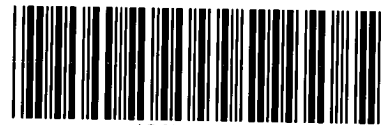


Company Registration No. SC065519 (Scotland)

**ALLIED INTERNATIONAL UK LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

WEDNESDAY



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20/09/2017

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COMPANIES HOUSE

**Johnston Smillie Ltd**  
**Chartered Accountants**  
**6 Redheughs Rigg**  
**Edinburgh**  
**EH12 9DQ**

# ALLIED INTERNATIONAL UK LTD

## COMPANY INFORMATION

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<b>Directors</b>	Mr V Alberici	
	Mrs S Kirby	(Appointed 7 November 2016)
	Mr M Kirby	(Appointed 7 November 2016)
	Mr M Duncan	(Appointed 7 November 2016)

<b>Secretary</b>	Mrs S Kirby
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<b>Company number</b>	SC065519
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<b>Registered office</b>	Allied Buildings Earls Road Grangemouth Falkirk FK3 8XG
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<b>Auditor</b>	Johnston Smillie Ltd 6 Redheughs Rigg Edinburgh EH12 9DQ
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# ALLIED INTERNATIONAL UK LTD

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# ALLIED INTERNATIONAL UK LTD

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2016

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The directors present the strategic report and financial statements for the year ended 31 December 2016.

The Company remains part of the Allied International Group of Companies who support the business with products from its global manufacturing resources. The Company continues to make very good use of these production facilities in its UK market place business.

The results for the year are considered to be satisfactory in line with projected results, with turnover reduced by 9% from £10,922,022 to £9,934,985. This reduction was anticipated due to perceived difficult market conditions in the Oil & Gas sector, which are expected to continue in the short term, however the business continues to trade profitably.

The principal activity of the Company continued to be that of manufacture and supply of pipeline products to the home and overseas oil and gas sectors. The business continues to manage foreign exchange risk and currency fluctuations through continuing assessment and regular reviews with relevant processes implemented to monitor such risks.

The strength of trading has enabled a strong liquidity to support growth for the business over its UK locations, supporting a continually increased range of stock and opportunities with projects that were not previously available to the business. The Company continues to review its position in the market place and continues to explore new opportunities in all market sectors which utilise the products of the business. To ensure the Company's position in the marketplace is maintained, diversification in the marketplace will continue to be sought.

Key business risks were again identified as strong competition in the sector's in which the Company operates along with currency exchange impacts. Any gains and losses as a result of currency exchanges were absorbed in Currency Fluctuations in the Profit & Loss Account. All risks continue to be regularly assessed by the directors, with appropriate IT system controls and processes used to monitor them. KPI's and 5S strategies continue to be operated for the on-going improvement of the business. The business continues to have Accreditation of ISO9001/14000/18001 in recognition of major customers increasing requirements on its supply sources.

Since its year end, the business recognises that there continues to be a lot of adverse opinion stated in relation to the price of oil in the global market place, and as such continues to ensure that economies of scale can be introduced without impacting on its service to the market place. Underpinning this, the Company has continued to ensure supply payments are made in accordance with latest regulations.

On the basis of the directors continuing assessment of the market place and our customers, the Company is expected to again return a reasonable contribution even during what the sector describes as continued difficult trading conditions expected for 2017.

On behalf of the board



Mr M Duncan

Director

24 July 2017

# ALLIED INTERNATIONAL UK LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

The directors present their annual report and financial statements for the year ended 31 December 2016.

#### Principal activities

The principal activity of the Company continued to be that of manufacture and supply of pipeline products to the home and overseas oil and gas sectors.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr V Alberici	
Mr P Duncan	(Resigned 7 November 2016)
Mrs S Kirby	(Appointed 7 November 2016)
Mr M Kirby	(Appointed 7 November 2016)
Mr M Duncan	(Appointed 7 November 2016)

#### Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £800,000. The directors do not recommend payment of a final dividend.

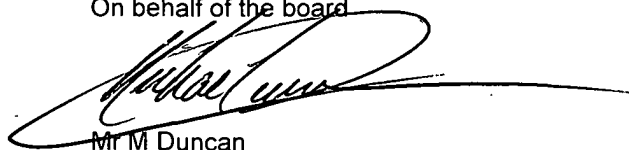
#### Auditor

The Auditors, Johnston Smillie Ltd, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of disclosure to 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 of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr M Duncan

Director

24 July 2017

# **ALLIED INTERNATIONAL UK LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2016***

---

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 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;
- 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.

# **ALLIED INTERNATIONAL UK LTD**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF ALLIED INTERNATIONAL UK LTD**

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We have audited the financial statements of Allied International UK Ltd for the year ended 31 December 2016 set out on pages 6 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2, 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.

#### **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 2016 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 matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, 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, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

# ALLIED INTERNATIONAL UK LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF ALLIED INTERNATIONAL UK LTD

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.



Ross McKay CA (Senior Statutory Auditor)  
for and on behalf of Johnston Smillie Ltd

25 July 2017

Chartered Accountants  
Statutory Auditor

6 Redheughs Rigg  
Edinburgh  
EH12 9DQ



# ALLIED INTERNATIONAL UK LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	9,934,985	10,922,022
Cost of sales		(6,996,000)	(8,403,309)
<b>Gross profit</b>		<b>2,938,985</b>	<b>2,518,713</b>
Distribution costs		(518,484)	(536,374)
Administrative expenses		(1,133,944)	(1,058,234)
<b>Operating profit</b>	4	<b>1,286,557</b>	<b>924,105</b>
Interest payable and similar expenses	7	(17,684)	(39,496)
<b>Profit before taxation</b>		<b>1,268,873</b>	<b>884,609</b>
Taxation	8	(260,017)	(185,580)
<b>Profit for the financial year</b>		<b>1,008,856</b>	<b>699,029</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# ALLIED INTERNATIONAL UK LTD

## BALANCE SHEET

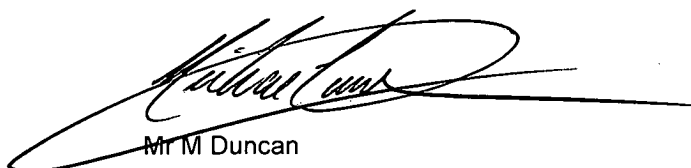
AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	10	1,293,130		1,249,261	
<b>Current assets</b>					
Stocks	12	3,128,512		3,047,998	
Debtors	13	1,386,776		1,932,904	
Cash at bank and in hand		1,799,864		724,297	
		6,315,152		5,705,199	
<b>Creditors: amounts falling due within one year</b>	14	(2,970,532)		(2,629,602)	
<b>Net current assets</b>		3,344,620		3,075,597	
<b>Total assets less current liabilities</b>		4,637,750		4,324,858	
<b>Creditors: amounts falling due after more than one year</b>	15	(273,542)		(184,826)	
<b>Provisions for liabilities</b>	18	(46,761)		(31,441)	
<b>Net assets</b>		4,317,447		4,108,591	
<b>Capital and reserves</b>					
Called up share capital	21	70,000		70,000	
Revaluation reserve		135		179	
Profit and loss reserves		4,247,312		4,038,412	
<b>Total equity</b>		4,317,447		4,108,591	

The financial statements were approved by the board of directors and authorised for issue on 24 July 2017 and are signed on its behalf by:



Mrs S Kirby  
Director



Mr M Duncan  
Director

Company Registration No. SC065519

# ALLIED INTERNATIONAL UK LTD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2015</b>		70,000	238	3,989,324	4,059,562
<b>Year ended 31 December 2015:</b>					
Profit and total comprehensive income for the year		-	-	699,029	699,029
Dividends	9	-	-	(650,000)	(650,000)
Transfers		-	-	59	59
Other		-	(59)	-	(59)
<b>Balance at 31 December 2015</b>		70,000	179	4,038,412	4,108,591
<b>Year ended 31 December 2016:</b>					
Profit and total comprehensive income for the year		-	-	1,008,856	1,008,856
Dividends	9	-	-	(800,000)	(800,000)
Transfers		-	-	44	44
Other		-	(44)	-	(44)
<b>Balance at 31 December 2016</b>		70,000	135	4,247,312	4,317,447

# ALLIED INTERNATIONAL UK LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	26	2,079,804		1,122,003	
Interest paid		(17,684)		(39,496)	
Income taxes paid		(195,755)		(282,052)	
<b>Net cash inflow from operating activities</b>		<b>1,866,365</b>		<b>800,455</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(142,601)		(59,521)	
Proceeds on disposal of tangible fixed assets		718		500	
<b>Net cash used in investing activities</b>		<b>(141,883)</b>		<b>(59,021)</b>	
<b>Financing activities</b>					
Proceeds from borrowings		200,000		-	
Repayment of bank loans		(145,757)		(132,890)	
New finance lease obligations		122,637		-	
Payment of finance leases obligations		(25,798)		(54,190)	
Dividends paid		(800,000)		(650,000)	
<b>Net cash used in financing activities</b>		<b>(648,918)</b>		<b>(837,080)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,075,564</b>		<b>(95,646)</b>	
Cash and cash equivalents at beginning of year		724,297		819,943	
<b>Cash and cash equivalents at end of year</b>		<b>1,799,864</b>		<b>724,297</b>	

# ALLIED INTERNATIONAL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 1 Accounting policies

#### Company information

Allied International UK Ltd is a private company limited by shares incorporated in Scotland. The registered office is Allied Buildings, Earls Road, Grangemouth, Falkirk, FK3 8XG.

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain assets.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

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 dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold property	2% Straight line
Plant and machinery	25% on reducing balance and 10% on reducing balance
Office equipment	25% on cost and 20% - 25% on reducing balance
Motor vehicles	25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# ALLIED INTERNATIONAL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# ALLIED INTERNATIONAL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1 Accounting policies

(Continued)

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# ALLIED INTERNATIONAL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1 Accounting policies

(Continued)

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.



# ALLIED INTERNATIONAL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 1 Accounting policies

(Continued)

#### 1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.13 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# ALLIED INTERNATIONAL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
<b>Turnover</b>		
Sales of goods	9,934,985	10,922,022

#### Turnover analysed by geographical market

	2016 £	2015 £
UK	9,299,455	10,188,797
Overseas	635,530	733,225
	9,934,985	10,922,022

#### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	15,658	1,757
Fees payable to the company's auditor for the audit of the company's financial statements	10,150	10,150
Depreciation of owned tangible fixed assets	86,877	78,437
Depreciation of tangible fixed assets held under finance leases	6,961	20,241
Loss on disposal of tangible fixed assets	4,171	564
Cost of stocks recognised as an expense	4,746,248	6,416,726
Operating lease charges	150,472	187,179

#### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Sales	16	14
Production/Warehouse	33	35
Administration	5	5
	54	54

# ALLIED INTERNATIONAL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,515,108	1,402,287
Social security costs	131,082	127,669
Pension costs	41,677	27,617
	<u>1,687,867</u>	<u>1,557,573</u>

### 6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	<u>206,744</u>	<u>145,750</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2016 £	2015 £
Remuneration for qualifying services	<u>140,570</u>	<u>140,777</u>

### 7 Interest payable and similar expenses

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	15,561	22,046
Interest on finance leases and hire purchase contracts	2,506	5,597
	<u>18,067</u>	<u>27,643</u>
<b>Other finance costs:</b>		
Other interest	(383)	11,853
	<u>17,684</u>	<u>39,496</u>

### 8 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	<u>244,697</u>	<u>195,755</u>

# ALLIED INTERNATIONAL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 8 Taxation

(Continued)

#### Deferred tax

Origination and reversal of timing differences

15,320

(10,175)

Total tax charge

260,017

185,580

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	1,268,873	884,609
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.20%)	253,775	178,691
Tax effect of expenses that are not deductible in determining taxable profit	3,304	5,955
Permanent capital allowances in excess of depreciation	(13,216)	10,995
Loss on disposal of fixed asset	834	114
Deferred tax movement	15,320	(10,175)
Taxation charge for the year	260,017	185,580

### 9 Dividends

	2016 £	2015 £
Interim paid	800,000	650,000

# ALLIED INTERNATIONAL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 10 Tangible fixed assets

	Leasehold property £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2016	1,157,326	968,178	156,773	75,992	2,358,269
Additions	4,725	133,209	4,667	-	142,601
Disposals	-	(19,899)	-	(5,000)	(24,899)
At 31 December 2016	1,162,051	1,081,488	161,440	70,992	2,475,971
<b>Depreciation and impairment</b>					
At 1 January 2016	180,769	772,985	131,402	23,857	1,109,013
Depreciation charged in the year	23,178	47,499	10,323	12,838	93,838
Eliminated in respect of disposals	-	(17,549)	-	(2,461)	(20,010)
At 31 December 2016	203,947	802,935	141,725	34,234	1,182,841
<b>Carrying amount</b>					
At 31 December 2016	958,104	278,553	19,715	36,758	1,293,130
At 31 December 2015	976,559	195,195	25,371	52,136	1,249,261

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016 £	2015 £
Plant and machinery	120,748	48,703
Office equipment	-	8,498
	120,748	57,201
Depreciation charge for the year in respect of leased assets	6,961	20,241

### 11 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,311,226	1,889,013
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	2,856,744	2,399,073

# ALLIED INTERNATIONAL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 12 Stocks

	2016 £	2015 £
Finished goods and goods for resale	3,128,512	3,047,998

### 13 Debtors

Amounts falling due within one year:	2016 £	2015 £
Trade debtors	1,310,717	1,888,317
Other debtors	509	696
Prepayments and accrued income	75,550	43,891
	1,386,776	1,932,904

Trade debtors disclosed above are measured at amortised cost.

### 14 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	16	185,132	139,721
Obligations under finance leases	17	40,879	23,926
Trade creditors		792,805	466,763
Amounts due to group undertakings		1,502,126	768,759
Corporation tax		244,697	195,755
Other taxation and social security		142,633	219,600
Other creditors		38,650	790,370
Accruals and deferred income		23,610	24,708
		2,970,532	2,629,602

### 15 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	16	193,656	184,826
Obligations under finance leases	17	79,886	-
		273,542	184,826

# ALLIED INTERNATIONAL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 16 Loans and overdrafts

	2016 £	2015 £
Bank loans	378,788	324,547
Payable within one year	185,132	139,721
Payable after one year	193,656	184,826

Bank borrowings are secured by a standard security over the property at Grangemouth and a floating charge over the assets of the company.

The loan provided by the Clydesdale Bank is due to be fully repaid in March 2018.

#### 17 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	40,879	23,926
In two to five years	79,886	-
	120,765	23,926

Net obligations under hire purchase contracts are secured over the assets to which they relate.

#### 18 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	19	46,761	31,441
		46,761	31,441

#### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
ACAs	46,761	31,441

# ALLIED INTERNATIONAL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 19 Deferred taxation (Continued)

	2016 £
<b>Movements in the year:</b>	
Liability at 1 January 2016	31,441
Charge to profit or loss	15,320
	<hr/>
Liability at 31 December 2016	46,761
	<hr/>

#### 20 Retirement benefit schemes

	2016 £	2015 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	41,677	27,617
	<hr/>	<hr/>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### 21 Share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
700,000 A Ordinary shares of 10p each	70,000	70,000
	<hr/>	<hr/>

#### 22 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	70,252	7,115
Between two and five years	17,106	87,358
In over five years	60,403	60,403
	<hr/>	<hr/>
	147,761	154,876
	<hr/>	<hr/>



# ALLIED INTERNATIONAL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 23 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2016 £	2015 £
Aggregate compensation	206,743	145,750

##### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2016 £	2015 £	2016 £	2015 £
Entities with control, joint control or significant influence over the company	-	8,988	141,484	226,454
Other related parties	2,181	7,692	833,534	723,959

The following amounts were outstanding at the reporting end date:

	2016 £	2015 £
<b>Amounts owed to related parties</b>		
Entities with control, joint control or significant influence over the company	510,893	727,373
Other related parties	191,233	41,385

#### 24 Directors' transactions

During the year Rent totalling £50,500 (2015: £50,500) was paid to a SIPP in the name of Peter Duncan, and his wife, Irene Duncan, for premises used by the company in Teesside.

#### 25 Controlling party

At 31 December 2016 the company was ultimately controlled by Allied International S.R.L., which owns 100% of the shares in the company and is registered in Italy.

# ALLIED INTERNATIONAL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 26 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	1,008,856	699,029
<b>Adjustments for:</b>		
Taxation charged	260,017	185,580
Finance costs	17,684	39,496
Loss on disposal of tangible fixed assets	4,171	564
Depreciation and impairment of tangible fixed assets	93,838	98,678
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(80,514)	273,050
Decrease/(increase) in debtors	546,128	(138,527)
Increase/(decrease) in creditors	229,624	(35,867)
<b>Cash generated from operations</b>	<u>2,079,804</u>	<u>1,122,003</u>