

Registered No 5463657

AALG Limited
Annual Report and Financial Statements

31 December 2012

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COMPANIES HOUSE

Directors

JK Padian
DE Jordan
LJ Faulkner
P Marigo

Secretary

Secretarial Appointments Limited

Auditors

Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ

Bankers

HSBC
Peterborough Commercial Centre
Cathedral Square
Peterborough
PE1 1XL

Registered office

16 Churchill Way
Cardiff
South Glamorgan
CF10 2DX

Directors' report

Registered No: 5463657

The directors present the Annual Report and Financial Statements for the year ended 31 December 2012 of AALG Limited (the company)

Results and dividends

The loss for the year, after taxation, amounted to £95,983 (2011 profit: £1,021,636). The directors recommend no dividend for the period

Principal activity and review of the business

The principal activity of the company in the period under review was the design, manufacture, supply and support of high quality and maintenance free portable lighting products

The directors consider the company's performance to be satisfactory. During the financial period the company generated turnover of £5,467,130 (2011 £7,801,893). At 31 December 2012, total assets were valued at £6,740,506 (2011 £6,161,306) and shareholders funds at £3,029,046 (2011 £2,940,367)

Performance is monitored using a mix of financial and other indicators to ensure that the business is performing satisfactorily and to target. Financial indicators include growth in turnover, contribution and profit before tax compared with expectations. Customer satisfaction and feedback are also important indicators for the company. As activity increases, the company is working towards increasing operating efficiency and the generation of shareholders funds.

Using the latest technology, combined with a wealth of experience and valuable input from the parent company, AALG Limited brings to the customer reliable, maintenance free portable lighting to withstand the harshest of industrial environments.

With ever increasing demands for carrying out tasks in safer and environmentally friendly ways, AALG Limited supplies a quality product that produces a powerful light source which is totally portable, silent, reliable, maintenance free, innovative, injection moulded and easy to use.

With a whole new innovative family of industrial portable lighting, AALG Limited will continue its commitment to producing first class industrial products backed up by an unrivalled service to the customer.

During 2012 manufacture for certain product lines was transferred to the USA, with the UK continuing to manufacture for Europe and retaining its R&D capability.

The principal risk that the company faces is competition coming into the market, in particular from China. The ultimate parent company of AALG Limited maintains its strength in both the lighting division and the case division and continues to support AALG Limited. The company considers the risks to pricing, cashflow, credit and liquidity as low as all customers are related parties.

Comparison Ratios:

	<u>2012</u>	<u>2011</u>
Current Ratio	1.81	1.90
Quick Ratio	1.54	1.51
Gearing	1.11	1.10

Directors' report (continued)

Registered No: 5463657

Creditor payment policy

The Company does not have a standard or code of conduct which deals specifically with the payment of suppliers, however whenever the Company is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions it seeks to abide by the payment terms agreed with the individual supplier. The Company's average creditor payment period at 31 December 2012 was 22 days (2011: 16 days)

Directors

The directors who served the company during the period were as follows

JK Padian
DE Jordan
LJ Faulkner
P Marigo

Directors' indemnities

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 qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

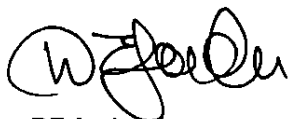
Disclosure of information to the auditors

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 they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

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

By order of the board



DE Jordan
Director

20 December

2013

Statement of directors' responsibilities in respect of the financial statements

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). The financial statements are required by law to 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 those 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,
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to 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.

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

Independent auditor's report

to the members of AALG Limited

We have audited the financial statements of AALG Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 18. 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 Statement of Directors' Responsibilities 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 Annual 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 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 December 2012 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

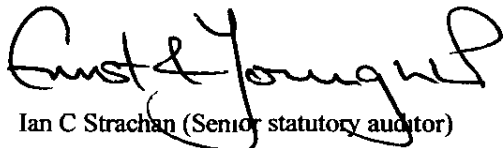
Independent auditor's report

to the members of AALG 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



Ian C Strachan (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Cambridge

23 December 2013

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	2	5,467,130	7,801,893
Cost of sales		(4,022,346)	(5,487,677)
Gross profit		1,444,784	2,314,216
Administrative expenses		(1,535,867)	(1,000,926)
Operating (loss)/profit	3	(91,083)	1,313,290
Interest payable	4	(17,046)	(16,056)
Interest receivable		10	–
(Loss)/profit on ordinary activities before taxation		(108,119)	1,297,234
Tax on (loss)/profit on ordinary activities	7	12,136	(275,598)
Retained (loss)/profit for the year	16	(95,983)	1,021,636

All amounts relate to continuing operations

There were no recognised gains or losses other than the loss attributable to shareholders of the company of £95,983 in the year ended 31 December 2012 and the profit of £1,021,636 in the year ended 31 December 2011

Balance sheet

at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	8	70,311	55,418
Current assets			
Stock	9	974,507	1,270,510
Debtors	10	5,289,835	4,518,811
Cash		405,853	316,567
		6,670,195	6,105,888
Creditors: amounts falling due within one year	11	(3,687,146)	(3,209,535)
Net current assets		2,983,049	2,896,353
Total assets less current liabilities		3,053,360	2,951,771
Provisions for liabilities	12	(24,314)	(11,404)
Net assets		3,029,046	2,940,367
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account	16	3,124,929	2,940,267
Shareholders' funds	16	3,029,046	2,940,367

The financial statements were approved by the Board of Directors on 20 December, 2013 and signed on their behalf by



DE Jordan
Director

Notes to the financial statements

for the year ended 31 December 2012

1. Accounting policies

Basis of preparation and principal accounting policies

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. A summary of principal accounting policies, which have been applied consistently is set out below.

Going concern

At the balance sheet date the company had net current assets of £2,983,049 (2011 £2,896,353) and total net assets of £3,029,046 (2011 £2,940,367). The financial statements are prepared on a going concern basis. This is dependent on the ongoing financial support of the parent company, Pelican Products Inc., which has confirmed that it will continue to support the company for the foreseeable future.

The Directors have considered the ability of Pelican Inc to provide such support and consider that as far as they are aware it is able to provide the support.

Cash flow statement

In accordance with FRS 1 'Cash Flow Statements (Revised)' the company has not prepared a cash flow statement as it meets the small company criteria as set out in the Companies Act 2006.

Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year recognised at the point of the delivery of the goods to the customer.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost, less residual value, of each asset over its expected useful life as follows:

Leasehold property improvements	- 25% straight line
Plant and machinery	- 25% straight line
Fixtures, fittings and equipment	- 25% 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.

Stock

Stock is valued at the lower of cost and net realisable value.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension

The company operates a defined contribution pension scheme, which requires contributions to be made by employees. The contributions are recognised in the income statement in the period in which they become payable.

Interest

The company entered into various loan arrangements with associated companies. The principal accrues interest at market rate and interest receivable or payable is accrued on a monthly basis. Payment of interest is on a demand basis.

Notes to the financial statements

for the year ended 31 December 2012

1. Accounting policies

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a 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

Share based payments

Employees of the company are granted share options in the ultimate parent undertaking Pelican Products Inc. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by means of an appropriate pricing model.

No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired. The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account with a corresponding entry in equity.

2. Turnover

An analysis of turnover by geographical market is given below

	2012 £	2011 £
Europe	1,575,798	1,781,204
USA	3,891,332	6,020,689
	<u>5,467,130</u>	<u>7,801,893</u>

Intercompany turnover accounted for 100% of turnover (2011 – 100%)

3. Operating (loss)/profit

This is stated after charging/(crediting).

	2012 £	2011 £
Depreciation on tangible fixed assets	21,218	16,807
Operating lease rentals	56,368	42,335
Auditor's remuneration – Audit of the financial statements of the company	15,000	15,000
Foreign exchange differences loss / (gain)	125,895	(31,106)

Notes to the financial statements

for the year ended 31 December 2012

4. Interest payable

	2012	2011
	£	£
Group interest payable	17,046	16,056

5. Staff costs

	2012	2011
	£	£
Wages and salaries	699,297	509,563
Social security costs	58,470	49,383
Other pension costs	8,733	14,886
	<u>766,500</u>	<u>573,832</u>

The average monthly number of employees during the period was made up as follow

	2012 No	2011 No
Manufacturing and distribution	6	6
Administration	9	9
	<u>15</u>	<u>15</u>

Included in wages and salaries is a total expense of share-based payments of £184,662 all of which arises from transactions accounted for as equity-settled share based payments

6. Directors' emoluments

	2012 £	2011 £
Remuneration and other benefits	—	—

The directors are also directors of the ultimate parent company, Pelican Products Inc. and receive remuneration from that company. No specific recharge is made by Pelican Products Inc in respect of their qualifying services to AALG Limited

Notes to the financial statements

for the year ended 31 December 2012

7. Tax

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

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

	2012	2011
	£	£
Corporation tax		
Based on the (loss)/profit for the period	(44,184)	276,240
Under provision in prior year	19,138	–
	<u>(25,046)</u>	<u>276,240</u>
Current tax (note (7b))	(25,046)	276,240
Deferred taxation (note 12)	12,910	(642)
	<u>(12,136)</u>	<u>275,598</u>

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

The tax (credit)/charge in the period is lower than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below.

	2012	2011
	£	£
Profit/(loss) on ordinary activities before tax	(108,119)	1,297,234
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	(26,489)	343,767
Effects of:		
Expenses not deductible for tax purposes	7,970	3,837
Schedule 23 deductions	(23,098)	–
Capital allowances in excess of depreciation	(2,567)	(3,469)
Under provision in prior year	19,138	–
Utilisation of tax losses	–	(67,895)
	<u>(25,046)</u>	<u>276,240</u>

(c) Deferred tax

The deferred tax included in the balance sheet is as follows

	2012	2011
	£	£
Accelerated capital allowances	14,314	1,404

Notes to the financial statements

for the year ended 31 December 2012

7. Tax (continued)

(d) The main rate of UK Corporation tax was reduced to from 24% to 23% on 1 April 2013. The Finance Act 2012 enacting this rate change received Royal Assent on 17 July 2012. Deferred tax has been restated accordingly in these financial statements.

Additional changes to the main rate of UK Corporation Tax are proposed to reduce the rate to 20% by 1 April 2015. These changes have not been substantively enacted at the balance sheet date and consequently are not included in these financial statements.

The above changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the company.

8. Tangible fixed assets

	<i>Leasehold property improvements</i>	<i>Plant and machinery</i>	<i>Fixtures, fittings and equipment</i>	<i>Total</i>
	£	£	£	£
<i>Cost</i>				
At 1 January 2012	14,032	131,496	27,747	173,275
Additions	7,015	21,203	7,893	36,111
At 31 December 2012	21,047	152,699	35,640	209,386
<i>Depreciation</i>				
At 1 January 2012	9,296	95,927	12,634	117,857
Charge for the year	3,559	12,681	4,978	21,218
At 31 December 2012	12,855	108,608	17,612	139,075
<i>Net book value</i>				
At 31 December 2012	8,192	44,091	18,028	70,311
At 31 December 2011	4,736	35,569	15,113	55,418

Notes to the financial statements

for the year ended 31 December 2012

9. Stock

	2012 £	2011 £
Raw materials	234,032	1,256,429
Finished goods	740,475	14,081
	<u>974,507</u>	<u>1,270,510</u>

10. Debtors

	2012 £	2011 £
Trade debtors	14,075	5,513
Corporation tax	51,979	-
Amounts owed by group undertakings	5,155,568	4,428,715
Other debtors	30,351	54,075
Prepayments and accrued income	37,862	30,508
	<u>5,289,835</u>	<u>4,518,811</u>

11. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	234,389	237,073
Corporation tax	-	94,260
Other taxes and social security costs	13,158	21,159
Other creditors	25,394	37,449
Accruals	59,488	47,248
Amounts owed to group undertakings	3,354,717	2,772,346
	<u>3,687,146</u>	<u>3,209,535</u>

12. Provisions for liabilities

	Deferred tax £	Dilapidation provision £	Total £
At 1 January 2012	1,404	10,000	11,404
Provided for in the period	12,910	-	12,910
At 31 December 2012	<u>14,314</u>	<u>10,000</u>	<u>24,314</u>

Notes to the financial statements

for the year ended 31 December 2012

13. Obligation under leases

Annual commitments under non-cancellable operating leases are as follows

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
<i>Operating leases which expire</i>				
<i>In one to two years</i>	38,880	–	6,155	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<i>Land and buildings</i>		<i>Other</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
<i>Operating leases which expire</i>				
<i>In two to five years</i>	–	35,000	–	7,335
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14. Share based payments

Share-based payments

Employees are granted share options in the ultimate parent company, Pelican Products Inc. These options vest over a maximum period of 4 years from the date of grant.

The expense recognised for share-based payments, all equity settled, for the year amounted to £184,662.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options in the year.

	<i>£</i>	<i>WAEP</i>
Outstanding as at 1 January 2012	375,000	£0.67
Granted during the year	–	–
Forfeited/expired/transferred during the year	(88,000)	£0.69
Exercised during the year	(202,219)	£0.63
Outstanding at 31 December 2012	<u>84,781</u>	<u>£0.71</u>
Exercisable at 31 December 2012	<u>84,781</u>	<u>£0.71</u>

Notes to the financial statements

for the year ended 31 December 2012

15. Share capital

	2012	2011
	£	£
<i>Allotted, called up and fully paid.</i>		
100 Ordinary shares of £1 each	100	100

16. Reconciliation of movements in shareholder's funds

	Share capital	Profit and loss account	Total shareholder's funds
	£	£	£
At 1 January 2011	100	1,838,617	1,838,717
Profit for the period	–	1,021,636	1,021,636
Share based payment charge	–	80,014	80,014
At 31 December 2011	100	2,940,267	2,940,367
Loss for the period	–	(95,983)	(95,983)
Share based payment charge	–	184,662	184,662
At 31 December 2012	100	3,028,946	3,029,046

17. Related party transactions

The group is exempt from the provisions of FRS 8 in respect of disclosure of related party transactions with other subsidiary companies that have been transacted under normal trading arrangements, as it is a wholly owned subsidiary of a parent undertaking namely Pelican Products Inc., a US incorporated company which controls 100% of the voting rights

18. Ultimate parent company

The immediate parent company of AALG Limited is Pelican AALG Limited. The largest and smallest group in which the results of AALG Limited are consolidated is that headed by Pelican Products Inc. 23215 Early Avenue, Torrance, CA 90505, USA

The directors of AALG Limited consider Pelican Products Inc to be the ultimate controlling party.