

Registered No 3763419

Specialised Management Services Limited

Report and Financial Statements

30 September 2013



Specialised Management Services Limited

Registered No 3763419

Officers and advisors

Directors

A J V Shepherd

A Mansfield

Secretary

A Mansfield

Independent Auditor

Deloitte LLP

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2DB

Bankers

Lloyds Bank plc

40 High Street

Chipping Sodbury

Bristol

BS37 6AW

Registered office

Alderley House

The Downs

Wickwar

Wotton under Edge

Gloucestershire

GL12 8JD

Strategic report

Principal activities, business review and future developments

Specialised Management Services Limited's principal activities are

- a) The design, assembly, testing, maintenance and installation of hydraulic and pneumatic control systems for oil and gas industry applications both on and off-shore,
- b) The flushing and pressure testing of hydraulic systems,
- c) The manufacture, testing and supply of hydraulic hose assemblies, and
- d) The refurbishment and calibration of pressure gauges and temperature and pressure operated valves

The turnover of the company increased by 36% to £13,909,722 reflecting the upturn in work within the United Kingdom. Operating profit also increased from £673,252 in the previous financial year to a profit of £1,053,463. The profit before tax was £1,053,463 in the year compared with profit before tax of £670,878 in 2012.

The company's main office is in Great Yarmouth. The maintenance and service facilities in Aberdeen were discontinued during the year.

The company currently has a strong order book which will carry it into the second half of the year ended 30 September 2014. This, combined with its maintenance and international work, will enable the company to develop the business in the buoyant economic climate within the oil and gas industry.

The company has retained its accreditation to Investors In People in the year. It has also maintained its ISO 9001, ISO 14001, OHSAS 18001 accreditations and FPAL registration.

Going concern

The directors have a reasonable expectation that the company and its parent undertaking, Alderley plc, have adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found within the accounting policies section of the notes to the financial statements.

Principal risks and uncertainties

The principal financial risks to which the company is exposed are those relating to foreign currency, credit risk and interest rates. These risks are managed in accordance with Board approved policies.

Foreign currency risk

It is company policy that exposures resulting from sales and purchases in foreign currency are matched where possible, and the net exposure may be hedged by the use of forward exchange contracts. The company does not undertake speculative foreign exchange dealings for which there is no underlying exposure.

Credit risk

Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit evaluations are carried out on all customers requiring credit and, where appropriate, the company endeavours to minimise risk by the use of trade finance instruments such as letters of credit and insurance. At the balance sheet date there were no significant concentrations of credit risk.

Strategic report

Principal risks and uncertainties (continued)


Interest rate risk

The company is exposed to a moderate level of interest risk as a result of its overdraft facility. The risk is moderated by ensuring cash is appropriately managed to reduce the requirement for both finance leases and overdraft. In negotiating for such facilities the company also seeks to receive competitive interest rates. The company does not undertake any hedging activity in this area.


Operational risk

The principal operational risk faced by the company is the company's exposure to the contingent liabilities as disclosed in note 19. The company has implemented appropriate quality control procedures to mitigate the risk that these amounts will become payable. The company has also entered into insurance arrangements which ensure that insurance claims can be made for unsupported bond calls by customers.

Approved by the Board and signed on its behalf by



A J V Shepherd
Director

 February 2014

Directors' report

The directors present their report and financial statements for the year ended 30 September 2013

Results and dividends

The profit for the year, after taxation, amounted to £823,063 (2012 £523,964) The directors do not recommend the payment of a final dividend and £450,000 dividends were paid during the year (2012 £nil)

Directors

The directors who served the company during the year and to the date of this report were as follows

A J V Shepherd
A Mansfield

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 Such a qualifying third party indemnity provision remains in force as at the date of approving the directors' report

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that

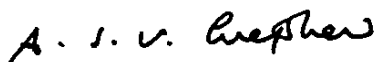
- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditor

A resolution to reappoint Deloitte LLP as auditor will be proposed in accordance with s485 of the Companies Act 2006

On behalf of the Board



A J V Shepherd
Director

February 2014

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 judgements and 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.

Independent auditor's report

to the members of Specialised Management Services Limited

We have audited the financial statements of Specialised Management Services Limited for the year ended 30 September 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 23. 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, 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 annual report 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.

Independent auditor's report

to the members of Specialised Management Services Limited (continued)

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 30 September 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

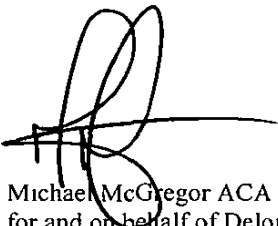
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Michael McGregor ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Edinburgh, United Kingdom

HK February 2014

Profit and loss account

for the year ended 30 September 2013

	Notes	2013 £	2012 £
Turnover			
Continuing operations	2	13,575,045	10,190,638
Discontinued operations	2	334,677	-
		<u>13,909,722</u>	<u>10,190,638</u>
Operating costs	3	(12,901,045)	(9,571,649)
Other operating income		44,786	54,263
		<u>1,053,463</u>	<u>673,252</u>
Operating profit			
Continuing operations	4	1,237,898	673,252
Discontinued operations	4	(184,435)	-
		<u>1,053,463</u>	<u>673,252</u>
Interest payable and similar charges	7	-	(2,374)
Profit on ordinary activities before taxation		<u>1,053,463</u>	<u>670,878</u>
Tax on profit on ordinary activities	8	(230,400)	(146,914)
Profit for the financial year	22	<u>823,063</u>	<u>523,964</u>

Statement of total recognised gains and losses

for the year ended 30 September 2013

There were no recognised gains or losses other than the profit attributable to the shareholder of the company of £823,063 in the year ended 30 September 2013 and the profit of £523,964 in the year ended 30 September 2012

Balance sheet

at 30 September 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	10	246,928	240,019
Investments	11	65,000	65,000
		<u>311,928</u>	<u>305,019</u>
Current assets			
Stocks	12	642,751	416,385
Debtors amounts receivable within one year	13	4,558,736	3,576,396
Debtors amounts receivable after more than one year	14	14,000	14,000
Cash in hand		1,319	141,049
		<u>5,216,806</u>	<u>4,147,830</u>
Creditors amounts falling due within one year	15	(3,349,939)	(2,647,607)
		<u>1,866,867</u>	<u>1,500,223</u>
Net current assets			
		<u>2,178,795</u>	<u>1,805,242</u>
Total assets less current liabilities			
		<u>2,178,795</u>	<u>1,805,242</u>
Provision for liabilities	17	(490)	-
		<u>2,178,305</u>	<u>1,805,242</u>
Capital and reserves			
Called up equity share capital	21	480,201	480,201
Profit and loss account	22	1,698,104	1,325,041
		<u>2,178,305</u>	<u>1,805,242</u>
Shareholder's funds	22	<u>2,178,305</u>	<u>1,805,242</u>

The financial statements of Specialised Management Services Limited, registered no 3763419 were approved by the board of directors and authorised for issue on 11 February 2014

A. J. V. Shepherd

A J V Shepherd
Director

Notes to the financial statements

for the year ended 30 September 2013

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Generally Accepted Accounting Standards (UK GAAP).

Going concern

The company's banking facilities are operated through a facility led by the ultimate parent company, Alderley plc and provided by Lloyds Bank plc ("Lloyds"). Under this facility the company's assets are collateralised as security along with the assets of Alderley plc and its other UK subsidiaries ("the group") in a group wide bank facility (refer to note 19). Consequently the ability of the company to continue as a going concern is dependent on the overall UK group's financial condition and performance.

The directors of the company have prepared trading projections through to the period ended September 2016 which indicate continued growth in business activities and continuing profitability for the company. The company's trading projections have been aggregated with those of the other group entities to establish a combined projected funding requirement through the going concern foresight period. These forecasts take account of certain sensitivities, including possible changes in trading performance, and show that the UK group and company will be able to successfully operate at and within the level of the current banking facility.

On 3rd January 2014 the group entered into a new facility agreement in the UK for a period through to the end of October 2014. As at 30 September 2013 the group had significant positive net bank funds of £6,034k (2012: £6,554k).

Consequently the directors have prepared these financial statements on a going concern basis.

Consolidation

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of Alderley plc, which prepares consolidated financial statements that are publicly available. Accordingly, group financial statements have not been prepared and information in the financial statements is presented for the individual company rather than for the group.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Notes to the financial statements

for the year ended 30 September 2013

1 Accounting policies (continued)

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 from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods.

Long term contracts

Revenue on long term contracts is recognised by reference to the stage of completion. The stage of completion of a contract is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, on each asset evenly over its expected useful life as follows:

Plant, machinery and equipment	-	2% per month reducing balance
Fixtures and fittings	-	2% per month reducing balance
Motor vehicles	-	2% per month reducing balance
IT equipment	-	25% per annum straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

All investments are carried at cost less provision for impairment.

Stocks and work in progress

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

Amounts recoverable on contracts

Revenue on long-term contracts is recognised by reference to the stage of completion. Revenue recognised in advance of being invoiced is held on the balance sheet as amounts recoverable on contracts. The stage of completion of a contract is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. An estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The costs on long-term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks and long-term contract balances. Costs included on long-term contracts include interest which is specifically attributable to those contracts through contract financing. Where payments are received from customers in advance of services provided the amounts are recorded as deferred income and included as part of creditors due within one year.

Operating lease commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

Notes to the financial statements

for the year ended 30 September 2013

1. Accounting policies (continued)

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account in the period in which they become payable.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or 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 at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if applicable at the forward contract rate. All differences are taken to the profit and loss account.

Financial instruments

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. The company does not consider that its derivative instruments qualify for hedge accounting, and does not hold derivative instruments for speculative purposes.

For a forward foreign exchange contract to be treated as a hedge the instrument must be related to the actual foreign currency assets or liabilities or to a probable commitment. It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign currency exchange movements on the company's operations. Gains and losses arising on these contracts are deferred and recognised in the profit and loss account or as adjustments to the carrying amount of fixed assets, only when the hedged transaction has itself been reflected in the company's financial statements.

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

Notes to the financial statements

for the year ended 30 September 2013

2. Turnover

The turnover is attributable to the principal activities of the company. An analysis of geographical turnover is given below.

	2013		2012	
	<i>Continuing operations</i>	<i>Discontinued operations</i>	<i>Continuing operations</i>	<i>Discontinued operations</i>
	£	£	£	£
United Kingdom	11,506,936	334,677	7,738,304	-
Overseas sales - Europe	1,402,982	-	2,073,782	-
Overseas sales - Rest of the World	665,127	-	378,552	-
	<u>13,575,045</u>	<u>334,677</u>	<u>10,190,638</u>	<u>-</u>

Discontinued operations during the year ended 30 September 2013 were in respect of the maintenance and service facilities in Aberdeen.

3. Operating costs

	2013	2012
	£	£
Raw materials and consumables	8,284,067	5,948,278
Staff costs (note 5)	3,583,180	2,777,932
Depreciation of fixed assets	84,033	49,983
Other operating charges	949,765	795,456
	<u>12,901,045</u>	<u>9,571,649</u>

4. Operating profit

Operating profit is stated after charging/(crediting)

	2013	2012
	£	£
Depreciation of owned fixed assets	84,033	49,983
Loss/(profit) on disposal of tangible fixed assets	7,366	(185)
Auditor's remuneration	12,500	12,500
Operating lease costs – land and buildings	155,301	135,364
– other	29,477	23,032
Net loss on foreign currency translation	-	77
	<u></u>	<u></u>

The remuneration of the auditor is further analysed below

	2013	2012
	£	£
Audit of the financial statements	9,500	9,500
Other fees to auditor – taxation services	3,000	3,000
	<u>12,500</u>	<u>12,500</u>

Notes to the financial statements

for the year ended 30 September 2013

5. Staff costs

	2013 £	2012 £
Wages and salaries	3,196,214	2,468,752
Social security costs	350,698	287,425
Other pension costs	36,268	21,755
	<u>3,583,180</u>	<u>2,777,932</u>

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

	2013 No	2012 No
Administration and management	18	12
Sales and production	65	54
	<u>83</u>	<u>66</u>

6. Directors' emoluments

No directors' emoluments were paid directly from the company's payroll in respect of qualifying services during the year (2012 £nil) and no directors accrued benefits under the company pension scheme (2012 £nil)

A management charge, included in other operating charges, was paid to the parent company to cover the services of A J V Shepherd, as well as centralised overhead costs incurred by the holding company

The combined remuneration of these directors was £136,462 (2012 – £229,526) and one of these directors (2012 – one) accrued benefits under company money purchase pension schemes. The group cannot allocate the costs of these directors amongst its various subsidiary companies

7. Interest payable and similar charges

	2013 £	2012 £
Interest payable on bank borrowings	-	2,374
	<u>-</u>	<u>2,374</u>

Notes to the financial statements

for the year ended 30 September 2013

8. Tax

(a) Tax on profit on ordinary activities:

	2013 £	2012 £
<i>Current tax</i>		
UK corporation tax based on the results for the year at 23.5% (2012: 25.0%)	221,122	135,665
Total current tax	221,122	135,665
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 17)	9,417	9,714
Adjustment in respect of previous periods	133	-
Effects of changes in tax rates	(272)	1,535
	9,278	11,249
Tax on profit on ordinary activities	230,400	146,914

(b) Factors affecting current tax charges

The tax assessed on the profit on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 23.5% (2012: 25.0%) and the reasons for this are set out in the following reconciliation

	2013 £	2012 £
Profit on ordinary activities before taxation	1,053,463	670,878
Profit on ordinary activities multiplied by standard rate of tax	247,549	167,720
<i>Effects of</i>		
Income not taxable	(17,008)	(22,341)
Accelerated capital allowances	(9,861)	(9,490)
Movement in short term timing differences	442	(224)
Total current tax (note 8(a))	221,122	135,665

It was substantively enacted at the reporting date that the standard rate of corporation tax in the UK will change to 21% with effect from 1 April 2014. In the budget announcement on 20 March 2013 the chancellor announced a planned reduction in the standard rate of corporation tax to 20% by 1 April 2015.

Notes to the financial statements

for the year ended 30 September 2013

9. Dividends

Amounts recognised as distributions to shareholders in the period

	2013 £	2012 £
Dividend for the year ended 30 September 2013 of 93 71p (2012 nil pence) per ordinary share	450,000	-

10. Tangible fixed assets

	<i>Leasehold property</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>IT equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
<i>Cost</i>						
At 1 October 2012	-	521,356	88,120	103,016	9,290	721,782
Additions	26,128	48,420	1,420	25,139	-	101,107
Disposals	-	(26,033)	(9,944)	-	(7,521)	(43,498)
At 30 September 2013	26,128	543,743	79,596	128,155	1,769	779,391
<i>Depreciation</i>						
At 1 October 2012	-	347,119	71,733	54,251	8,660	481,763
Charge for the year	13,064	40,789	3,638	26,406	136	84,033
Disposals	-	(20,128)	(6,178)	-	(7,027)	(33,333)
At 30 September 2013	13,064	367,780	69,193	80,657	1,769	532,463
<i>Net book value</i>						
At 30 September 2013	13,064	175,963	10,403	47,498	-	246,928
At 30 September 2012	-	174,237	16,387	48,765	630	240,019

Notes to the financial statements

for the year ended 30 September 2013

11. Investments

Interest in group undertakings

	£
<i>Cost</i>	
At 1 October 2012 and 30 September 2013	315,568
<i>Amounts written off</i>	
At 1 October 2012 and 30 September 2013	250,568
<i>Net book value</i>	
At 30 September 2012 and 30 September 2013	65,000

The company owns 100% of the ordinary issued equity share capital of a non-trading company, C & M Hydraulics Limited, a company incorporated in England and Wales

12 Stocks

	2013 £	2012 £
Raw materials	64,517	41,892
Work in progress	578,234	374,493
	<u>642,751</u>	<u>416,385</u>

There is no material difference between the balance sheet date value of raw materials and their replacement cost

13. Debtors: amounts receivable within one year

	2013 £	2012 £
Trade debtors	2,152,416	2,498,533
Amounts owed by group undertakings	-	10,633
Amounts recoverable on contracts	2,367,095	717,391
Other debtors	10,182	80,163
Prepayments and accrued income	29,043	260,886
Deferred tax (note 17)	-	8,790
	<u>4,558,736</u>	<u>3,576,396</u>

Notes to the financial statements

for the year ended 30 September 2013

14. Debtors: amounts receivable after more than one year

	2013	2012
	£	£
Prepayments and accrued income	14,000	14,000

15. Creditors: amounts falling due within one year

	2013	2012
	£	£
Bank overdraft	322,361	-
Payments received on account	210,482	364,710
Trade creditors	1,304,534	1,236,502
Amounts owed to group undertakings	67,842	104,703
Corporation tax	131,622	135,665
Other taxes and social security	94,442	149,196
Other creditors	9,812	-
Accruals and deferred income	1,208,844	656,831
	3,349,939	2,647,607

Amounts owed to group undertakings are trading balances and do not bear interest

16. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £36,268 (2012: £21,755).

Included within other creditors there were £9,812 contributions unpaid at the year-end (2012: £nil).

Notes to the financial statements

for the year ended 30 September 2013

17. Deferred taxation

The deferred taxation provision/(asset) included in the balance sheet is as follows

	2013	2012
	£	£
Included in provisions/(debtors)	490	(8,790)

The movement in the deferred taxation asset during the year was

	2013	2012
	£	£
Asset brought forward	(8,790)	(20,039)
Profit and loss account movement arising during the year	9,147	11,249
Adjustments in respect of prior periods	133	-
Provision/(asset) carried forward	490	(8,790)

The deferred taxation provision/(asset) consists of the tax effect of timing differences in respect of

	2013	2012
	£	£
Accelerated/(decelerated) capital allowances	2,961	(6,380)
Other timing differences	(2,471)	(2,410)
	490	(8,790)

18. Commitments under operating lease arrangements

At 30 September 2013 the company had annual commitments under non-cancellable operating leases as set out below

	2013		2012	
	Land and buildings	Other items	Land and buildings	Other items
	£	£	£	£
<i>Operating leases which expire</i>				
Less than 1 year	-	2,722	-	-
Within 2 to 5 years	135,000	16,128	-	15,883
After more than 5 years	-	-	135,000	-
	135,000	18,850	135,000	15,883

Notes to the financial statements

for the year ended 30 September 2013

19. Contingencies

Bank overdrafts of the group and company are secured by a fixed and floating charge on the assets of Alderley plc and its subsidiary undertakings ("Alderley group") in favour of Lloyds Bank plc. The group's bank overdraft amounted to £nil at 30 September 2013 (2012: £nil).

Bank overdrafts form part of the wider Alderley group banking facilities which comprise contract financing facilities and related overdrafts held with Lloyds Bank plc secured by

- An omnibus guarantee and set-off agreement covering Alderley Farms Limited, Alderley plc, Alderley Systems Limited, Alderley FZE, C&M Hydraulics Limited, Specialised Management Services Limited, Alderley Process Technologies Limited and Kelton Engineering Limited
- Unlimited debentures from Alderley plc, Specialised Management Services Limited, Alderley Systems Limited, Alderley Farms Limited, Kelton Engineering Limited, Alderley Process Technologies Limited and C&M Hydraulics Limited
- A first legal charge over Alderley plc's freehold land and buildings

The company has also given advance payment guarantees and performance bonds totalling £nil (2012: £96,082).

Bonds become payable if the company does not meet its contractual obligations, at the request of the customer with whom the bond was issued. The company therefore seeks to ensure that such contractual obligations are met and historically no bonds have had to be paid.

20. Related party transactions

The company is a wholly owned subsidiary of Alderley plc, a company incorporated in the United Kingdom. The company's results are therefore consolidated within the group financial statements of Alderley plc. Accordingly transactions with other wholly owned Alderley plc group companies have not been disclosed due to advantage being taken of exemptions granted under Financial Reporting Standard No. 8.

21. Share capital

	<i>No</i>	<i>2013</i> £	<i>No</i>	<i>2012</i> £
<i>Authorised</i>				
Ordinary shares of £1 each	481,101	481,101	481,101	481,101
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		<i>2013</i>		<i>2012</i>
	<i>No</i>	£	<i>No</i>	£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	480,201	480,201	480,201	480,201
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes to the financial statements

for the year ended 30 September 2013

22. Reconciliation of movements in shareholder's funds

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 October 2010	480,201	801,077	1,281,278
Profit for the year	-	523,964	523,964
At 1 October 2012	480,201	1,325,041	1,805,242
Profit for the year	-	823,063	823,063
Dividends	-	(450,000)	(450,000)
At 30 September 2013	480,201	1,698,104	2,178,305

23. Ultimate parent company and controlling party

In the opinion of the directors, the company's ultimate parent company is Alderley plc, a company incorporated in Great Britain, and registered in England and Wales. Alderley plc prepares group financial statements and copies can be obtained from Alderley House, Arnolds Field Estate, The Downs, Wickwar, Wotton-under-Edge, Gloucestershire, GL12 8JD

The ultimate controlling party of the company and Alderley plc is considered to be A J V Shepherd