

Schaltbau Machine Electrics Limited

**Directors' Report and financial
statements**

Registered number 06606708

31 December 2009

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Directors' Report

The directors present their Directors' Report and financial statements for the year ended 31 December 2009

Principal activities

The Company was incorporated on 30 May 2008 and, on 24 July 2008, entered into an agreement to acquire the share capital of Machine Electrics Limited

The trade and assets of Machine Electrics Limited were transferred into Schaltbau Machine Electrics Limited on 1 August 2008 and since this date, the principal activities of the Company have included the manufacture, repair and distribution of electrical components for use in a broad spread of industries

The Company continues to operate in a difficult trading environment and as described in Note 1 to the financial statements, is reliant on funds provided by its immediate parent, Schaltbau GmbH. The directors consider that the indicated support from Schaltbau GmbH should enable the Company to continue in operational existence for the foreseeable future

Results and proposed dividend

The results for the year are set out in the Profit and Loss Account on page 6. The directors do not recommend the payment of a dividend

Directors

The directors who held office during the year were as follows

Mr D Konrad
Mr P Hutchinson
Mr D Oxenham (resigned 6 April 2009)
Mr P Orrell
Mr W Tessmer

Employees

The Company's policy in relation to the employment of disabled persons is, where practicable, to continue to employ employees who become temporarily or permanently disabled. Full regard is given to their training needs, career development and promotion potential. Full and fair consideration is also given to the employment of applicants who are disabled persons, taking into account their aptitude and abilities

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2008 £nil)

Directors' Report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



Philip Hutchinson
Director

Whitefield Road
Bredbury
Cheshire
SK6 2RW

31 March 2010

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Schaltbau Machine Electrics Limited

We have audited the financial statements of Schaltbau Machine Electrics Limited for the year ended 31 December 2009 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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 auditors' report to the members of Schaltbau Machine Electrics 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



Mick Davies (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

31/3/10

Profit and Loss Account
for the year ended 31 December 2009

	<i>Note</i>	Year ended 31 December 2009 £000	Period from 30 May 2009 to 31 December 2008 £000
Turnover	2	2,730	1,483
Cost of sales		(1,928)	(1,021)
Gross profit		802	462
Administrative expenses		(1,189)	(592)
Operating loss	3	(387)	(130)
Income from shares in group undertakings		-	60
Other interest receivable and similar income	6	-	1
Interest payable and similar charges	7	(100)	(47)
Loss on ordinary activities before taxation	3	(487)	(116)
Tax on loss on ordinary activities	8	33	8
Loss for the financial year		(454)	(108)

There were no recognised gains and losses other than those shown above

Balance Sheet
At 31 December 2009

	<i>Note</i>	31 December 2009		31 December 2008	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		375		413
Current assets					
Stocks	11	778		973	
Debtors	12	594		566	
Cash at bank and in hand		91		224	
		<u>1,463</u>		<u>1,763</u>	
Creditors amounts falling due within one year	13	(800)		(716)	
Net current assets			663		1,047
Total assets less current liabilities			<u>1,038</u>		<u>1,460</u>
Creditors amounts falling due after more than one year	14		(1,010)		(1,208)
Provisions for liabilities	15		-		(20)
Net assets			<u>28</u>		<u>232</u>
Capital and reserves					
Called up share capital	16		590		340
Profit and loss account	17		(562)		(108)
Shareholders' funds	18		<u>28</u>		<u>232</u>

These financial statements were approved by the board of directors on 31 March 2010 and were signed on its behalf by



Philip Hutchinson
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As 100% of the Company's voting rights are controlled within the group headed by Schaltbau Holding AG, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Schaltbau Holding AG, within which this Company is included, can be obtained from the address given in note 23.

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Schaltbau GmbH, the Company's immediate parent. Schaltbau GmbH has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	-	25% per annum
Plant and machinery	-	15-33% per annum

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Post-retirement benefits

The Company does not operate a defined contribution pension scheme, but does contribute into the personal pension plans of the directors. The amount charged to the profit and loss account represents the contributions payable to the plans in respect of the accounting period.

Notes (continued)

1 Accounting policies (continued)

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred

Stocks

Stocks are stated at the lower of cost and net realisable value. For finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

2 Analysis of turnover

	Year ended 31 December 2009 £000	Period from 30 May 2009 to 31 December 2008 £000
<i>By geographical market</i>		
United Kingdom	628	328
Rest of Europe	1,335	775
Rest of World	767	380
	<u>2,730</u>	<u>1,483</u>

Notes (continued)

3 Notes to the profit and loss account

	Year ended 31 December 2009 £000	Period from 30 May 2009 to 31 December 2008 £000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets		
Owned	85	38
Hire of plant and machinery – operating leases	3	1
Hire of other assets – operating leases	138	62
Research and development expenditure	1	1
	<u> </u>	<u> </u>
	Year ended 31 December 2009 £000	Period from 30 May 2009 to 31 December 2008 £000
<i>Auditors' remuneration</i>		
Audit of these financial statements	12	12
	<u> </u>	<u> </u>

4 Remuneration of directors

	Year ended 31 December 2009 £000	Period from 30 May 2009 to 31 December 2008 £000
Directors' emoluments	147	73
Company contributions to money purchase pension schemes	23	7
	<u> </u>	<u> </u>

Whilst there is no Company wide pension scheme, pension contributions were paid into personal pension plans for 3 directors during the period

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	Year ended 31 December 2009	Period from 30 May 2009 to 31 December 2008
Management and administration	15	18
Production and sales	25	27
	<u>40</u>	<u>45</u>

The aggregate payroll costs of these persons were as follows

	Year ended 31 December 2009 £000	Period from 30 May 2009 to 31 December 2008 £000
Wages and salaries	786	373
Social security costs	75	43
Other pension costs (note 21)	23	7
	<u>884</u>	<u>423</u>

6 Other interest receivable and similar income

	Year ended 31 December 2009 £000	Period from 30 May 2009 to 31 December 2008 £000
Bank interest	-	1

7 Interest payable and similar charges

	Year ended 31 December 2009 £000	Period from 30 May 2009 to 31 December 2008 £000
On bank loans and overdrafts	95	44
Interest payable on loans from group undertakings	5	3
	<u>100</u>	<u>47</u>

Notes (continued)

8 Taxation

Analysis of credit in year

	Year ended 31 December 2009 £000	Year ended 31 December 2009 £000	Period from 30 May 2009 to 31 December 2008 £000	Period from 30 May 2009 to 31 December 2008 £000
<i>UK corporation tax</i>				
Current tax on income for the year	-		-	
Adjustments in respect of prior periods	(13)		-	
Total current tax		(13)		-
<i>Deferred tax (see note 15)</i>				
Origination/reversal of timing differences	(20)		(8)	
Adjustments in respect of prior periods	-		-	
Total deferred tax		(20)		(8)
Tax on loss on ordinary activities		(33)		(8)

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

The current tax credit for the year is lower (2008 lower) than the standard rate of corporation tax in the UK (28%)
The differences are explained below

	Year ended 31 December 2009 £000	Period from 30 May 2009 to 31 December 2008 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(487)	(116)
Current tax at 28% (2008 28%)	(136)	(32)
<i>Effects of</i>		
Income not chargeable/(expenses not deductible) for tax purposes	3	(17)
(Capital allowances)/depreciation in excess of (depreciation)/capital allowances	(5)	10
Losses carried forward	138	39
Adjustments in respect of prior periods	(13)	-
Total current tax (credit)/charge (see above)	(13)	-

Factors that may affect future current and total tax charges

The Company has estimated tax losses of £623,000 (2008 £130,000) available for carry forward against future trading profits

Notes *(continued)*

9 Tangible fixed assets

	Plant and machinery £000	Motor vehicles £000	Total £000
<i>Cost</i>			
At beginning of year	447	4	451
Additions	47	-	47
At end of year	494	4	498
<i>Depreciation</i>			
At beginning of year	37	1	38
Charge for year	84	1	85
At end of year	121	2	123
<i>Net book value</i>			
At 31 December 2009	373	2	375
At 31 December 2008	410	3	413

Notes (continued)

10 Fixed asset investments

During the year the Company received dividends of £nil (2008 £1,769,000) from subsidiary undertakings. As the prior year dividend reduced the net assets value of the subsidiaries below the investment value, the element of the dividend that reduced the investment value to nil was credited directly to the cost of investment.

The companies in which the Company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Machine Electrics Limited	England	Dormant	Ordinary – 100%
Trukaids Limited	England	Dormant	Ordinary – 100%
Fabricon (Wales) Limited	England	Dormant	Ordinary – 100%
Direct Contact (Cardiff) Limited	England	Dormant	Ordinary – 100%
Electrical Spare Parts and Accessories Limited	England	Dormant	Ordinary – 100%

11 Stocks

	2009 £000	2008 £000
Raw materials and consumables	393	521
Finished goods and goods for resale	385	452
	778	973

There is no material difference between the estimated replacement costs and the costs stated above.

Notes (continued)

12 Debtors

	2009 £000	2008 £000
Trade debtors	450	458
Amounts owed by group undertakings	19	6
Other debtors	36	40
Prepayments and accrued income	89	62
	<u>594</u>	<u>566</u>

13 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Bank loans and overdrafts	198	198
Trade creditors	419	299
Amounts owed to group undertakings	124	126
Amounts owed to undertakings in which the Company has a participating interest	-	-
Corporation tax	-	18
Taxation and social security	19	29
Other creditors	6	9
Accruals and deferred income	34	37
	<u>800</u>	<u>716</u>

14 Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Bank loans	1,010	1,208
	<u>1,010</u>	<u>1,208</u>

The bank loan is repayable in instalments with the final payment due in 2015. Interest is payable at a fixed rate of 7.04% on the nominal value outstanding.

Notes (continued)

15 Provisions for liabilities

	Deferred taxation £000
At beginning of year	20
Credit to the profit and loss for the year	(20)
At end of year	-

The elements of deferred taxation are as follows

	2009 £000	2008 £000
Tax losses	41	-
Difference between accumulated depreciation and capital allowances	(41)	(20)
Deferred tax asset	41	-
Deferred tax liability	(41)	(20)
	-	(20)

Deferred tax assets of £133,000 (2008 £36,000) have not been recognised as the future recovery is uncertain or not currently anticipated

16 Called up share capital

	2009 £000	2008 £000
<i>Authorised</i>		
590,000 (2008 340,000) Ordinary shares of £1 each	590	340
<i>Allotted, called up and fully paid</i>		
590,000 (2008 340,000) Ordinary shares of £1 each	590	340

On incorporation, the Company issued 340,000 £1 ordinary shares for a consideration of £340,000, settled in cash
During 2009 the Company issued 250,000 £1 ordinary shares for a consideration of £250,000, settled in cash

17 Profit and loss account

	Profit and loss account £000
At beginning of year	(108)
Loss for the year	(454)
At end of year	(562)

Notes (continued)

18 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Loss for the year	(454)	(108)
New share capital subscribed	250	340
Net (reduction in)/addition to shareholders' funds	(204)	232
Opening shareholders' funds	232	-
Closing shareholders' funds	<u>28</u>	<u>232</u>

19 Commitments

(a) Annual commitments under non-cancellable operating leases are as follows

	2009 Land and buildings £000	2008 Land and buildings £000
Operating leases which expire		
Within one year	-	-
In the second to fifth years inclusive	50	50
Over five years	88	88
	<u>138</u>	<u>138</u>

20 Acquisitions

On 1 August 2008, the Company acquired the following assets and liabilities from Machine Electrics Limited

	£000
Tangible fixed assets	445
Investments	21
Stocks	1,110
Debtors	643
Cash	151
Creditors due within one year	(613)
Creditors due after one year	(280)
Provisions for liabilities and charges	(28)
Net assets acquired	1,449
Consideration	1,449
Goodwill	<u>-</u>

Notes *(continued)*

21 Pension scheme

The Company does not operate a defined contribution pension scheme, but does contribute into the personal pension plans of the directors. The pension cost charge for the year represents contributions payable by the Company to the schemes and amounted to £23,000 (2008 £7,000)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

22 Related party disclosures

The Company is controlled by Schaltbau GmbH who own 100% of the share capital of Schaltbau Machine Electrics Limited. Schaltbau GmbH is a subsidiary of the ultimate controlling party, Schaltbau Holding AG

23 Ultimate parent company

The ultimate parent company is Schaltbau Holding AG, incorporated in Germany

The largest group in which the results of the Company are consolidated is that headed by Schaltbau Holding AG, incorporated in Germany. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from Hollerithstrasse 5, 81829, Munich