Registered No: 1905807

Alderley Systems Limited

Report and Financial Statements

30 September 2014

Registered No: 1905807

Director
A J V Shepherd

Independent Auditor
Deloitte LLP
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Bristol
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Bankers
Lloyds Bank plc
40 High Street
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Strategic report

Review of the business and future developments

Alderley Systems Limited's principal activities include the design, supply and commissioning of metering and control systems for the oil, gas and petrochemical industries.

Alderley Systems Limited primarily services markets in the UK, Europe, North and West Africa and South East Asia. The company will continue to focus on these geographical regions and will play a support role to its sister companies by providing engineering and production capacity and technical know-how.

The company's results in 2013/2014 show a substantial loss but this result does not represent a realistic measure of its performance in that year. The major reason for the reduced profit was as a result of worse than anticipated performance primarily on two contracts due to poor future cost assessment at the time of reporting its 2012/2013 accounts. Had this been accurate the company's loss would have reduced from the loss reported before tax of £2.2m in 2013/2014 to £0.6m. To rectify the situation management changes have been made and a thorough review of working practices and markets is being undertaken.

Capital investment in tangible fixed assets in the year stood at £93k (2013: £64k).

Alderley Systems Limited's contingent liabilities in the form of retention, performance and advance payment bonds decreased in the year from £5.7m to £2.8m. Such bonding is a feature of the market in which the company operates.

The director remains confident in the outlook for Alderley Systems Limited in the medium term. The company's well established reputation in the market place will help it to secure new business and the continued development of its products, trading territories and operational performance will yield revenue and profit growth despite the current market conditions.

The key financial and other performance indicators are considered on a group basis and are disclosed in the financial statements of the parent company, Alderley plc.

Going concern

The director has a reasonable expectation that the company and its parent undertaking, Alderley plc, have adequate resources to continue in operational existence for the foreseeable future. Alderley plc has written to Alderley Systems Limited to pledge continuing financial support for the foreseeable future. Therefore the director continues 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.

Strategic report

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 group 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 ongoing 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.

Interest rate risk

The company is exposed to a moderate level of interest risk as a result of its overdraft and contract finance facilities. The risk is moderated by ensuring cash is appropriately managed to reduce the requirement for both contract finance 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.

Approved by the Board and signed on its behalf by

A.J.V. Shepherd

A J V Shepherd
Director

4 March 2015

Director's report

The director presents his report and financial statements for the year ended 30 September 2014.

Results and dividends

The loss for the year, after taxation, amounted to £1,833,649 (2013: profit of £800,309). The director does not recommend the payment of a final dividend and no dividends were paid during the year (2013: £400,000).

Research and development

The company will continue its policy of investment in research and development in order to retain a competitive position in the market.

Director

The director who served the company during the year and to the date of this report was as follows:

A J V Shepherd

Director's qualifying third party indemnity provision

The company has granted an indemnity to its director 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 director's report.

Disabled employees

As an equal opportunities employer the company gives full consideration to applications for employment from disabled persons (as set out by the Equality Act) where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Disclosure of information to the auditor

The person 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.

Approved by the Board and signed on its behalf by

A J V Shepherd

A J V Shepherd
Director

4 March 2015

Director's responsibilities statement

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 director is 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 the director to ensure that the financial statements comply with the Companies Act 2006. The director is 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 Alderley Systems Limited

We have audited the financial statements of Alderley Systems Limited for the year ended 30 September 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 24. 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 director and auditor

As explained more fully in the Director's responsibilities statement, the director is 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 director; 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.

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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Director's 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 Alderley Systems 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Wright

Andrew Wright FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom

4 March 2015

Profit and loss account

for the year ended 30 September 2014

	Notes	2014 £	2013 £
Turnover	2	17,534,188	26,157,087
Operating costs	3	(19,702,169)	(25,090,097)
Other operating income		14,537	3,136
Operating (loss)/profit	4	(2,153,444)	1,070,126
Interest receivable	7	110	-
Interest payable and similar charges	8	(195)	-
(Loss)/profit on ordinary activities before taxation		(2,153,529)	1,070,126
Tax credit/(charge) on (loss)/profit on ordinary activities	9	319,880	(269,817)
(Loss)/profit for the financial year	23	(1,833,649)	800,309

All of the activities of the company are classed as continuing.

There were no recognised gains or losses in the current or prior year other than the (loss)/profit for the financial year as detailed above.

Balance sheet

at 30 September 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	11	179,366	136,408
Current assets			
Stocks	13	31,298	91,366
Debtors	14	10,139,060	14,322,458
Cash at bank and in hand		-	595,326
		10,170,358	15,009,150
Creditors: amounts falling due within one year	16	(10,295,901)	(13,260,377)
Net current (liabilities)/assets		(125,543)	1,748,773
Total assets less current liabilities		53,823	1,885,181
Provisions for liabilities	15	(2,291)	-
Net assets		51,532	1,885,181
Capital and reserves			
Called up equity share capital	22	375,100	375,100
Profit and loss account	23	(323,568)	1,510,081
Shareholder's funds	23	51,532	1,885,181

The financial statements of Alderley Systems Limited, registered no. 1905807, were approved by the director and authorised for issue on 4 March 2015.

A. J. V. Shepherd

A J V Shepherd
Director

Notes to the financial statements

for the year ended 30 September 2014

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 director of the company has prepared trading projections through to the period ending September 2017 which indicate growth in business activities and 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.

As at 30 September 2014 the group had significant positive net bank funds of £5,749,000 (2013: £6,034,000).

Consequently the director has 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 director has 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.

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 and machinery	-	2% per month reducing balance
Fixtures and fittings	-	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.

Notes to the financial statements

for the year ended 30 September 2014

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.

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.

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 and laws 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 director considers 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.

Notes to the financial statements

for the year ended 30 September 2014

1. Accounting policies (continued)

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 2014

2. Turnover

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

	2014	*2013*
	£	*£*
United Kingdom	5,325,956	6,722,070
Overseas sales – Europe	3,525,538	7,770,500
Overseas sales – Rest of World	8,682,694	11,664,517
	17,534,188	26,157,087

3. Operating costs

	2014	*2013*
	£	*£*
Raw materials and consumables	13,313,107	18,273,030
Staff costs (note 5)	4,867,500	4,867,714
Depreciation of fixed assets	50,456	42,178
Other operating charges	1,471,106	1,907,175
	19,702,169	25,090,097

4. Operating (loss)/profit

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

	2014	*2013*
	£	*£*
Depreciation of owned fixed assets	50,456	42,178
Auditor's remuneration	29,000	25,000
Operating lease costs – land and buildings	274,068	262,947
– other	108,960	58,569
Net profit on foreign currency translation	(4,553)	(71,277)

The remuneration of the auditor is further analysed below:

	2014	*2013*
	£	*£*
Audit of the financial statements	29,000	19,000
Other fees to auditor – taxation services	-	6,000
	29,000	25,000

Notes to the financial statements

for the year ended 30 September 2014

5. Staff costs

	2014	2013
	£	£
Wages and salaries	4,276,198	4,307,601
Social security costs	461,662	452,524
Other pension costs	129,640	107,589
	4,867,500	4,867,714

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

	2014	2013
	No.	No.
Administration and management	13	16
Sales and production	96	91
	109	107

6. Director's emoluments

No director's emoluments were paid directly from the company's payroll in respect of qualifying services during the year (2013: £nil) and the director accrued no benefits under the company pension scheme (2013: £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 remuneration of the director was £50,564 (2013: £48,630) and the director accrued no benefits under company money purchase pension schemes (2013: £nil). The group cannot allocate the costs of the director amongst its various subsidiary companies.

7. Interest receivable

	2014	2013
	£	£
Other interest receivable	110	-

8. Interest payable and similar charges

	2014	2013
	£	£
Interest payable on bank borrowings	195	-

Notes to the financial statements

for the year ended 30 September 2014

9. Tax

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

	2014	2013
	£	£
Current tax:		
UK corporation tax based on the results for the year at 22.0% (2013: 23.5%)	(376,031)	211,362
Adjustments in respect of previous periods	(16,693)	(102)
Foreign tax relief	-	(5,851)
	(392,724)	205,409
Foreign tax suffered	61,578	55,161
Total current tax	(331,146)	260,570
Deferred tax:		
Origination and reversal of timing differences	15,389	6,868
Effect of changes in tax rates	358	1,201
Adjustments in respect of previous periods	(4,481)	1,178
	11,266	9,247
Tax (credit)/charge on (loss)/profit on ordinary activities	(319,880)	269,817

(b) Factors affecting current tax charges:

The tax assessed on the (loss)/profit on ordinary activities for the year is different to the blended rate of corporation tax in the UK of 22.0% (2013: 23.5%) and the reasons for this are set out in the following reconciliation.

	2014	2013
	£	£
(Loss)/profit on ordinary activities before taxation	(2,153,529)	1,070,126
(Loss)/profit on ordinary activities multiplied by standard rate of tax	(473,776)	251,460
Effects of:		
Expenses not taxable	2,662	-
Income not taxable	(16,498)	(15,575)
Differences between capital allowances and depreciation	(15,679)	(12,656)
Movement in short term timing differences	290	5,789
Higher tax rates on overseas earnings	61,578	49,310
Effects of other tax rates/credits	(17,444)	(7,111)
Group relief not paid for	144,414	(10,545)
Adjustments in respect of previous periods	(16,693)	(102)
Total current tax (note 9(a))	(331,146)	260,570

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 2014

10. Dividends

Amounts recognised as distributions to shareholder in the period:

	2014	2013
	£	£
Dividend for the year ended 30 September 2014 of nil pence (2013: 106.64p) per ordinary share	-	400,000

11. Tangible fixed assets

	Plant & machinery	Fixtures & fittings	IT equipment	Total
	£	£	£	£
Cost:				
At 1 October 2013	549,296	68,847	136,441	754,584
Additions	68,942	6,791	17,681	93,414
At 30 September 2014	618,238	75,638	154,122	847,998
Depreciation:				
At 1 October 2013	507,135	47,871	63,170	618,176
Charge for the year	11,504	4,936	34,016	50,456
At 30 September 2014	518,639	52,807	97,186	668,632
Net book value:				
At 30 September 2014	99,599	22,831	56,936	179,366
At 30 September 2013	42,161	20,976	73,271	136,408

12. Investments

Interest in group undertakings:

	£
Cost:	
At 1 October 2013 and 30 September 2014	500
Amounts written off:	
At 1 October 2013 and 30 September 2014	500
Net book value:	
At 30 September 2013 and 30 September 2014	-

The company owns 100% of the ordinary issued equity share capital of a non-trading company, Alderley International Limited, a company incorporated in England and Wales.

Notes to the financial statements

for the year ended 30 September 2014

13. Stocks

	2014	2013
	£	£
Raw materials	-	36,090
Work in progress	31,298	55,276
	31,298	91,366

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

14. Debtors

	2014	2013
	£	£
Trade debtors	4,898,937	5,382,758
Amounts owed by group undertakings	830,518	9,413
Amounts recoverable on contracts	3,866,165	8,029,583
VAT recoverable	300,153	826,603
Deferred tax (note 15)	-	8,975
Corporation tax recoverable	153,675	-
Other debtors	22,605	50
Prepayments and accrued income	67,007	65,076
	10,139,060	14,322,458

All amounts are due within one year.

15. Deferred taxation

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

	2014	2013
	£	£
Included in provisions/(debtors)	2,291	(8,975)

The movement in the deferred taxation liability/(asset) during the year was:

	2014	2013
	£	£
Asset brought forward	(8,975)	(18,222)
Profit and loss account movement arising during the year	15,747	8,069
Adjustments in respect of prior periods	(4,481)	1,178
Liability/(asset) carried forward	2,291	(8,975)

Notes to the financial statements

for the year ended 30 September 2014

15. Deferred taxation (continued)

The deferred taxation asset consists of the tax effect of timing differences in respect of:

	2014		*2013*	
	Provided	*Unprovided*	*Provided*	*Unprovided*
	£	*£*	*£*	*£*
Accelerated/(decelerated) capital allowances	10,206	-	(4,049)	-
Short term timing differences	(7,915)	-	(4,926)	-
	2,291	-	(8,975)	-

16. Creditors: amounts falling due within one year

	2014	*2013*
	£	*£*
Bank overdraft	3,114,861	2,880,624
Payments received on account	1,445,723	143,689
Trade creditors	3,924,265	8,205,974
Amounts owed to group undertakings	254,051	524,674
Corporation tax	-	91,909
Other taxes and social security	113,905	109,228
Other creditors	31,251	24,629
Accruals and deferred income	1,411,845	1,279,650
	10,295,901	13,260,377

17. 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 £129,640 (2013: £107,589).

Included in other creditors there were £24,557 contributions unpaid at the year-end (2013: £24,629).

18. Financial commitments

At 30 September 2014 and 30 September 2013 the company had annual commitments under non-cancellable operating leases as set out below:

	2014	*2013*
	Other items	*Other items*
	£	*£*
Operating leases which expire:		
Within one year	-	7,930
Within two to five years	4,065	4,065
	4,065	11,995

At 30 September 2014 the company had capital commitments, contracted for but not provided, of £17,300 (2013: £nil).

Notes to the financial statements

for the year ended 30 September 2014

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 2014 (2013: £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 performance bond guarantees, bid bonds and advance payment guarantees totalling £2,811,552 (2013: £5,738,091).

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.

20. Derivatives not included at fair value

The company has derivatives which are not included at fair value in the accounts as follows:

	Contract value		*Fair value*	
	2014	*2013*	*2014*	*2013*
	£	*£*	*£*	*£*
Forward foreign exchange contracts	1,531,401	3,746,746	1,469,589	3,839,403

The company uses the derivatives to hedge its exposure to changes in foreign currency exchange rates. The fair values are based on market values of equivalent instruments at the balance sheet date.

21. 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.

Notes to the financial statements

for the year ended 30 September 2014

22. Share capital

	2014	2013
	£	£
Authorised:		
375,100 Ordinary shares of £1 each	375,100	375,100

	2014		2013	
	No.	£	No.	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	375,100	375,100	375,100	375,100

23. Reconciliation of movements in shareholder's funds

	Share capital	Profit and loss account	Total
	£	£	£
At 1 October 2012	375,100	1,109,772	1,484,872
Profit for the year	-	800,309	800,309
Dividends	-	(400,000)	(400,000)
At 1 October 2013	375,100	1,510,081	1,885,181
Loss for the year	-	(1,833,649)	(1,833,649)
At 30 September 2014	375,100	(323,568)	51,532

24. Ultimate parent company and controlling party

In the opinion of the director, 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.