

Schaltbau Machine Electrics Limited

**Directors' report and financial
statements**

Registered number 06606708

31 December 2013

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Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2013.

Principal activities

The principal activities of the Company include the manufacture, repair and distribution of electrical components for use in a broad spread of industries.

Business review

The results for the year are set out in the Profit and Loss Account on page 6.

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.

Research and development

No significant research and development was conducted during the year. This is mainly conducted by the immediate parent Schaltbau GmbH.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors' report *(continued)*

Directors

The directors who held office during the year were as follows:

Mr K Jacobs
Mr R Phillips
Mr T Fox
Mr D Konrad

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2012: £nil).

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

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

By order of the board



T Fox
Director

335-336 Springvale Industrial Estate, Woodside Road Cwmbran
NP44 5BR

16 June 2014

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), including FRS 101 *Reduced Disclosure Framework*.

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

3 Assembly Square
Britannia Quay
Cardiff CF10 4AX
United Kingdom

Independent auditor's 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 2013 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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 auditor's 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; or
- the directors were not entitled to take advantage of the small companies exemption in not preparing a strategic report.

Emma Holiday (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

17 June 2014

Profit and Loss Account
for year ended 31 December 2013

	<i>Note</i>	2013 £000	2012 £000
Turnover	2	3,309	3,298
Cost of sales		(2,368)	(2,573)
Gross profit		941	725
Administrative expenses		(1,530)	(1,250)
Operating loss	3	(589)	(525)
Interest payable and similar charges	6	(49)	(137)
Loss on ordinary activities before taxation		(638)	(662)
Tax on loss on ordinary activities	7	-	-
Loss for the financial year		(638)	(662)

There is no other comprehensive income or losses in either year; the result for the financial year represents total comprehensive loss for the year.

The notes on pages 9 to 23 form an integral part of these financial statements.

Balance Sheet
at 31 December 2013

	<i>Note</i>	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Tangible assets	8		287		348
Current assets					
Stocks	10	1,063		1,169	
Debtors	11	582		608	
Cash at bank and in hand		306		143	
		<u>1,951</u>		<u>1,920</u>	
Creditors: amounts falling due within one year	12	<u>(750)</u>		<u>(677)</u>	
Net current assets			1,201		1,243
Total assets less current liabilities			<u>1,488</u>		<u>1,591</u>
Creditors: amounts falling due after more than one year	13		(218)		(383)
Net assets			<u>1,270</u>		<u>1,208</u>
Capital and reserves					
Called up share capital	15	590		590	
Capital contribution reserve	15	3,948		3,248	
Profit and loss account		(3,268)		(2,630)	
Shareholders' funds			<u>1,270</u>		<u>1,208</u>

These financial statements were approved by the board of directors on 16 June 2014 and were signed on its behalf by:



Trevor Fox
Director
Company registered number: 06606708

The notes on pages 9 to 23 form an integral part of these financial statements.

Statement of Changes in Equity

	Called up Share capital £000	Capital contribution account £000	Profit and loss account £000	Total equity £000
Previously reported balance at 1 January 2012	590	1,000	(2,067)	(477)
Effect of change for FRS 101	-	-	99	99
Balance at 1 January 2012 restated	590	1,000	(1,968)	(378)
Loss for the financial year being total comprehensive income for year	-	-	(662)	(662)
Capital contribution from owners, recorded directly in equity	-	2,248	-	2,248
Balance at 31 December 2012 and 1 January 2013	590	3,248	(2,630)	1,208
Loss for the financial year being total comprehensive income for year	-	-	(638)	(638)
Capital contribution from owners, recorded directly in equity	-	700	-	700
Balance at 31 December 2013	590	3,948	(3,268)	1,270

The notes on pages 9 to 23 form an integral part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

Schaltbau Machine Electrics Limited (the "Company") is a company incorporated and domiciled in the UK.

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.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has adopted FRS 101 early and for the first time.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 21.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

Business combinations – Business combinations that took place prior to 1 January 2012 have not been restated.

Fair value or revaluation as deemed cost – At 1 January 2012, fair value has been used as deemed cost for properties previously measured at fair value.

The Company's ultimate parent undertaking, Schaltbau Holding AG includes the Company in its consolidated financial statements. The consolidated financial statements of Schaltbau Holding AG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Hollerithstrasse 5, 81829, Munich.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned group companies;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;

As the consolidated financial statements of Schaltbau Holding AG include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the disclosures required by IFRS 7 Financial Instrument Disclosures, which have not been provided apart from those which are relevant for the financial instruments which are held at fair value.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2012 for the purposes of the transition to FRS 101.

Notes (continued)

1 Accounting policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except for derivative financial instruments which are stated at their fair value. Non-current assets held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.2 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.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1 Accounting policies (continued)

1.5 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss unless the derivatives qualify for hedge accounting (see below).

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the profit and loss account (even if those gains would normally be recognised directly in reserves).

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- buildings 50 years
- plant and equipment 3 - 7 years
- fixtures and fittings 3 - 7 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes (continued)

1 Accounting policies (continued)

1.8 Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at historic cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Notes (continued)

1 Accounting policies (continued)

1.11 Turnover

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

Turnover is recognised when substantially all of the risks and rewards of ownership have been transferred to the customer, generally being at the point at which goods are dispatched to customers.

1.12 Expenses

Operating lease payments

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses on financing items that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.14 Accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes (continued)

2 Turnover

	2013 £000	2012 £000
By geographical market		
United Kingdom	1,008	792
Rest of Europe	1,489	1,579
Rest of World	812	927
	<u>3,309</u>	<u>3,298</u>

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2013 £000	2012 £000
Research and development expensed as incurred	-	-
Net exchange losses/(gains)	(4)	12
	<u> </u>	<u> </u>

Auditor's remuneration:

	2013 £000	2012 £000
Audit of these financial statements	13	13
Additional amounts receivable in relation to audit of prior year financial statements	5	12
Amounts receivable by the company's auditor and its associates in respect of:		
Audit -related assurance services	3	-
Taxation compliance services	2	3
	<u> </u>	<u> </u>

4 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	
	2013	2012
Management and administration	12	14
Production and sales	26	23
	<u>38</u>	<u>37</u>

The aggregate payroll costs of these persons were as follows:

	2013 £000	2012 £000
Wages and salaries	866	877
Social security costs	79	103
Contributions to defined contribution plans	15	16
	<u>960</u>	<u>996</u>

Notes (continued)

5 Directors' remuneration

	2013 £000	2012 £000
Directors' emoluments	161	146
Company contributions to money purchase pension plans	16	16
	<u>177</u>	<u>162</u>

Whilst there is no Company wide pension scheme, pension contributions were paid into personal pension plans for two (2012: two) directors during the year.

6 Interest payable and similar charges

	2013 £000	2012 £000
Interest payable on bank loans and overdrafts	49	56
Interest payable on loans from group undertakings	-	81
	<u>49</u>	<u>137</u>
Total other interest payable and similar charges	49	137

7 Taxation

Recognised in the profit and loss account

	2013 £000	2013 £000	2012 £000	2012 £000
<i>UK corporation tax</i>				
Current tax on income for the period	-		-	
Adjustments in respect of prior periods	-		-	
	<u>-</u>		<u>-</u>	
Total current tax		-		-
<i>Deferred tax (see note 16)</i>				
Origination and reversal of temporary differences	-		-	
Reduction in tax rate	-		-	
Recognition of previously unrecognised tax losses	-		-	
	<u>-</u>		<u>-</u>	
Total deferred tax		-		-
		<u>-</u>		<u>-</u>
Tax on profit on ordinary activities		-		-
		<u>-</u>		<u>-</u>

Notes (continued)

7 Taxation (continued)

Reconciliation of effective tax rate

	2013 £000	2012 £000
Loss for the year	(638)	(662)
Total tax expense (including tax on discontinued operations)	-	-
Profit excluding taxation	(638)	(662)
Tax using the UK corporation tax rate of 23.25 % (2012: 24.5%)	(148)	(162)
Non-deductible expenses	-	2
Other timing differences	(5)	5
Losses carried forward	153	132
Depreciation/(capital allowances) in excess of capital allowances/(depreciation)	-	(1)
Effect of transition to FRS 101	-	24
Total tax expense	-	-

Factors that may affect future current and total tax charges

The current UK tax rate that has been used for the year is a hybrid rate of 23.25%. This is on the basis that the tax rate changed from 24% to 23% as of 1 April 2013. A tax rate change to 20%, which has effect from 1 April 2015, was substantively enacted on 2 July 2013 and has therefore been factored into the UK deferred tax calculations.

Deferred tax assets of £575,000 (2012: £617,000) (comprising accelerated capital allowances of (£3,000) (2012: (£2,000))), short term timing differences of £5,000 (2012: £11,000) and losses available for carry forward against future trading profits of £572,000 (2012: £608,000)) have not been recognised as the future recovery is uncertain or not currently anticipated.

The Company has estimated tax losses of £2,860,000 available for carry forward against future profits.

Notes (continued)

8 Tangible fixed assets

	Plant and machinery £000	Motor Vehicles £000	Total £000
Cost			
Balance at 1 January 2013	760	4	764
Additions	71	-	71
Disposals	-	-	-
Balance at 31 December 2013	831	4	835
Depreciation			
Balance at 1 January 2013	412	4	416
Depreciation charge for the year	132	-	132
Disposals	-	-	-
Balance at 31 December 2013	544	4	548
Net book value			
At 1 January 2013	348	-	348
At 31 December 2013	287	-	287

Leased plant and machinery

The companies held no leased plant and machinery as at 31 December 2013 or 31 December 2012.

9 Fixed asset investments

The Company has the following investments in subsidiaries

	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%
Fabiricon (Wales) Limited	England	Dormant	Ordinary – 100%
Direct Contact (Cardiff) Limited	England	Dormant	Ordinary – 100%
Electrical Spare Parts and Accessories Limited	England	Dormant	Ordinary – 100%

Notes (continued)

10 Stocks

	2013 £000	2012 £000
Raw materials and consumables	255	480
Work in progress	236	-
Finished goods	572	689
	<u>1,063</u>	<u>1,169</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £2,249,000 (2012: £2,482,000).

11 Debtors

	2013 £000	2012 £000
Trade debtors	327	465
Amounts owed by group undertakings	133	2
Other debtors	59	5
Other financial assets (see note 16)	22	20
Prepayments and accrued income	41	116
	<u>582</u>	<u>608</u>

12 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Bank loans and overdrafts (see note 14)	230	224
Trade creditors	369	355
Amounts owed to group undertakings	103	58
Taxation and social security	32	23
Other creditors	8	17
Accruals and deferred income	8	-
	<u>750</u>	<u>677</u>

An amount of £700,000 owed to the immediate parent company was waived on 31 December 2013 and credited to the capital contribution account.

Notes (continued)

13 Creditors: amounts falling due after more than year

	2013 £000	2012 £000
Bank loans and overdrafts (see note 14)	218	383
	<u>218</u>	<u>383</u>

14 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2013 £000	2012 £000
Creditors falling due after more than one year		
Secured bank loans	218	383
	<u>218</u>	<u>383</u>
Creditors falling due within one year		
Secured bank loans	219	224
Bank overdraft	11	-
	<u>230</u>	<u>224</u>

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2013 £000	Carrying amount 2013 £000	Face value 2012 £000	Carrying amount 2012 £000
Bayerische Landesbank	EUR	7.04%	2015	415	437	587	607
				<u>415</u>	<u>437</u>	<u>587</u>	<u>607</u>

The company hedges the foreign exchange movement on its Euro loan using a currency swap which fixes the Sterling/Euro exchange rate (see note 16).

Notes (continued)

15 Capital and reserves

Share capital

	2013 £000	2012 £000
<i>Allotted, called up and fully paid</i>		
590,000 ordinary shares of £1 each	590	590
	590	590

Capital contribution reserve

The capital contribution reserve represents loans from the parent company that has been converted into equity.

16 Financial instruments

16 (a) Fair values of financial instruments

Derivative financial instruments

The Company holds one derivative financial instrument which is designated as fair value through profit or loss: a currency swap for a Euro loan. The fair value of the swap is based upon a valuation provided by Bayerische Landesbank with whom the swap and corresponding loan is held.

The fair values of all financial assets designated as fair value through profit or loss together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2013 £000	Fair value 2013 £000	Carrying amount 2012 £000	Fair value 2012 £000
Currency swap derivative	22	22	20	20

The swap derivative had a £2,000 favourable effect on loss for 2013 (2012: £ 27,000 unfavourable) which nets off the impact on loss of an equivalent movement on the loan balance.

16 (b) Financial risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The carrying amount of financial assets of £847,000 (2012: £635,000) represents the maximum credit exposure. In addition the Company has established a credit policy under which each new customer is analysed for creditworthiness before the standard payment and delivery terms and conditions are offered. The Company also maintains for each customer sale limits that if exceeded require approval from management.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. In addition, the Company is supported by the parent Company with a line of credit that can be drawn down to meet short-term financing requirements.

Notes (continued)

16 Financial instruments (continued)

16 (b) Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments

The Company has limited exposure to interest rate movements as the interest rate on its Euro loan is fixed. The company hedges the foreign exchange movement on its Euro loan using its currency swap which fixes the Sterling/Euro exchange rate.

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated. The Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2013	2012
	£000	£000
Less than one year	4	3
Between one and five years	50	97
More than five years	-	-
	54	100

The Company leases a number of warehouse and factory facilities under operating leases.

During the year £87,000 was recognised as an expense in the profit and loss account in respect of operating leases (2012: £78,000).

18 Capital commitments

The Company did not hold any contracts to purchase property, plant and equipment at 31 December 2013 or 31 December 2012.

19 Related party disclosures

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

20 Ultimate parent company and parent company of larger group

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.

Notes (continued)

21 Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 2013, the comparative information presented in these financial statements for the year ended 31 December 2012 and in the preparation of an opening FRS 101 balance sheet at 1 January 2012 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of balance sheet movements

			1 January 2012 effect of transition to FRS 101	FRS 101		31 December 2012 effect of transition to FRS 101	FRS 101
	Note	UK GAAP £000	FRS 101 £000	£000		UK GAAP £000	£000
Fixed assets							
Tangible fixed assets		381	-	381		348	-
Current assets							
Stocks	a	1,161	99	1,260		1,031	138
Trade debtors		460	-	460		465	-
Amounts owed by group undertakings		12	-	12		2	-
Other debtors		74	-	74		5	-
Prepayments and accrued income		141	-	141		116	-
Other financial assets	b	-	47	47		-	20
Cash at bank and in hand		556	-	556		143	-
		2,404	146	2,550		1,762	158
Creditors: amounts due within one year							
Bank loans and overdrafts	b	(198)	(47)	(245)		(204)	(20)
Trade creditors		(537)	-	(537)		(355)	-
Amounts owed to group undertakings		(1,754)	-	(1,754)		(58)	-
Taxation and social security		(20)	-	(20)		(23)	-
Other creditors		(2)	-	(2)		(17)	-
Accruals and deferred income		(137)	-	(137)		-	-
		(2,648)	(47)	(2,695)		(657)	(20)
Net current assets/(liabilities)		(244)	99	(145)		1,105	138
Creditors: amounts falling due after more than one year							
Bank loans and overdrafts		(614)	-	(614)		(383)	-
Net assets/(liabilities)		(477)	99	(378)		1,070	138

Notes (continued)

21 Explanation of transition to FRS 101 (continued)

Reconciliation of balance sheet movements (continued)

		1 January 2012 effect of transition to			31 December 2012 effect of transition to	
Note	UK GAAP £000	FRS 101 £000	FRS 101 £000	UK GAAP £000	FRS 101 £000	FRS 101 £000
Capital and reserves						
Called up share capital	590	-	590	590	-	590
Capital and reserves	1,000	-	1,000	3,248	-	3,248
Profit and loss account	(2,067)	99	(1,968)	(2,768)	138	(2,630)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Shareholders' equity	(477)	99	(378)	1,070	138	1,208
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes to the reconciliation of balance sheet movements

(a) The reconciling item for stock represents the treatment of the closing stock under FRS 101 whereby directly related overheads have been capitalised.

(b) This represents the currency swap derivative being brought onto the balance sheet as a separate item with equivalent impact on the loan balance.

Reconciliation of loss for 2012

	Note	UK GAAP £000	2012 Effect of transition to FRS 101 £000	FRS 101 £000
Turnover		3,298	-	3,298
Cost of sales	a	(2,612)	39	(2,573)
		<u> </u>	<u> </u>	<u> </u>
Gross profit		686	39	725
Administrative expenses		(1,250)	-	(1,250)
		<u> </u>	<u> </u>	<u> </u>
Operating loss		(564)	39	(525)
Other interest receivable and similar income		-	-	-
Interest payable and similar charges		(137)	-	(137)
		<u> </u>	<u> </u>	<u> </u>
Loss on ordinary activities before taxation		(701)	39	(662)
Tax on loss on ordinary activities		-	-	-
		<u> </u>	<u> </u>	<u> </u>
Loss for the year		(701)	39	(662)
		<u> </u>	<u> </u>	<u> </u>

Notes to the reconciliation of loss

(a) The reconciling item for cost of sales represents the movement between the opening and closing directly related overheads which have been capitalised as part of stock under FRS101.