

Company Registration No 00265006 (England and Wales)

**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

TUESDAY



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**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**COMPANY INFORMATION**

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<b>Directors</b>	Mr M Hemingway Mr C Pritchard
<b>Secretary</b>	Mr M Hemingway
<b>Company number</b>	00265006
<b>Registered office</b>	70 Eastern Way Bury St Edmunds Suffolk IP32 7AB
<b>Auditors</b>	Mazars LLP The Atrium Park Street West Luton Bedfordshire LU1 3BE
<b>Bankers</b>	National Westminster Bank PLC Business and Commercial Banking 7 Cornhill Bury St Edmunds IP33 1AX
<b>Solicitors</b>	Ashton Graham Solicitors 81 Guildhall Street Bury St Edmunds IP33 1PZ

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**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
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**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2011***

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The directors present their report and financial statements for the year ended 31 December 2011

**Principal activities and review of the business**

The principal activities of the company during the year were the manufacture and marketing of lamp in socket assemblies, added value assemblies and sales of factored lighting products

The company continues to export a significant percentage of its total output to the Euro-zone countries and North America

The company improved its 2011 turnover over the previous year and achieved consistent margins and profitability despite a continually changing demand for lighting products over many market sectors

The success of the relocation of our lamp making equipment during 2010 from the freehold site to China, started to meet unexpectedly high demands after the mid-year point. This type of lamp is now produced under a collaborative agreement with a Chinese company and all parties are understanding and realising the benefits

The continued improved performance of the company has allowed us to adhere to the recovery plan for the pension fund deficit. Terms of the repayment schedule agreed with the Pension Trustees and the Pension Regulator have been fully met and adhered to. The schedule is to make specific monthly payments into the fund commencing in January 2011.

The German sister company has also made payments to the company throughout 2011 thus reducing its overdue receivables. The company will continue to vigorously pursue the payment of these receivables in full.

**Principal risks and uncertainties**

The continued improvement to the company's profit-performance in 2010 has been maintained. Following agreement with the Pension Trustees and the Pension Regulator of an affordable repayment schedule for the pension fund deficit, the major risk to the company that has existed for the preceding 4 years has been effectively addressed. With the sale of CML to Grupo Antolin Irausa S A in January 2012 the directors believe suitable underlying warranties in respect of the pension deficit have replaced those of the former American owners. There are currently no other obvious significant risks to the company.

**Post balance sheet events**

On 10 January 2012 the operating companies of CML, which encompass all manufacture and sales of the CML Group worldwide, were acquired by a private family owned global manufacturer who were interested in purchasing a specialist lighting organisation in order to augment and complement their own businesses. Other synergies may also exist and are likely to be developed.

**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

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**Key performance indicators**

Given the straight forward nature of the company, the directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the company

Monitoring of financial key performance indicators and standard costing form a major part of the overall positioning and control of the Company. Long term financial planning, detailed annual budgets and updated quarterly forecasts interpret the changing nature of our industry and reflect the economy in general. Key drivers, the daily and cumulative order intake, are compared to these targets. Progress in associated production planning and inventory control is handled and monitored through our ERP system and a rigorous quality regime is in place through the requirements of our ISO/TS 16949 2009 registration.

Formal cash planning, timely monthly management accounts and their monitoring complete the process for the Director's understanding concerning the development, performance and position of the company. The directors consider publication of these key performance indicators to be commercially sensitive, but that it is from these and their interpretation that the business review has been drawn.

**Results and dividends**

The results for the year are set out on page 6

**Financial risk management**

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk. The policies set by the ultimate and intermediate parent companies are implemented by the company's finance department. As noted above, the company has impaired a group loan receivable.

**Directors**

The following directors have held office since 1 January 2011

Mr M Hemingway

Mr W Drexler

Mr C Pritchard

Mr E Antolin

(Resigned 10 January 2012)

(Appointed 1 May 2012)

(Appointed 10 January 2012 and resigned 11 May 2012)

**Auditors**

In accordance with the company's articles, a resolution proposing that Mazars LLP be reappointed as auditors of the company will be put at a General Meeting.

**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

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**Statement of directors' responsibilities**

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

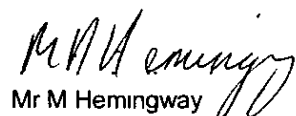
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Mr M Hemingway

**Secretary**

3/9/12

# **CML INNOVATIVE TECHNOLOGIES LIMITED**

**COMPANY REGISTRATION NO. 00265006**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF CML INNOVATIVE TECHNOLOGIES LIMITED**

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We have audited the financial statements of CML Innovative Technologies Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. 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).

#### **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 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 (APB's) Ethical Standards for Auditors. 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.

#### **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/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

#### **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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other 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.

**CML INNOVATIVE TECHNOLOGIES LIMITED**

**COMPANY REGISTRATION NO. 00265006**

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**TO THE MEMBERS OF CML INNOVATIVE TECHNOLOGIES LIMITED**

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**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

**Jacqueline Berry (Senior Statutory Auditor)**  
**for and on behalf of Mazars LLP**  
**Chartered Accountants and**  
**Statutory Auditor**



5/9/2012

The Atrium  
Park Street West  
Luton  
Bedfordshire  
LU1 3BE



**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 £'000	2010 £'000
Turnover	2	7,205	7,060
Cost of sales		(5,387)	(4,948)
<b>Gross profit</b>		<b>1,818</b>	<b>2,112</b>
Distribution costs		(111)	(118)
Administrative expenses		(1,063)	(787)
Exceptional items	3	88	(82)
<b>Operating profit</b>		<b>732</b>	<b>1,125</b>
Other interest receivable and similar income	7	4	-
Interest payable and similar charges	8	(233)	(215)
<b>Profit on ordinary activities before taxation</b>		<b>503</b>	<b>910</b>
Tax on profit on ordinary activities	9	-	-
<b>Profit for the year</b>	<b>17</b>	<b>503</b>	<b>910</b>

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

**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 £'000	2010 £'000
Profit for the financial year		503	910
Actuanal loss on pension scheme		(218)	(230)
<b>Total recognised gains and losses relating to the year</b>		<b>285</b>	<b>680</b>

There were no material differences between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**BALANCE SHEET**

**AS AT 31 DECEMBER 2011**

		2011		2010	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	10		344		326
<b>Current assets</b>					
Stocks	11	1,228		1,009	
Debtors	12	1,269		2,454	
Cash at bank and in hand		503		338	
		3,000		3,801	
<b>Creditors amounts falling due within one year</b>	13	(840)		(1,856)	
<b>Net current assets</b>			2,160		1,945
<b>Total assets less current liabilities</b>			2,504		2,271
<b>Creditors amounts falling due after more than one year</b>	14		(6)		(7)
<b>Net assets excluding pension liability</b>			2,498		2,264
<b>Pension liability</b>	15		(2,758)		(2,809)
			(260)		(545)
<b>Capital and reserves</b>					
Called up share capital	16		40		40
Other reserves	17		46		46
Profit and loss account	17		(346)		(631)
<b>Shareholders' funds</b>	18		(260)		(545)

Approved by the Board and authorised for issue on 3 Sept 2012.

*M A Hemingway*  
 Mr M Hemingway  
 Director

31/9/12

**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

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**1 Accounting policies**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the applicable accounting standards

The accounts of the company have been prepared on the basis that it remains a going concern

The company operates a defined benefit pension scheme which is now closed and that has fallen into deficit. The company has reached a recovery plan agreement with the Pension Trustees and the Pension Regulator has confirmed they have no objections. Further details in respect of the pension scheme deficit are set out in Note 15

**Cash flow statement**

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

**1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

**1.3 Tangible fixed assets and depreciation**

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on process prevailing at the date of acquisition or valuation of each asset evenly over its expected useful life as follows

Leasehold property	over the term of the lease
Plant and machinery	over 3 to 10 years

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account

The carrying values of fixed assets are reviewed in periods if events or changes in circumstances indicate the carrying value may not be recoverable

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

**1.4 Leasing**

Assets obtained under finance leases and related lease obligations are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight line basis over the shorter of the lease term and the useful economic life of the asset

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

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**1 Accounting policies**

**(continued)**

**1.5 Stock and work in progress**

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows

Raw materials, consumables and goods for resale -  
purchase cost on a first-in, first-out basis

Work in progress and finished goods -  
Cost of direct materials and labour plus attributable overheads, based on a normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal

**1.6 Pensions**

**(a) Defined Contribution plan**

For the defined contribution (money purchase) scheme, contributions are made into individual retirement accounts based on the age of the member. The contribution rate is based on the advice of actuaries. Contributions are charged to the profit and loss account during the period in which the employee is an active member of the scheme. The costs of administering the scheme and providing for death in service are met by the company.

**(b) Defined benefit plan**

The company participates in a defined benefit pension scheme, the VCH International Limited Retirement Benefit Plan. The company closed the defined benefit plan to future accrual at 31 July 2004 but the plan continues to require contributions to be made to a separately administered fund.

The pension liability recognised in the balance sheet is the obligation of the employer being the present value of the scheme's liabilities less the value of the assets in the scheme. The resulting liability is stated net of deferred taxation, if recognised.

The pension costs for the scheme are analysed into (i) current service cost, (ii) past service cost, (iii) settlements or curtailments and (iv) net expected return on pension asset. Current service cost is the actuarially calculated present value of the benefits earned by the active employees in each period. Past service costs, relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits, are recognised in the profit and loss account on a straight-line basis over the period in which the increase in benefits vests. Settlements or curtailments are recognised in the profit and loss account to the extent that they are not allowed for in the actuarial assumptions. Losses on settlements or curtailments are measured at the date on which the employer becomes demonstrably committed to the transaction. Gains on settlements or curtailments are measured at the date on which all parties, whose consent is required, are irrevocably committed. Net expected return on the pension asset comprises the expected return on the pension scheme assets less interest on scheme liabilities.

The actuarial gains and losses which arise from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are taken to the statement of total recognised gains and losses for the period. The deferred taxation movement attributable to this (when deferred tax is recognised) is shown separately in the Statement of Total Recognised Gains and Losses.

The deferred tax asset related to the defined benefit pension scheme has not been recognised as a result of the uncertainty over the realisation of the asset.

**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

**1 Accounting policies**

**(continued)**

**1.7 Deferred taxation**

In accordance with FRS 19, provision is made for deferred tax liabilities and assets, using full provision accounting, otherwise known as the incremental liability method, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future, with the exception of

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

**1.8 Foreign currency translation**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

**1.9 Financial instruments**

The Company first adopted FRS 25, "Financial instruments disclosure and presentation", in the financial statements for the year ended 31 December 2005. The cumulative preference shares issued by the Company are treated as long term liabilities

The Company considers the fair value of all its other financial instruments to equal their carrying value

**2 Turnover**

Turnover represents the invoiced amount of goods sold, stated net of value added tax and is attributable to one activity, the manufacture and marketing of miniature light sources

An analysis of turnover by geographical market is given below

**Geographical market**

	<b>Turnover</b>	
	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	1,447	1,348
Rest of European Union	3,770	4,572
Rest of World	1,988	1,140
	<u>7,205</u>	<u>7,060</u>

**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

<b>3</b>	<b>Exceptional Costs</b>	<b>2011</b>	<b>2010</b>
		<b>£'000</b>	<b>£'000</b>
	Restructuring costs	15	98
	Impairment of intercompany receivable	(114)	(94)
	Professional fees	2	-
	Relocation costs	9	78
		<u>(88)</u>	<u>82</u>

The restructuring costs represent a programme to correct the size of the workforce to reflect the ongoing economic circumstances. The impairment of intercompany receivable represents the partial recovery of an intercompany debt previously provided for.

<b>4</b>	<b>Operating profit</b>	<b>2011</b>	<b>2010</b>
		<b>£'000</b>	<b>£'000</b>
	Operating profit is stated after charging		
	Depreciation of tangible assets	71	12
	Impairment of amounts due from group undertakings	(114)	(94)
	Loss on disposal of tangible assets	-	14
	Loss on foreign exchange transactions	48	53
	Operating lease rentals		
	- Plant and machinery	23	18
	- Other	90	17
	Auditors' remuneration (including expenses and benefits in kind)	26	22
		<u>26</u>	<u>22</u>

**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**5 Employees**

**Number of employees**

The average monthly number of employees (including directors) during the year was

	<b>2011 Number</b>	<b>2010 Number</b>
Manufacturing	37	47
Engineering	4	3
Management and administration	9	10
Selling	2	2
	<u>52</u>	<u>62</u>

**Employment costs**

	<b>2011 £'000</b>	<b>2010 £'000</b>
Wages and salaries	1,118	1,418
Social security costs	107	118
Other pension costs	87	72
	<u>1,312</u>	<u>1,608</u>

**6 Directors' remuneration**

	<b>2011 £'000</b>	<b>2010 £'000</b>
Remuneration for qualifying services	113	89
Company pension contributions to defined contribution schemes	29	29
	<u>142</u>	<u>118</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2010 - 1)

**7 Investment income**

	<b>2011 £'000</b>	<b>2010 £'000</b>
Bank interest	4	-
	<u>4</u>	<u>-</u>



**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

<b>8</b>	<b>Interest payable</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
	On bank loans and overdrafts	-	19
	Lease finance charges	2	3
	Other interest	231	193
		<u>233</u>	<u>215</u>
<b>9</b>	<b>Taxation</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
	<b>Total current tax</b>	<u>-</u>	<u>-</u>
	 <b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>503</u>	<u>910</u>
	 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2010 - 28.00%)	<u>131</u>	<u>255</u>
	Effects of		
	Non deductible expenses	(25)	(11)
	Capital allowances for the year in excess of depreciation	(42)	(85)
	Utilisation of tax losses	3	11
	Pension cost relief less than pension cost charge	(70)	(170)
	Group relief	3	-
		<u>(131)</u>	<u>(255)</u>
	 <b>Current tax charge for the year</b>	<u>-</u>	<u>-</u>

A potential deferred tax asset of £618,214 (2010 £621,615) has not been recognised, as the directors have concluded, on the basis of reasonable assumptions, that it is unlikely that the asset will be realised in the foreseeable future

**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**10 Tangible fixed assets**

	<b>Land and buildings Leasehold £'000</b>	<b>Plant and machinery £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>			
At 1 January 2011	199	5,441	5,640
Additions	26	63	89
Disposals	-	(56)	(56)
At 31 December 2011	225	5,448	5,673
<b>Depreciation</b>			
At 1 January 2011	7	5,307	5,314
On disposals	-	(56)	(56)
Charge for the year	43	28	71
At 31 December 2011	50	5,279	5,329
<b>Net book value</b>			
At 31 December 2011	175	169	344
At 31 December 2010	192	134	326

**11 Stocks and work in progress**

	<b>2011 £'000</b>	<b>2010 £'000</b>
Raw materials	478	200
Work in progress	26	23
Finished goods	724	786
	1,228	1,009

The directors consider any difference between the purchase prices or production cost of stocks and their replacement cost to be immaterial

**CML INNOVATIVE TECHNOLOGIES LIMITED**  
**COMPANY REGISTRATION NO. 00265006**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

<b>12 Debtors</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	967	910
Amounts owed by group undertakings	156	1,465
Other debtors	44	2
Prepayments and accrued income	102	77
	<u>1,269</u>	<u>2,454</u>

During 2011 there was an offset and repayment which had the effect of reducing amounts owed by group undertakings by £1,251K within CML's Debtors and correspondingly reduced Dividends payable by £1,251K within CML's Creditors falling due within one year, but had no effect on the company's Profit and Loss account or Reserves. The transaction did not involve any loan balance being forgiven or written off.

<b>13 Creditors, amounts falling due within one year</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance lease and hire purchase contracts	3	30
Trade creditors	540	240
Amounts owed to group undertakings	114	165
Taxes and social security costs	37	34
Accruals and deferred income	146	136
Dividends payable	-	1,251
	<u>840</u>	<u>1,856</u>

The bank overdraft was secured by a fixed and floating charge over the assets of the company.

Amounts owed to group undertakings are unsecured and repayable on demand. Routine trading balances are interest free and amounts considered as loans carry interest at 5%.

During 2011 there was an offset and repayment which had the effect of reducing amounts owed by group undertakings by £1,251K within CML's Debtors and correspondingly reduced Dividends payable by £1,251K within CML's Creditors falling due within one year, but had no effect on the company's Profit and Loss account or Reserves. The transaction did not involve any loan balance being forgiven or written off.

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<b>14 Creditors amounts falling due after more than one year</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Obligations under finance lease and hire purchase contracts	-	1
7% first cumulative preference shares	4	4
Second cumulative preference shares	2	2
	<u>6</u>	<u>7</u>
<b>Net obligations under finance leases</b>		
Repayable within one year	3	30
Repayable between one and five years	-	1
	<u>3</u>	<u>31</u>
Included in liabilities falling due within one year	(3)	(30)
	<u>-</u>	<u>1</u>

**Preference shares**

The first preference shares carry no voting rights in general meetings unless the dividends are in arrears or the business of the meeting includes the consideration of a resolution for winding up the company or altering the rights of the preference shares. The second cumulative preference shares carry 100 votes for every second preference share held. The ordinary shares carry one vote each. Rights to receive dividends on the first and second cumulative preference shares have been waived in the current and previous years.

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**15 Pension and other post-retirement benefit commitments**

**Defined benefit**

The company participates in the VCH International Limited Recruitment Benefit Plan (the "plan"). The plan is closed to new entrants and closed to future accrual from 31 July 2004 and provides benefits based on final pensionable pay. Like many such pension plans, there is a deficit between the current value of the fund and the actuarial calculations of its potential future liabilities.

Due to previous difficult trading circumstances and following a period of no payments into the fund by the company (from September 2008), a recovery plan was agreed between the company, the Pension Fund Trustees and the Pension Regulator.

The recovery plan was based on the most recent actuarial valuation as at 31 December 2009. The recovery plan was based on payments into the fund included in December 2010 of £800,000, generated from the sale of the company's freehold site and a further £500,000 each year (paid monthly) to be commenced from January 2011. The plan will be subject to actuarial review every 3 years.

The major assumptions used by the actuary to calculate scheme liabilities under FRS 17 are best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice. The major assumptions are as follows:

**The major assumptions used by the actuary were**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
Valuation method	Projected unit	Projected unit	Projected unit
Rate of increase in pensions in payment	2.30%	3.00%	3.00%
Discount rate	4.70%	5.40%	5.70%
Mortality rates	PCA00mc	PCA00mc	140% of PCA00mc
Inflation assumption	2.40%	3.00%	3.00%

**The long term expected rates of return are as follows**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
Equities	6.00%	7.50%	8.00%
Bonds	3.00%	4.00%	4.40%
Other assets	0.50%	0.50%	0.50%

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**15 Pension and other post-retirement benefit commitments**

**(continued)**

The values of the assets in the scheme are as follows

	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Equities	2,903	2,376	2,559
Bonds	5,995	4,977	4,942
Other assets	274	1,258	114
	<hr/>	<hr/>	<hr/>
Total market value of assets	9,172	8,611	7,615
	<hr/>	<hr/>	<hr/>
Present value of scheme liabilities	(11,930)	(11,420)	(10,801)
	<hr/>	<hr/>	<hr/>
Deficit in scheme	(2,758)	(2,809)	(3,186)
	<hr/>	<hr/>	<hr/>
Net pension liability	(2,758)	(2,809)	(3,186)
	<hr/>	<hr/>	<hr/>

Analysis of the amount charged to operating profit

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on pension scheme assets	(372)	(409)
Interest on pension scheme liabilities	603	602
	<hr/>	<hr/>
Total operating charge	231	193
	<hr/>	<hr/>

Analysis of amount recognised in the statement of total recognised gains and losses:

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on pension scheme assets	196	283
Changes in assumptions underlying the present value of the scheme liabilities	(414)	(513)
	<hr/>	<hr/>
Actual loss recognised in the statement of total recognised gains and losses	(218)	(230)
	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**15 Pension and other post-retirement benefit commitments**

**(continued)**

**Reconciliation of present value of scheme liabilities**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	11,420	10,801
Interest cost	603	602
Benefits paid	(507)	(496)
Actuall loss	414	513
At 31 December	<u>11,930</u>	<u>11,420</u>

**Reconciliation of fair value of scheme assets**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	8,611	7,615
Expected return on scheme assets	372	409
Contributions paid by employer	500	800
Benefits paid	(507)	(496)
Actuall gain	196	283
At 31 December	<u>9,172</u>	<u>8,611</u>

**History of surplus/(deficit) in the scheme and experience adjustments**

The following table sets out a history of amounts under FRS17 for the current and previous four periods as follows

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Scheme liabilities	11,930	11,420	10,801	8,848	9,707
Scheme assets	9,172	8,611	7,615	7,680	8,221
(Deficit)	(2,758)	(2,809)	(3,186)	(1,168)	(1,486)
Experience (gain) on liabilities	-	(139)	-	-	-
Experience (gain)/loss on assets	196	283	206	(731)	(92)

**Defined contribution scheme**

The pension costs for the defined contribution scheme, which represents contributions payable by the company, amounted to £87,000 (2010 £72,000) At the year end an amount of £nil was included in accruals (2010 £nil)

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**FOR THE YEAR ENDED 31 DECEMBER 2011**

<b>16 Share capital</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Allotted, called up and fully paid</b>		
40,488 ordinary shares of £1 each	40	40
<b>17 Statement of movements on reserves</b>	<b>Other reserves</b>	<b>Profit and loss</b>
	<b>(see below)</b>	<b>account</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 January 2011	46	(631)
Profit for the year	-	503
Actuarial gains or losses on pension scheme assets	-	(218)
Balance at 31 December 2011	46	(346)
<b>Other reserves</b>		
<b>Capital redemption reserve</b>		
Balance at 1 January 2011 & at 31 December 2011	46	
<b>18 Reconciliation of movements in shareholders' funds</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	503	910
Other recognised gains and losses	(218)	(230)
Net addition to shareholders' funds	285	680
Opening shareholders' funds	(545)	(1,225)
Closing shareholders' funds	(260)	(545)



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**FOR THE YEAR ENDED 31 DECEMBER 2011**

**19 Financial commitments**

At 31 December 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2012

	Land and buildings		Other	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	-	-	6	-
Between two and five years	98	75	14	23
	<u>98</u>	<u>75</u>	<u>20</u>	<u>23</u>

**20 Control**

At 31 December 2011 the ultimate parent company was CML Holdings International LLC, a company incorporated in the USA

The directors consider CML Holdings International LLC to be the controlling party by virtue of its controlling interest in the parent company's share capital

On 10 January 2012 the ownership changed from CML Holdings International LLC to Grupo Antolin Irausa s a a Spanish registered privately owned company

The parent company of the smallest group of undertakings of which the company is a member and for which group accounts are drawn up is Broomco (3051) Limited. Copies of these financial statements may be obtained from Broomco (3051) Limited, 70 Eastern Way, Bury St Edmunds, Suffolk, IP32 7AB

**21 Related party relationships and transactions**

The group has transacted with various other CML Innovative Technologies group companies throughout the world. Purchases during the year from these companies amounted to £835,000 (2010 £1,045,000) and sales during the year amounted to £733,000 (2010 £1,030,000)

At the year end £114,000 (2010 £1,416,000), is owed to these group companies and £156,000 (2010 £1,465,000) is owed from them

The company also has an amount of £3,597,000 (2010 £3,557,000) due from CML Innovative Technologies GmbH & Co for which a 100% provision has been made on the grounds of doubtful recoverability

All transactions are undertaken on an arms length basis

The company has taken advantage of the 100% subsidiary exemption contained in FRS 8 which exempts it from disclosure of transactions with other group undertakings in the UK sub-group