

Registration number: 00370559

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Hawker Siddeley Switchgear Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2013

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**Hawker Siddeley Switchgear Limited
Company Information**

Directors	G E Barnes
	S A Peckham
	A G Peart
	M J Richards
	G D Morgan
	G P Martin
Company secretary	A D C Westley
Registered office	11th Floor
	Colmore Plaza
	20 Colmore Circus Queensway
	Birmingham
	West Midlands
	B4 6AT
Auditor	Deloitte LLP
	Cardiff
	United Kingdom

Hawker Siddeley Switchgear Limited

Strategic Report for the Year Ended 31 December 2013

The Directors present their strategic report for the year ended 31 December 2013.

Principal activity

The Company's principal activity is that of the assembly of indoor and outdoor switchgear and circuit breakers and power infrastructure equipment. The Directors do not expect any change in this activity in the foreseeable future.

Fair review of the business

Turnover for the year ended 31 December 2013 was £51,314,000 (year ended 31 December 2012: £46,772,000). The operating profit for the year ended 31 December 2013 was £8,700,000 (year ended 31 December 2012: profit of £7,892,000). The retained profit for the year ended 31 December 2013 was £10,065,000 (year ended 31 December 2012: profit of £8,225,000).

Hawker Siddeley Switchgear recorded another strong performance during 2013, a record order intake increasing the order book 16% and revenue 10% above the previous year. A factory reorganisation during the year saw significant improvements in productivity and further increases in gross margins for each of the product categories. This was further supported by a continued cost reduction programme in addition to a defect prevention initiative now in its third year. These programmes will continue into 2014, with continuous improvement forming a key part of the business strategy in order to further reduce the cost base and surpass customer expectation.

New product development remains critical to the Business moving forward, with 2014 seeing an increased focus to identify projects and the associated deliverables within timescales required by the market. A level of investment will be required to achieve such developments over the coming years, with a five year growth strategy to take the Company to the next level.

The Company considers its key performance indicators to be in line with those of Melrose Industries PLC as disclosed in the Strategic Report of the 2013 Annual Report. The primary KPIs relate to revenue growth, operating margin growth and the conversion of operating profits into cash. Revenue increased by 10% in 2013 (2012: decrease of 12%). Operating margins were consistent with the prior year at 17% (2012: 17%).

Principal risks and uncertainties

The Company's activities expose it to a number of financial risks including credit risk and liquidity risk.

Credit risk

The Company's principal financial assets are bank balances and trade receivables.

The Company's credit risk is primarily attributable to its trade receivables and receivables from other Group undertakings. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company ensures regular communication with other Group companies.

Hawker Siddeley Switchgear Limited

Strategic Report for the Year Ended 31 December 2013

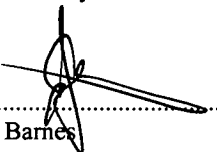
Other risks

In addition to the above, the Company's involvement in global markets creates an exposure to other risk factors that are both external and internal to the Company. These risks include, but are not limited to, failure to comply with legislative and regulatory requirements including environmental and litigation risk, equipment failures, business continuity and the actions of competitors and customers, including credit risk. The Company has implemented risk controls and loss mitigation plans but cannot give absolute assurance that such procedures will be effective in identifying or controlling each of the operational risks faced by the Company.

Going concern

The Directors have considered the going concern assumption given the current uncertain economic climate and have reviewed the Company forecast for the foreseeable future. After making enquiries and considering the above facts, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 31 July 2014 and signed on its behalf by:



.....
G E Barnes
Director

Hawker Siddeley Switchgear Limited

Directors' Report for the Year Ended 31 December 2013

The Directors present their report and the audited financial statements for the year ended 31 December 2013.

Directors of the company

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

G E Barnes

S A Peckham

A G Peart

M J Richards

G D Morgan

G P Martin

Dividends

The Directors do not recommend the payment of a dividend in the year (year ended 31 December 2012: £nil).

Employment of disabled persons

It is the policy of the Company to give full and fair consideration to applications made by disabled persons for job vacancies, where particular job requirements are within their ability and, where possible, arrangements are made for the continuing employment of employees who have become disabled.

Employee involvement

The Company has developed a wide range of voluntary practices and procedures for employee involvement. The Company encourages this approach to provide information and consultation and believes this promotes understanding of the issues facing the individual business in which the employee works.

It is Company policy to achieve and maintain a high standard of health and safety by all practical means and the active involvement of employees in matters of health and safety is encouraged.

Research and development

Product development and innovation is a continuous process. The Company has committed additional resources to the development of new products to enhance the organic growth of the business. The Company incurred research and development costs of £373,000 during the year (year ended 31 December 2012: £397,000).

Directors' indemnities

The ultimate parent undertaking has indemnified one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force throughout the year and at the date of this report.

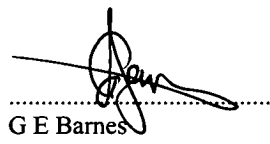
Hawker Siddeley Switchgear Limited
Directors' Report for the Year Ended 31 December 2013

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board on 31 July 2014 and signed on its behalf by:


.....
G E Barnes

Director

Hawker Siddeley Switchgear Limited Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

Hawker Siddeley Switchgear Limited

Independent Auditor's Report to the members of Hawker Siddeley Switchgear Limited

We have audited the financial statements of Hawker Siddeley Switchgear Limited for the year ended 31 December 2013, set out on pages 9 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 6), 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Hawker Siddeley Switchgear Limited
Independent Auditor's Report to the members of Hawker Siddeley Switchgear Limited

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.

Andrew Wright

Andrew Wright FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP, Chartered Accountants and Statutory Auditor

Cardiff
United Kingdom

31 July 2014

Hawker Siddeley Switchgear Limited
Profit and Loss Account for the Year Ended 31 December 2013

	Note	2013 £ 000	2012 £ 000
Turnover	2	51,314	46,772
Cost of sales		<u>(37,030)</u>	<u>(33,739)</u>
Gross profit		14,284	13,033
Distribution costs		(1,387)	(1,459)
Administrative expenses		<u>(4,197)</u>	<u>(3,682)</u>
Operating profit	3	8,700	7,892
Income from shares in group undertakings	5	815	-
Income from shares in associated undertakings	5	408	208
Interest receivable and similar income	6	<u>142</u>	<u>125</u>
Profit on ordinary activities before taxation		10,065	8,225
Tax on profit on ordinary activities	9	<u>-</u>	<u>-</u>
Profit for the financial year	18	<u><u>10,065</u></u>	<u><u>8,225</u></u>


The above results derive from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Hawker Siddeley Switchgear Limited
(Registration number: 00370559)
Balance Sheet as at 31 December 2013

	Note	2013 £ 000	2012 £ 000
Fixed assets			
Tangible assets	10	2,572	1,912
Investments	11	2,891	2,891
		<u>5,463</u>	<u>4,803</u>
Current assets			
Stocks	12	2,709	2,739
Debtors	13	61,680	54,698
Cash at bank and in hand		12,805	10,010
		<u>77,194</u>	<u>67,447</u>
Creditors: Amounts falling due within one year	14	(31,064)	(31,096)
Net current assets		<u>46,130</u>	<u>36,351</u>
Total assets less current liabilities		51,593	41,154
Creditors: Amounts falling due after more than one year	15	(433)	-
Provisions for liabilities	16	(1,254)	(1,313)
Net assets		<u>49,906</u>	<u>39,841</u>
Capital and reserves			
Called up share capital	17	1,550	1,550
Profit and loss account	18	48,356	38,291
Shareholders' funds	19	<u>49,906</u>	<u>39,841</u>

Approved and authorised for issue by the Board on 31 July 2014 and signed on its behalf by:


.....
G E Barnes
Director

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently.

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with applicable United Kingdom law and accounting standards, and on a going concern basis as described in the Strategic Report.

Exemption from preparing a cash flow statement

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group.

Exemption from preparing group accounts

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared group accounts.

Going concern

The Directors have considered the going concern assumption given the current uncertain economic climate and have reviewed the Company forecast for the foreseeable future. After making enquiries and considering the above facts, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the Company exclusive of value added taxes. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of goods.

Revenue from servicing and repair of assets which remain the property of their owners during the work is recognised over the period in which the service is provided.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax or duty.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and Loss Account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and Loss Account as the related expenditure is incurred.

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Asset class	Depreciation rate
Plant and equipment	3 to 15 years

Impairment

Fixed assets (including investments) are reviewed for impairment when changes in circumstances or events indicate that the carrying value of the fixed assets may not be recoverable. An impairment loss is recognised where the recoverable amount is less than the carrying value.

Research and development

Research costs are expensed as incurred.

Costs relating to clearly defined and identifiable development projects are capitalised when there is a technical degree of exploitation, adequacy of resources and a potential market or development possibility in the undertaking that is recognisable; and where it is the intention to produce, market or execute the project; and a correlation also exists between the costs incurred and future benefits and those costs can be measured reliably. Capitalised expenses are expensed on a straight-line basis over their useful lives. Costs not meeting such criteria are expensed as incurred.

Fixed asset investments

The Company's investments in shares in Group companies are stated at cost less provision for impairments in value. Income received from investments is credited to the Profit and Loss account on a receivables basis. Investments in associates are accounted for at costs, less provisions for any amounts written off.

Stock and work in progress

Stocks are stated at the lower of cost or net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises the actual cost of raw materials and direct labour and an appropriate proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

1 Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the Balance Sheet date there is a binding agreement to sell the revalued asset and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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

Foreign currency

Transactions in foreign currencies are translated 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 translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount on the related investments. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

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 translated at the foreign exchange rates ruling at the dates the fair values were determined.

Hire purchase and leasing

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

Assets obtained under hire purchase contracts and leases which result in the transfer to the Company of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments and are depreciated over their expected useful lives or over the primary lease period, whichever is the shorter, in accordance with the above policy. The capital elements of future lease obligations are recorded as liabilities whilst the finance element of the rental payments are charged to the Profit and Loss Account over the period of the lease or hire purchase contract so as to produce a constant rate of charge on the outstanding balance of the net obligation in each year.

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

1 Accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Profit and Loss Account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Pensions

The Company operates a defined contribution pension scheme. Pension costs for the defined contribution pension scheme are recognised within operating profit or loss at an amount equal to the contributions payable to the scheme for the year. Any prepaid or outstanding contributions at the Balance Sheet date are recognised respectively as assets or liabilities within prepayments or accruals.

The Company participates in a defined benefit pension scheme, with the assets of the scheme held separately from those of the Company in separate trustee administered funds. The Company's contributions are affected by the surplus/deficit in the scheme. However, it is not possible to identify the Company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis.

Therefore, in accordance with the FRS 17 multi-employer exemption, the scheme is accounted for as if it were a defined contribution scheme. For defined contribution schemes the amount charged to the Profit and Loss Account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

2 Turnover

An analysis of turnover by geographical location by destination is given below:

	UK	Europe	North America	Rest of World	Total
2013	£ 000	£ 000	£ 000	£ 000	£ 000
External turnover	<u>37,992</u>	<u>1,238</u>	<u>3,155</u>	<u>8,929</u>	<u>51,314</u>

	UK	Europe	North America	Rest of World	Total
2012	£ 000	£ 000	£ 000	£ 000	£ 000
External turnover	<u>31,298</u>	<u>970</u>	<u>5,694</u>	<u>8,810</u>	<u>46,772</u>

An analysis of turnover by class of business is given below:

	Utilities	Aftermarket	Rail	Total
2013	£ 000	£ 000	£ 000	£ 000
External turnover	<u>32,115</u>	<u>6,298</u>	<u>12,901</u>	<u>51,314</u>

	Utilities	Aftermarket	Rail	Total
2012	£ 000	£ 000	£ 000	£ 000
External turnover	<u>33,052</u>	<u>6,094</u>	<u>7,626</u>	<u>46,772</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	2013	2012
	£ 000	£ 000
Operating leases - plant and machinery	254	185
Operating leases - other assets	451	520
Depreciation of owned assets	333	294
Impairment	-	219
Government grants receivable	(26)	-
Research and development spend	<u>373</u>	<u>397</u>

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

4 Auditor's remuneration

	2013 £ 000	2012 £ 000
Audit of the financial statements	<u>25</u>	<u>25</u>

5 Investment income

	2013 £ 000	2012 £ 000
Dividends received from subsidiary undertakings	815	-
Dividends received from associated undertakings	<u>408</u>	<u>208</u>
	<u>1,223</u>	<u>208</u>

6 Interest receivable and similar income

	2013 £ 000	2012 £ 000
Bank interest receivable	13	8
Interest on loans to group undertakings	<u>129</u>	<u>117</u>
	<u>142</u>	<u>125</u>

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

7 Particulars of employees

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

	2013	2012
	No.	No.
Production	177	180
Administration and support	47	47
Distribution	14	12
	<u>238</u>	<u>239</u>

The aggregate payroll costs were as follows:

	2013	2012
	£ 000	£ 000
Wages and salaries	6,992	6,683
Social security costs	664	642
Pension costs	278	237
	<u>7,934</u>	<u>7,562</u>

8 Directors' remuneration

The Directors received no remuneration for their services to the Company during the year (year ended 31 December 2012: £nil). The Directors of the Company who served during the year were also Directors of a number of the companies within the Melrose Group and as such remuneration of directors is borne by a fellow company.

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

9 Taxation

Tax on profit on ordinary activities

	2013	2012
	£ 000	£ 000
Total current tax	<u>-</u>	<u>-</u>
Total tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting current tax charge for the year

The tax on profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK (2012: lower than the standard rate of corporation tax in the UK) of 23.25% (2012: 24.5%).

The differences are reconciled below:

	2013	2012
	£ 000	£ 000
Profit on ordinary activities before tax	<u>10,065</u>	<u>8,225</u>
Corporation tax at standard rate	2,340	2,015
Capital allowances in excess of depreciation	(7)	(8)
Other timing differences	34	(7)
Non-taxable income	(284)	(51)
Expenses not deductible for tax purposes	15	14
Group relief at nil consideration	<u>(2,098)</u>	<u>(1,963)</u>
Total current tax	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The 2012 Budget (delivered on 21 March 2012) reduced the main rate of UK corporation tax from 26% to 24%, with effect from 1 April 2012. A further reduction in the corporation tax rate to 23%, effective from 1 April 2013, was substantively enacted on 3 July 2012. Further future reductions in the main tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015 have also been substantively enacted at the balance sheet date.

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

10 Tangible fixed assets

	Plant and equipment £ 000	Total £ 000
Cost		
At 1 January 2013	11,648	11,648
Additions	993	993
Disposals	<u>(392)</u>	<u>(392)</u>
At 31 December 2013	<u>12,249</u>	<u>12,249</u>
Depreciation		
At 1 January 2013	9,736	9,736
Charge for the year	333	333
Eliminated on disposals	<u>(392)</u>	<u>(392)</u>
At 31 December 2013	<u>9,677</u>	<u>9,677</u>
Net book value		
At 31 December 2013	<u>2,572</u>	<u>2,572</u>
At 31 December 2012	<u>1,912</u>	<u>1,912</u>

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

11 Investments

	2013	2012
	£ 000	£ 000
Shares in group undertakings and participating interests	<u>2,891</u>	<u>2,891</u>

Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000	Joint ventures and associates £ 000	Total £ 000
Cost			
At 1 January 2013	<u>25,000</u>	<u>102</u>	<u>25,102</u>
At 31 December 2013	<u>25,000</u>	<u>102</u>	<u>25,102</u>
Provision for impairment			
At 1 January 2013	<u>22,109</u>	<u>102</u>	<u>22,211</u>
At 31 December 2013	<u>22,109</u>	<u>102</u>	<u>22,211</u>
Net book value			
At 31 December 2013	<u>2,891</u>	<u>-</u>	<u>2,891</u>
At 31 December 2012	<u>2,891</u>	<u>-</u>	<u>2,891</u>

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

11 Investments (continued)

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion held	Principal activity
Subsidiary undertakings				
Brush Switchgear Limited	England & Wales	Ordinary	100%	Dormant
Bristol Meci Australasia Pty Limited	Australia	Ordinary	100%	Holding
Hawker Siddeley Switchgear Pty Limited	Australia	Ordinary	100%	Manufacturing*
Associates				
Mediterranean Power Electric Company Limited	Malta	Ordinary 'A'	26%	Manufacturing

* Undertaking held indirectly.

12 Stocks

	2013	2012
	£ 000	£ 000
Raw materials	1,565	1,643
Work in progress	1,144	1,096
	<u>2,709</u>	<u>2,739</u>

There is no material difference between the Balance Sheet value of stocks and their replacement cost.

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

13 Debtors

	2013	2012
	£ 000	£ 000
Trade debtors	8,862	7,668
Amounts owed by group undertakings	52,662	46,941
Prepayments and accrued income	156	89
	<u>61,680</u>	<u>54,698</u>

14 Creditors: Amounts falling due within one year

	2013	2012
	£ 000	£ 000
Bank loans and overdrafts	69	121
Trade creditors	7,060	5,510
Amounts owed to group undertakings	21,371	22,501
Other taxes and social security	257	217
Other creditors	61	-
Accruals and deferred income	2,246	2,747
	<u>31,064</u>	<u>31,096</u>

15 Creditors: Amounts falling due after more than one year

	2013	2012
	£ 000	£ 000
Accruals and deferred income	<u>433</u>	<u>-</u>

16 Provisions

	Warranty	Restructuring	Total
	£ 000	£ 000	£ 000
At 1 January 2013	1,222	91	1,313
Utilised during the period	-	(91)	(91)
Charged to the profit and loss account	450	-	450
Amounts unused and reversed	<u>(418)</u>	<u>-</u>	<u>(418)</u>
At 31 December 2013	<u>1,254</u>	<u>-</u>	<u>1,254</u>

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

17 Share capital

Allotted, called up and fully paid shares

	No.	2013 £ 000	No.	2012 £ 000
Ordinary shares of £0.25 each	<u>6,200,000</u>	<u>1,550</u>	<u>6,200,000</u>	<u>1,550</u>

18 Reserves

	Profit and loss account £ 000	Total £ 000
At 1 January 2013	38,291	38,291
Profit for the year	<u>10,065</u>	<u>10,065</u>
At 31 December 2013	<u>48,356</u>	<u>48,356</u>

19 Reconciliation of movement in shareholders' funds

	2013 £ 000	2012 £ 000
Profit attributable to the members of the company	<u>10,065</u>	<u>8,225</u>
Shareholders' funds at 1 January	<u>39,841</u>	<u>31,616</u>
Shareholders' funds at 31 December	<u>49,906</u>	<u>39,841</u>

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

20 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £278,000 (2012: £237,000).

Contributions totalling £61,000 (2012: £Nil) were payable to the scheme at the end of the year and are included in creditors.

Defined benefit pension schemes

FKI UK Pension Plan

As at 31 December 2012, the Company participated in a Group defined benefit scheme, the FKI UK Pension Plan. It was not possible to identify the Company's share of assets and liabilities in the scheme on a consistent and reasonable basis. Therefore, in accordance with FRS 17 paragraph 9 (b) (multi-employer exemption), the scheme was accounted for as if it were a defined contribution scheme.

During the year, the FKI UK Pension plan was demerged into three separate independent plans. Two new plans, namely the Bridon Group (2013) Pension Plan and the Brush Group (2013) Pension Plan, were established. Under the Flexible Apportionment Arrangement, the Company was discharged from any further liability to the FKI UK Pension Plan.

Note 23 to the Annual Report of Melrose Industries PLC sets out the details of the Group's pension plans and net pension deficit. Following the demerger in July 2013, the three separate FKI UK plans had a combined net accounting deficit of £109.2 million at 31 December 2013 (2012: £100.0 million), with the FKI UK Pension Plan comprising £70.8 million of this deficit.

Contributions to this scheme in the year amounted to £nil (year ended 31 December 2012: £nil).

21 Contingent liabilities

The Company has provided unlimited and multilateral guarantees to Lloyds TSB Bank plc as agent in respect of the bank loans and overdrafts of its ultimate parent undertaking, Melrose Industries PLC, and certain fellow subsidiaries. The net liabilities outstanding under these guarantees at the Balance Sheet date were £355.1 million (2012: £1,169.0 million). In addition, the Company has granted security over certain of its assets to Lloyds TSB Bank plc as agent in connection with the borrowings of its parent undertaking.

Other outstanding bonds and guarantees at the year end amounted to £2,056,000 (31 December 2012: £1,729,000).

Hawker Siddeley Switchgear Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

22 Commitments

Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £77,000 (2012: £Nil).

23 Obligations under leases

Operating lease commitments

As at 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2013 £ 000	2012 £ 000
Land and buildings		
Within two to five years	<u>460</u>	<u>451</u>
Other		
Within one year	45	40
Within two to five years	<u>94</u>	<u>118</u>
	<u>139</u>	<u>158</u>

24 Related party transactions

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

25 Control

The immediate parent company is Brush Electrical Machines Limited, which is incorporated in England and Wales.

The ultimate parent company and controlling party is Melrose Industries PLC, which is incorporated in England and Wales.

The smallest and largest group in which results of the Company are consolidated is that headed by Melrose Industries PLC. Consolidated financial statements are available from the 11th Floor, Colmore Plaza, 20 Colmore Circus Queensway, Birmingham, West Midlands, B4 6AT.