

Registered No. 00967025

## **Acal BFI Central Procurement UK Limited**

### **Report and Financial Statements**

31 March 2014

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COMPANIES HOUSE

**Directors**

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

**Secretary**

G P Shillinglaw

**Auditor**

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

**Banker**

Barclays plc  
1 Queensmere  
Slough SL1 1DT

**Registered Office**

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

## Strategic report

The directors present their strategic report, directors' report and the financial statements for the year ended 31 March 2014.

### Principal activity and review of the business

Acal BFI Central Procurement UK Limited ('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:

	2014	2013
Turnover (US\$000)	110,338	99,402
Debtor days	38 days	39 days
Creditor days	60 days	57 days
Net stock turnover	12 times	9 times
Current assets as % of current liabilities	150%	159%

The 11% increase in turnover and the resultant increase in net stock turnover are in line with increases in turnover of fellow trading subsidiaries to which the Company sells.

### 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 of the company.

The US\$/£ exchange rate at the balance sheet date was 1.6648 (2013 – 1.5143) and the average rate for the year was 1.5904 (2013 – 1.5801).

### 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 in the current and prior years is immaterial.

### Financial risk

Aside from working capital, the company does not have any other financial instruments. The financial risk management policies and procedures are centred on 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.

Approved by the Board and signed on its behalf by:



I J Munro  
Director

Date: **10 NOV 2014**

## Directors' report

### Results and dividends

The strategic report contains information on the company's activities during the year and the principal risks and uncertainties affecting the business.

The company generated a loss for the year, after taxation, of US\$125,000 (2013 – profit US\$56,000). The directors do not recommend the payment of a dividend (2013 – US\$nil).

### Going concern

The company's business activities, together with the factors likely to affect its future development, financial performance and position are described in the strategic report on page 2.

The company has made a loss during the year. The ultimate parent company, Acal plc, has agreed to provide financial support to the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the balance sheet. The Acal plc group has significant financial resources, well established distribution contracts with a number of suppliers and a broad and stable customer base.

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 and subsequently were as follows:

S M Gibbins

D L Gray

I J Munro

P G Webster

I R Greateorex

N J Jefferies (appointed 29 May 2014, resigned 9 June 2014)

### 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.

### 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.

### Reappointment of 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: 10 NOV 2014

## Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 2014 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 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**

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

## **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

## 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.



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

Date: 10/11/2014

## Profit and loss account

for the year ended 31 March 2014

	Notes	2014 US\$000	2013 US\$000
<b>Turnover</b>	2	110,338	99,402
Cost of sales		(110,487)	(99,327)
<b>Gross (loss)/profit</b>		(149)	75
Administrative expenses		142	271
<b>Operating (loss)/profit</b>	3	(7)	346
Interest payable	5	(155)	(270)
<b>(Loss)/profit on ordinary activities before taxation</b>		(162)	76
Tax on (loss)/profit on ordinary activities	6	37	(20)
<b>(Loss)/profit for the financial year</b>	11	(125)	56

Results of the current and prior years arise solely from continuing operations.

## Statement of total recognised gains and losses

for the year ended 31 March 2014

There are no recognised gains or losses other than the loss for the year of US\$125,000 (2013 – profit of US\$56,000).



## Balance sheet

at 31 March 2014

	Notes	2014 US\$000	2013 US\$000
<b>Current assets</b>			
Stocks	7	9,577	11,300
Debtors	8	12,155	11,402
Cash at bank and in hand		5,642	2,263
		<u>27,374</u>	<u>24,965</u>
<b>Creditors:</b> amounts falling due within one year	9	(18,233)	(15,699)
		<u>9,141</u>	<u>9,266</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	10	11,502	11,502
Profit and loss account	11	(2,361)	(2,236)
		<u>9,141</u>	<u>9,266</u>
<b>Shareholders' funds</b>	11	<u>9,141</u>	<u>9,266</u>

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



I J Munro  
Director

Date: **10 NOV 2014**

## Notes to the financial statements

at 31 March 2014

### 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 requirement 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.

#### ***Going concern***

The company has made a loss during the year. The ultimate parent company, Acal plc, has agreed to provide financial support to the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the balance sheet. The Acal plc group has significant financial resources, well established distribution contracts with a number of suppliers and a broad and stable customer base.

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.

#### ***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 2014

### 2. Turnover

	2014 US\$000	2013 US\$000
By geographical origin:		
United Kingdom	34,963	33,147
Europe	75,375	66,255
	<u>110,338</u>	<u>99,402</u>

All operations of the company, which are continuing, wholly relate 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 (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	2014 US\$000	2013 US\$000
Auditor's remuneration – audit of financial statements	21	20
	<u>73</u>	<u>(75)</u>
Foreign exchange loss/(gain)	73	(75)
Stock provision movement	76	(79)
	<u>76</u>	<u>(79)</u>

The company had no employees other than the directors in either year.

### 4. Directors' remuneration

No remuneration was paid or is payable by the company to the directors in their capacity as directors of the company (2013 – 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 \$250,929 (2013 – \$236,783).

### 5. Interest payable

	2014 US\$000	2013 US\$000
Interest payable on overdrafts	155	190
Interest payable on amounts owed to group undertakings	–	80
	<u>155</u>	<u>270</u>

## Notes to the financial statements (continued)

at 31 March 2014

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

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

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

	2014 US\$000	2013 US\$000
<i>Current tax:</i>		
UK corporation tax (credit)/charge on the results for the year	(37)	18
Adjustment relating to prior years	–	2
Tax on the (loss)/profit on ordinary activities (note 6(b))	<u>(37)</u>	<u>20</u>

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23% (2013 – 24%). The differences are explained below:

	2014 US\$000	2013 US\$000
(Loss)/profit on ordinary activities before taxation	(162)	76
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013 – 24%)	(37)	18
<i>Effects of:</i>		
Adjustment relating to prior years	–	2
Current tax for the year (note 6(a))	<u>(37)</u>	<u>20</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

	2014 US\$000	2013 US\$000
Finished goods	9,577	11,300

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

at 31 March 2014

**8. Debtors**

	2014 US\$000	2013 US\$000
Amounts owed by group undertakings	11,600	10,690
Other debtors	518	712
Corporation tax	37	–
	<u>12,155</u>	<u>11,402</u>

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

	2014 US\$000	2013 US\$000
Trade creditors	18,105	15,569
Accruals and deferred income	128	110
Corporation tax	–	20
	<u>18,233</u>	<u>15,699</u>

**10. Issued share capital**

	No.	2014 US\$000	No.	2013 US\$000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	6,699,601	<u>11,502</u>	6,699,601	<u>11,502</u>

**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 2012	11,502	(2,292)	9,210
Profit for the financial year	–	56	56
At 1 April 2013	<u>11,502</u>	<u>(2,236)</u>	<u>9,266</u>
Loss for the financial year	–	(125)	(125)
At 31 March 2014	<u>11,502</u>	<u>(2,361)</u>	<u>9,141</u>

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

**at 31 March 2014**

### **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 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 England and Wales.

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.