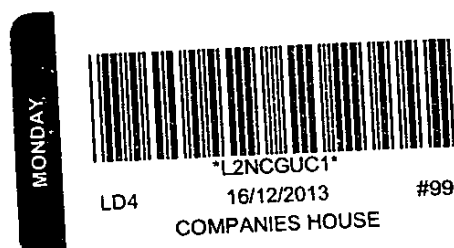


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# **Acal BFI Central Procurement UK Limited**

## **Report and Financial Statements**

31 March 2013



**Directors**

S M Gibbins  
D L Gray  
I J Munro  
P G Webster  
I R Greatorrex

**Secretary**

G P Shillinglaw

**Auditor**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

**Bankers**

Barclays plc  
1 Queensmere  
Slough SL1 1DT

**Registered Office**

3 The Business Centre  
Molly Millars Lane  
Wokingham  
Berkshire RG41 2EY

## Directors' report

The directors of Acal BFI Central Procurement UK Limited ('the company') present their report and financial statements for the year ended 31 March 2013

### Results and dividends

The company generated a profit for the year, after taxation, of US\$56,000 (2012 – loss US\$85,000) The directors do not recommend the payment of a dividend (2012 – US\$nil)

### Principal activity and review of the business

The company is a subsidiary of Acal plc and operates as part of the group's Electronics division. It is the central procurement and logistics company of the division and only sells to other companies within the Acal group.

The company's key financial and other performance indicators, as used by management in reviewing the performance of the business for the year, are as follows

	2013	2012
Turnover (US\$000)	99,402	121,879
Debtor days	39 days	32 days
Creditor days	57 days	53 days
Net stock turnover	11 times	11 times
Current assets as % of current liabilities	159%	151%

The 18% decline in turnover is in line with reduction in turnover of fellow trading subsidiaries to which the Company sells to

### Exchange rate

The majority of the company's transactions are denominated in US\$. Accordingly the financial statements have been prepared in US\$ as the directors consider the US\$ to be both the functional and reporting currency.

The US\$/£ exchange rate at the balance sheet date was 1.5143 (2012 – 1.6016) and the average rate for the year was 1.5104 (2012 – 1.5828).

### Principal risks and uncertainties

Competitive pressures in the market produce commercial risks for the company's internal customers which could lead to price pressure and the loss of customers and suppliers. The company manages these risks by constantly reviewing costs and ensuring rapid responses to any changes in market and customer needs.

The company has purchases in Europe, the USA and Asia and therefore has exposure to currency risks. This is minimised through trading and hedging in those currencies. The company maintains its accounting records in US Dollars (US\$), which is the currency in which it purchases around 80% of its goods for resale. The fair value of the open forward contracts at the year end is immaterial.

## Directors' report (continued)

### Financial instruments

Aside from working capital, the company does not have any other financial instruments. The financial risk management policies and procedures are centred around price risk, credit risk, liquidity risk and cash flow risk. In the view of the directors, these are held to minimise risks, which are managed by

- hedging of foreign exchange exposures by use of forward exchange rate contracts,
- regular monitoring of cash flow against forecast and expected liquidity, and
- availability of short term finance through group resources if needed

### Future developments

The directors do not anticipate any change in the principal activity of the company in the foreseeable future.

### Going concern

The company's business activities, together with the factors likely to affect its future development, financial performance and position are set out above.

After making enquiries, 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.

### Directors

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

S M Gibbins

D L Gray

I J Munro

P G Webster

I R Greateorex (appointed 21 May 2012)

P Gruson (resigned 30 April 2012)

### Environment

Compliance with relevant environmental legislation such as the WEEE Directive and Regulations on Hazardous Substances is reviewed regularly by the directors and actions taken to ensure that processes are in place to build this into the day to day operations of the company.

### Employees

The company has no employees other than the directors.

### Creditor payment policy and practice

Whilst no formal code is followed, the company's policy is to agree the terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of the payment and to abide by those terms.

Creditor days at 31 March 2013 were 57 days (2012 – 53 days)

## Directors' report (continued)

### Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Ernst & Young LLP as auditor of the company.

On behalf of the Board



I J Munro

Director

Date 11/12/13

## **Directors' responsibilities statement**

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent auditor's report**

**to the members of Acal BFI Central Procurement UK Limited**

We have audited the financial statements of Acal BFI Central Procurement UK Limited for the year ended 31 March 2013 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 14. 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 auditors**

As explained more fully in the directors' responsibilities statement 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 directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on 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 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent auditor's report

to the members of Acal BFI Central Procurement UK Limited (continued)

### Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Nick Powell (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date

12/12/13



## Profit and loss account

for the year ended 31 March 2013

	Notes	2013 US\$000	2012 US\$000
<b>Turnover</b>	2	99,402	121,879
Cost of sales		(99,327)	(121,932)
<b>Gross profit/(loss)</b>		75	(53)
Administrative expenses	3	271	231
<b>Operating profit</b>	3	346	178
Interest payable and similar charges	5	(270)	(298)
<b>Profit/(loss) on ordinary activities before taxation</b>		76	(120)
Tax on profit/(loss) on ordinary activities	6	(20)	35
<b>Profit/(loss) for the financial year</b>	11	56	(85)

Results for the current and prior years solely arise from continuing operations

## Statement of total recognised gains and losses

for the year ended 31 March 2013

There are no recognised gains or losses other than the profit attributable to the shareholders of US\$56,000 (2012 – loss US\$85,000)

## Balance sheet

at 31 March 2013

	Notes	2013 US\$000	2012 US\$000
<b>Current assets</b>			
Stocks	7	11,300	12,955
Debtors	8	11,402	10,992
Cash at bank and in hand		2,263	3,400
		<u>24,965</u>	<u>27,347</u>
<b>Creditors</b> amounts falling due within one year	9	(15,699)	(18,137)
		<u>9,266</u>	<u>9,210</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	10	11,502	11,502
Profit and loss account	11	(2,236)	(2,292)
		<u>9,266</u>	<u>9,210</u>
<b>Shareholders' funds</b>	11		
		<u>9,266</u>	<u>9,210</u>

The financial statements were authorised for issue by the board and signed on its behalf by



I J Munro  
Director

Date 1. / 12 / 13

## Notes to the financial statements

at 31 March 2013

### 1. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The functional and presentation currency of the company is US\$.

#### *Cash Flow Statement*

The company is exempt from the requirements of FRS 1 to present a cash flow statement as over 90 per cent of the company's voting rights are controlled within the group of which the company is a member (note 14) and consolidated financial statements that include the results of the company are publicly available.

#### *Revenue recognition*

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

#### *Sale of goods*

Revenue is recognised when rights and obligations pass to the customer. This generally occurs on despatch.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in first out basis.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged using a forward contract, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All gains or losses on translation are included in the profit and loss account.

## Notes to the financial statements (continued)

at 31 March 2013

### 2. Turnover

	2013 US\$000	2012 US\$000
By geographical origin		
United Kingdom	33,147	48,279
Europe	66,255	73,600
	<u>99,402</u>	<u>121,879</u>

All operations of the company, which are continuing, are wholly related to the central procurement and logistics of the Acal BFI electronics division. The company only sells to other companies within the Acal plc group.

### 3. Operating profit

Operating profit is stated after charging/(crediting)

	2013 US\$000	2012 US\$000
Auditor's remuneration – audit of financial statements	20	25
	<u>          </u>	<u>          </u>
Foreign exchange gain	(75)	(273)
Stock provision	(79)	(43)
	<u>          </u>	<u>          </u>

### 4. Directors' remuneration

No remuneration was paid or is payable by the company to the directors in their capacity as directors of the company (2012 – nil). The directors also provide services to other group undertakings and received remuneration from a fellow group undertaking, Acal Management Services Limited in respect of services to the group.

The directors consider that the proportion of the remuneration that relates to services to this company is £149,853 (2012: £143,876).

### 5. Interest payable and similar charges

	2013 US\$000	2012 US\$000
Interest payable on overdrafts	190	154
Interest payable on amounts owed to group undertakings	80	144
	<u>270</u>	<u>298</u>

## Notes to the financial statements (continued)

at 31 March 2013

### 6. Tax on profit/(loss) on ordinary activities

(a) Tax on the profit/(loss) on ordinary activities

The tax charge/(credit) is made up as follows

	2013 US\$000	2012 US\$000
<i>Current tax</i>		
UK corporation tax charge/(credit) on the results for the year	18	(31)
Adjustment relating to prior years	2	(4)
Tax on the (profit)/loss on ordinary activities (note 6(b))	<u>20</u>	<u>(35)</u>

(b) Factors affecting the tax charge/(credit) for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24% (2012 – 26%) The differences are explained below

	2013 US\$000	2012 US\$000
Profit/(loss) on ordinary activities before taxation	<u>76</u>	<u>(120)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 – 26%)	18	(31)
<i>Effects of</i>		
Adjustment relating to prior years	2	(4)
Current tax for the year (note 6(a))	<u>20</u>	<u>(35)</u>

(c) Factors affecting future tax charges

A reduction in the UK corporation tax rate from 24% to 23% is effective from 1 April 2013. In addition, the Government announced its intention to further reduce the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015

### 7. Stocks

	2013 US\$000	2012 US\$000
Finished goods	<u>11,300</u>	<u>12,955</u>

## Notes to the financial statements (continued)

at 31 March 2013

### 8. Debtors

	2013 US\$000	2012 US\$000
Amounts owed by group undertakings	10,690	10,351
Other debtors	712	607
Corporation tax	–	34
	<u>11,402</u>	<u>10,992</u>

### 9. Creditors: amounts falling due within one year

	2013 US\$000	2012 US\$000
Trade creditors	15,569	17,567
Amounts owed to group undertakings	–	388
Accruals and deferred income	110	182
Corporation tax	20	–
	<u>15,699</u>	<u>18,137</u>

### 10. Issued share capital

	No	2013 US\$000	No	2012 US\$000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	6,699,601	11,502	6,699,601	11,502

### 11. Reconciliation of shareholders' funds and movements on reserves

	<i>Called-up share capital US\$000</i>	<i>Profit and loss account US\$000</i>	<i>Total share- holders' funds US\$000</i>
At 1 April 2011	11,502	(2,207)	9,295
Loss for the financial year	–	(85)	(85)
At 1 April 2012	11,502	(2,292)	9,210
Profit for the financial year	–	56	56
At 31 March 2013	<u>11,502</u>	<u>(2,236)</u>	<u>9,266</u>

## **Notes to the financial statements (continued)**

**at 31 March 2013**

### **12. Related party transactions**

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other wholly owned members of Acal plc, as 100% of the Company's voting rights are controlled within the Group and the Group financial statements in which the Company is included are publicly available

### **13. Guarantees and financial commitments**

During the year there were limited intra group guarantees in operation in respect of all monies due to the group's bankers

### **14. Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Acal Electronics Holdings Limited. The ultimate parent undertaking and controlling party is Acal plc, a company incorporated in Great Britain.

The parent undertaking of the smallest and largest group that prepares group financial statements and of which the company is a member is Acal plc. Copies of the group financial statements of Acal plc can be obtained from 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford, Surrey GU2 7AH.