

Acal BFI Central Procurement UK Limited

Report and Financial Statements

31 March 2015



Company information

Directors

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

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 2015.

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 Custom Distribution 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:

	2015	2014
Turnover (US\$000)	114,101	110,338
Creditor days	58 days	60 days
Net stock turnover	9 times	12 times
Current assets as % of current liabilities	183%	150%

The 3.4% increase in turnover is 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 1.4793 (2014 – 1.6648) and the average rate for the year was 1.6135 (2014 – 1.5904).

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

During the year, the Acal group entered into a 5 year committed multi-currency revolving credit facility, against which the company drew down \$6,000,000 during the year. Aside from this and 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:



S M Gibbins

Director

Date:

Registered No. 00967025

Directors' report

Results and dividends

The profit for the year after taxation amounted to US\$14,000 (2014 – loss of US\$125,000). The directors do not recommend a dividend (2014 – 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 ultimate parent undertaking, 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 were as follows:

M J Briand (Appointed 1 April 2015)

S M Gibbins

D L Gray

I J Munro

P G Webster

I R Greatorrex

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.

Financial Instruments

During the year, the Acal group entered into a 5 year committed multi-currency revolving credit facility, against which the company drew down \$6,000,000 during the year. Aside from this and working capital, the company does not have any other financial instruments. Further details on the company's financial risk management is given in the Strategic Report on page 2.

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/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Reappointment of auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

On behalf of the Board



S M Gibbins

Director

Date

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. 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 2015 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

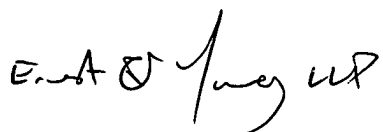
Independent auditor's report

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: 24/09/15

Profit and loss account

for the year ended 31 March 2015

	Notes	2015 US\$000	2014 US\$000
Turnover	2	114,101	110,338
Cost of sales		(114,305)	(110,487)
Gross loss		(204)	(149)
Administrative expenses		258	142
Operating profit/(loss)	3	54	(7)
Interest receivable and similar income	5	70	–
Interest payable and similar charge	6	(104)	(155)
Profit/(loss) on ordinary activities before taxation		20	(162)
Tax	7	(6)	37
Profit/(loss) for the financial year	13	14	(125)

The results of the current and prior year arise solely from continuing operations.

Statement of total recognised gains and losses

for the year ended 31 March 2015

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of US\$14,000 in the year ended 31 March 2015 (2014 – loss of US\$125,000).

Balance sheet

at 31 March 2015

	Notes	2015 US\$000	2014 US\$000
Current assets			
Stocks	8	13,127	9,577
Debtors: amounts falling due within one year		9,135	12,155
Debtors: amounts falling due after one year		6,050	–
	9	15,185	12,155
Cash at bank and in hand		5,208	5,642
		33,520	27,374
Creditors: amounts falling due within one year	10	(18,365)	(18,233)
Total assets less current liabilities		15,155	9,141
Creditors: amounts falling due after more than one year	11	(6,000)	–
Net Assets		9,155	9,141
Capital and reserves			
Called up share capital	12	11,502	11,502
Profit and loss account	13	(2,347)	(2,361)
Shareholders' funds	13	9,155	9,141

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



S M Gibbins
Director
Date

Notes to the financial statements

at 31 March 2015

1. Accounting policies

Basis of preparation

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

Functional currency

The company's financial statements are prepared in US\$ as the directors regard this as the company's functional currency.

Going concern

The ultimate parent undertaking, 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.

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 16) and group 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 incurred in bringing each product to its present location and condition, and net realisable value as follows:

Raw materials, consumables

and goods for resale

– purchase cost on a first-in, first-out basis.

Work in progress and finished goods

– cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Notes to the financial statements (continued)

at 31 March 2015

1. Accounting policies (continued)

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.

2. Turnover

	2015 US\$000	2014 US\$000
By geographical origin:		
United Kingdom	34,307	34,963
Europe	79,794	75,375
	<u>114,101</u>	<u>110,338</u>

All operations of the company, which are continuing, wholly relate to the central procurement and logistics of the Acal BFi Custom Distribution division. The company only sells to other companies within the Acal plc group.

3. Operating Profit/(Loss)

This is stated after charging:

	2015 US\$000	2014 US\$000
Auditor's remuneration – audit of financial statements	<u>20</u>	<u>21</u>
Foreign exchange loss	–	73
Stock provision movement	<u>46</u>	<u>76</u>

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

Notes to the financial statements (continued)

at 31 March 2015

4. Directors' remuneration

No remuneration was paid or is payable by the company to the directors in their capacity as directors of the company (2014 – 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 \$300,902 (2014 – \$250,929).

5. Interest receivable and similar income

	2015 US\$000	2014 US\$000
Interest on short term deposits	70	–

6. Interest payable and similar charges

	2015 US\$000	2014 US\$000
Interest payable on overdrafts	104	155

7. Tax

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

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

	2015 US\$000	2014 US\$000
Current tax:		
UK corporation tax charge/(credit) on the results for the year	6	(37)
Adjustment relating to prior years	–	–
Tax on profit/(loss) on ordinary activities (note 7(b))	6	(37)

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21% (2014 – 23%). The differences are explained below:

	2015 US\$000	2014 US\$000
Profit/(loss) on ordinary activities before taxation	20	(162)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2014 – 23%)	4	(37)
Effects of:		
Adjustment relating to prior years	2	–
Current tax for the year (note 7(a))	6	(37)

(c) Factors affecting future tax charges

A reduction in the UK corporation tax rate from 23% to 21% was effective from 1 April 2014. In addition, the Government has further reduced the UK corporation tax rate to 20% from 1 April 2015.

Notes to the financial statements (continued)

at 31 March 2015

8. Stocks

	2015 US\$000	2014 US\$000
Finished goods	13,127	9,577

9. Debtors

	2015 US\$000	2014 US\$000
Amounts owed by group undertakings	14,094	11,600
Other debtors	1,091	518
Corporation tax	–	37
	15,185	12,155

Amounts falling due after more than one year included above are:

	2015 US\$000	2014 US\$000
Amounts owed by group undertakings	6,050	–

10. Creditors: amounts falling due within one year

	2015 US\$000	2014 US\$000
Trade creditors	18,119	18,105
Amounts owed to group undertakings	89	–
Accruals and deferred income	156	128
Corporation tax	1	–
	18,365	18,233

11. Creditors: amounts falling due after more than one year

	2015 US\$000	2014 US\$000
Revolving credit facility	6,000	–

On 17 July 2014, the Acal group entered into a 5 year committed multi-currency revolving credit facility of £70m. At 31 March 2015 the facility draw down of \$6,000,000 allocated to Acal BFI Central Procurement UK Limited bears interest on the aggregate of margin and a relevant base rate. Margin varies between 1.90% and 2.85% and is based on the leverage of the enlarged group of which the company is a member. The relevant base rate is LIBOR. The facility is secured against the shares of certain fellow Acal group subsidiaries.

Notes to the financial statements (continued)

at 31 March 2015

12. Issued share capital

	No.	2015 US\$000	No.	2014 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>

13. 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 2013	11,502	(2,236)	9,266
Loss for the financial year	–	(125)	(125)
At 1 April 2014	11,502	(2,361)	9,141
Profit for the financial year	–	14	14
At 31 March 2015	<u>11,502</u>	<u>(2,347)</u>	<u>9,155</u>

14. 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.

15. 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.

16. 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.