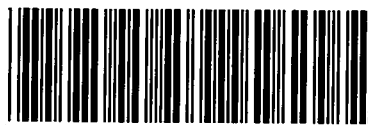


Harwin plc

Group Strategic Report, Report of the Directors and

Audited Consolidated Financial Statements for the Year Ended 31st March 2014

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COMPANIES HOUSE

Harwin plc (Registered number: 00509831)

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for the Year Ended 31st March 2014**

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Harwin plc

Company Information for the Year Ended 31st March 2014

DIRECTORS:	D P de Laszlo P D McGuinness A R McQuilken H S Mighell W P de Laszlo
SECRETARY:	H S Mighell
REGISTERED OFFICE:	Fitzherbert Road Farlington Portsmouth Hampshire PO6 1RT
REGISTERED NUMBER:	00509831
SENIOR STATUTORY AUDITOR:	D A Sanders FCA
AUDITORS:	Sheen Stickland LLP Chartered Accountants Registered Auditors 4 High Street Alton Hampshire GU34 1BU
PRINCIPAL BANKERS:	Barclays Bank plc 1 Churchill Place London E14 5HP

**Group Strategic Report
for the Year Ended 31st March 2014**

Harwin is a manufacturer of high reliability and industry standard connectors and associated PCB hardware. The business operates from high-tech manufacturing and development facilities in Portsmouth. The group maintains a network of distributors that, combined with sales focused subsidiaries in the USA and Singapore, ensures a truly global customer base. Established in 1952 Harwin has built a reputation for engineering components to the highest possible standards and invests significant amounts in research and capital equipment every year to maintain this philosophy.

The group profit before taxation more than doubled to £1,441,000 for the year ended 31 March 2014, compared with £648,000 in 2013. This significant improvement in profit was driven by a 14% increase in sales to £14.8m (2013: £13.0m) arising mainly from the wider distribution network established since 2012. The group has maintained a consistent pricing policy amongst its distribution base and ensured that the quality of product, rather than price is the driving force behind each sale. The reported gross profit was above 50% in the year (2013: 48.6%), while total distribution and administrative expenses were just 5% higher at £5,983,000.

The improved profit performance help generate significant cash inflows for the year. Net debt reduced by more than £1.2m to £394,000 at 31 March 2014. With interest rates for asset finance remaining close to historic lows Harwin will continue to utilise facilities available to it for large asset purchases so as to more closely match cash outflows with the returns generated from the equipment.

Harwin is constantly seeking advances in connector manufacturing technology to deliver increased throughput, reduced cost and improved quality (as well as special capabilities to make customised connectors). Research and Development expenditure for the year amounted to £529,000 (2013 - £522,000). There was wide-ranging R&D activity in production technology, processes, tooling and materials in the year ended 31 March 2014 with an emphasis on continuing the miniaturisation of connectors. Harwin has recently commenced a collaborative R&D program with Southampton University studying ultrasonic technology in the plating processes at the company.

Consistent with prior years, Harwin continues to invest substantial amounts and capital expenditure for the year was £804,000. The funds were spent across a number of different production areas including turning, moulding and tooling. At the year end Harwin had committed to acquire the first model from Bruderer's latest press technology after a successful PR exercise at the MACH 2014 exhibition where the equipment was launched.

The company remains committed to providing opportunities for UK school leavers and will recruit new apprentices again in September 2014.

The group faces a number of risks and uncertainties in the course of its business, principal amongst which are foreign exchange risk, supply chain management and business red tape.

- Almost 60% of Harwin's global sales from its catalogue of 50,000 components are denominated in US Dollars and Euro. The company does on occasion sell currencies forward over short periods to hedge some currency risk. The group is less exposed to fluctuations in the US dollar due to raw material purchases denominated in the currency. By contrast, purchases in Euro are much lower. A significant strengthening of Sterling will negatively affect gross margins.

**Group Strategic Report
for the Year Ended 31st March 2014**

- As a vertically integrated manufacturing company, Harwin's supply chain is complex. The company is continually monitoring lead times and will make forward commitments for key raw material purchases, particularly for metals which are also susceptible to cost fluctuations.
- The amount of legislation, principally surrounding employment matters continues to be a huge burden on the company. Harwin is committed to maintaining a UK manufacturing base despite the sector becoming increasingly uncompetitive compared with other countries prepared to incentivise the industrial sector. The latest additional cost arises from the auto-enrolment pension scheme that the company has had to introduce in 2014 and flexible working legislation is likely to result in additional complexity for managing manufacturing processes.

The Directors look forward to the future with confidence. Sales and profits for the first quarter ended 30 June 2014 are ahead of the same period in 2013.

ON BEHALF OF THE BOARD:



D P de Laszlo - Director

Date: 1 April 2014

**Report of the Directors
for the Year Ended 31st March 2014**

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2014.

DIVIDENDS

No dividends will be distributed in respect of the year ended 31st March 2014.

RESEARCH AND DEVELOPMENT

The group is committed to a high level of research and development activities so as to ensure its cutting edge position in the manufacture of electrical connectors in its market sector.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st April 2013 to the date of this report.

D P de Laszlo
P D McGuinness
A R McQuilken
H S Mighell
W P de Laszlo

THE EURO

The group undertakes transactions in a number of currencies. The directors view the Euro as another currency in which it trades and as such will take the usual steps to minimise its exposure to risk of currency fluctuations, including if considered appropriate, entering into a forward exchange contract.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 the group and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**Report of the Directors
for the Year Ended 31st March 2014**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

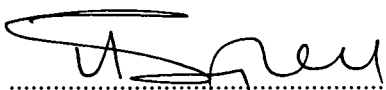
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITORS

The auditors, Sheen Stickland LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
H S Mighell - Secretary

Date: 1 August 2014

Report of the Independent Auditors to the Members of Harwin plc

We have audited the financial statements of Harwin plc for the year ended 31st March 2014 on pages eight to thirty four. 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages four and five, 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

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 group's and the parent 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 Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st March 2014 and of the group's 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of Harwin plc

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



D A Sanders FCA (Senior Statutory Auditor)
for and on behalf of Sheen Stickland LLP
Chartered Accountants
Registered Auditors
4 High Street
Alton
Hampshire
GU34 1BU

Date:

5th August 2014

**Consolidated Profit and Loss Account
for the Year Ended 31st March 2014**

	Notes	2014 £'000	£'000	2013 £'000	£'000
TURNOVER	2		14,757		13,033
Cost of sales			7,332		6,700
GROSS PROFIT			7,425		6,333
Distribution costs		2,703		2,671	
Administrative expenses		3,280		3,023	
			5,983		5,694
			1,442		639
Other operating income			-		25
OPERATING PROFIT	4		1,442		664
Amounts written off investments	5		-		16
			1,442		648
Interest payable and similar charges	6		93		114
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			1,349		534
Tax on profit on ordinary activities	7		176		(12)
PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP			1,173		546

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year.

**Consolidated Statement of Total Recognised Gains and Losses
for the Year Ended 31st March 2014**

	2014 £'000	2013 £'000
PROFIT FOR THE FINANCIAL YEAR	1,173	546
Profit/loss on translation of subsidiary	(67)	50
	<u> </u>	<u> </u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>1,106</u>	<u>596</u>

**Note of Historical Cost Profits and Losses
for the Year Ended 31st March 2014**

	2014 £'000	2013 £'000
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,349	534
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	(2)	(2)
	<u> </u>	<u> </u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1,347</u>	<u>532</u>
HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION	<u>1,171</u>	<u>544</u>

Consolidated Balance Sheet
31st March 2014

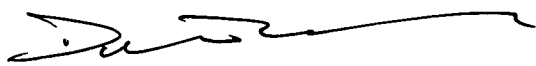
		2014		2013	
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	9		5,315		5,296
Investments	10		-		-
			<u>5,315</u>		<u>5,296</u>
CURRENT ASSETS					
Stocks	11	2,707		2,984	
Debtors	12	2,071		1,860	
Cash at bank and in hand		1,439		522	
		<u>6,217</u>		<u>5,366</u>	
CREDITORS					
Amounts falling due within one year	13	1,558		1,672	
		<u>1,558</u>		<u>1,672</u>	
NET CURRENT ASSETS			<u>4,659</u>		<u>3,694</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,974		8,990
CREDITORS					
Amounts falling due after more than one year	14		(2,719)		(2,874)
PROVISIONS FOR LIABILITIES	18		<u>(337)</u>		<u>(292)</u>
NET ASSETS			<u><u>6,918</u></u>		<u><u>5,824</u></u>

The notes form part of these financial statements

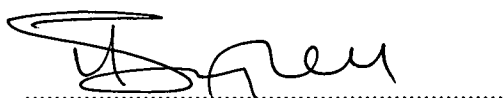
Consolidated Balance Sheet - continued
31st March 2014

		2014		2013	
	Notes	£'000	£'000	£'000	£'000
CAPITAL AND RESERVES					
Called up share capital	19		213		213
Share premium	20		1,522		1,522
Revaluation reserve	20		592		592
Profit and loss account	20		4,591		3,497
			<u> </u>		<u> </u>
SHAREHOLDERS' FUNDS	26		<u>6,918</u>		<u>5,824</u>

The financial statements were approved by the Board of Directors on 1 April 2014 and were signed on its behalf by:



D P de Laszlo - Director



H S Mighell - Director

Company Balance Sheet
31st March 2014

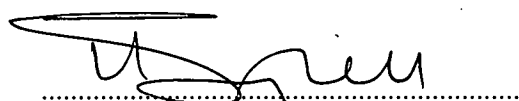
		2014		2013	
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	9		5,292		5,268
Investments	10		555		555
			<u>5,847</u>		<u>5,823</u>
CURRENT ASSETS					
Stocks	11	2,508		2,749	
Debtors	12	1,754		1,461	
Cash at bank and in hand		885		100	
		<u>5,147</u>		<u>4,310</u>	
CREDITORS					
Amounts falling due within one year	13	1,555		1,549	
		<u></u>		<u></u>	
NET CURRENT ASSETS			<u>3,592</u>		<u>2,761</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,439</u>		<u>8,584</u>
CREDITORS					
Amounts falling due after more than one year	14		(2,719)		(2,874)
PROVISIONS FOR LIABILITIES	18		<u>(337)</u>		<u>(292)</u>
NET ASSETS			<u><u>6,383</u></u>		<u><u>5,418</u></u>

Company Balance Sheet - continued
31st March 2014

		2014		2013	
	Notes	£'000	£'000	£'000	£'000
CAPITAL AND RESERVES					
Called up share capital	19		213		213
Share premium	20		1,522		1,522
Revaluation reserve	20		592		592
Profit and loss account	20		4,056		3,091
			<u> </u>		<u> </u>
SHAREHOLDERS' FUNDS	26		<u>6,383</u>		<u>5,418</u>

The financial statements were approved by the Board of Directors on 11 August 2014 and were signed on its behalf by:


.....
D P de Laszlo - Director


.....
H S Mighell - Director

**Consolidated Cash Flow Statement
for the Year Ended 31st March 2014**

	Notes	2014 £'000	2013 £'000
Net cash inflow from operating activities	1	2,215	1,526
Returns on investments and servicing of finance	2	(93)	(114)
Taxation		(80)	(18)
Capital expenditure	2	(276)	(740)
		<u>1,766</u>	<u>654</u>
Financing	2	(755)	(287)
Increase in cash in the period		<u>1,011</u>	<u>367</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		1,011	367
Cash outflow from decrease in debt and lease financing		<u>705</u>	<u>285</u>
Change in net debt resulting from cash flows		1,716	652
New finance leases		<u>(478)</u>	<u>(139)</u>
Movement in net debt in the period		1,238	513
Net debt at 1st April		<u>(1,632)</u>	<u>(2,145)</u>
Net debt at 31st March		<u>(394)</u>	<u>(1,632)</u>

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31st March 2014**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014	2013
	£'000	£'000
Operating profit	1,442	664
Depreciation charges	788	768
(Profit)/loss on disposal of fixed assets	(15)	24
Exchange difference on consolidation	(67)	49
Decrease/(increase) in stocks	277	(468)
(Increase)/decrease in debtors	(243)	563
Increase/(decrease) in creditors	33	(74)
Net cash inflow from operating activities	2,215	1,526

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2014	2013
	£'000	£'000
Returns on investments and servicing of finance		
Interest paid	(42)	(44)
Interest element of hire purchase payments	(51)	(70)
Net cash outflow for returns on investments and servicing of finance	(93)	(114)
Capital expenditure		
Purchase of tangible fixed assets	(327)	(859)
Sale of tangible fixed assets	51	119
Net cash outflow for capital expenditure	(276)	(740)
Financing		
New loans in year	-	396
Loan repayments in year	(253)	(251)
Group loan movements in year	(50)	-
Capital repayments in year	(452)	(432)
Net cash outflow from financing	(755)	(287)

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31st March 2014**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.13 £'000	Cash flow £'000	Other non-cash changes £'000	At 31.3.14 £'000
Net cash:				
Cash at bank and in hand	522	917		1,439
Bank overdraft	(94)	94		-
	<u>428</u>	<u>1,011</u>		<u>1,439</u>
Debt:				
Hire purchase	(836)	452	(478)	(862)
Debts falling due within one year	(253)	164	-	(89)
Debts falling due after one year	(971)	89	-	(882)
	<u>(2,060)</u>	<u>705</u>	<u>(478)</u>	<u>(1,833)</u>
Total	<u>(1,632)</u>	<u>1,716</u>	<u>(478)</u>	<u>(394)</u>

**Notes to the Consolidated Financial Statements
for the Year Ended 31st March 2014**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements include the results of the company and its subsidiaries for the year ended 31 March 2013, prepared on a line by line basis.

The company has taken advantage of the exemption conferred by s408 of the Companies Act 2006 not to present its own profit and loss account.

Turnover

Turnover represents the value, excluding value added tax, of goods supplied to customers during the year.

Deferred tax

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 group'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.

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which 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.

Research and development

It is the group's policy to capitalise research and development costs only when there is a reasonable expectation of commercial success. Any other costs incurred in relation to research and development are expensed as they occur.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014**

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Freehold land and buildings are shown at valuation. In accordance with Financial Reporting Standard 15, these assets will be subjected to a full valuation every five years and interim valuations the third year after every full valuation.

An interim valuation of the freehold land and buildings was conducted by Stiles Harold Williams, an independent firm of chartered surveyors, on 19 March 2014 on the basis of market value, which is not considered to differ materially from existing use value.

The directors review the valuation annually for any significant changes in value. Other fixed assets are stated at historical cost.

Depreciation is provided at rates estimated to be sufficient to write off the assets concerned over their working lives. The rates used are as follows:

Freehold buildings	- 4% of value	
Plant, equipment and tooling	- short life	- 25% of cost
	- other	- between 10% and 20% of cost
Computer equipment and software	- 25% of cost	
Motor vehicles	- 25% of cost	

Freehold land and assets under construction are not depreciated.

Fixed assets manufactured by the group are capitalised at a cost which, in the directors' opinion, represents the efficient cost of producing the tool. Costs sustained in excess of this sum are written off to the profit and loss account as incurred.

As from 1 April 2010, Harwin Plc has adopted the policy of not capitalising any individual asset under the value of £500.

Stocks

Raw materials, work in progress and finished goods have been valued at the lower of cost and net realisable value. Cost is that incurred in bringing each product to its present location and condition. Net realisable value is based on the estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is estimated for obsolete, slow moving or defective items where appropriate. This provision is based on stock usage during the previous twelve months.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014**

1. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

In the group balance sheet assets and liabilities of the overseas subsidiary are translated at the year end rates and the consolidated profit and loss account includes the results of the overseas subsidiary translated at average rates of exchange. Gains or losses arising on these translations are taken directly to reserves.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

Harwin Plc operates a defined contribution pension scheme in the UK on behalf of the employees of the company. The amount charged to the profit and loss account represents the contributions payable in the year.

Financial instruments

The group uses forward currency contracts to reduce exposure to foreign exchange risks. Transactions in overseas currencies which are covered by the forward exchange contracts are converted at the contract rate.

2. TURNOVER

The group operates and sells in various geographical markets. Many of the group's customers are distribution companies with central warehousing facilities. The group sells and ships to these central locations and has limited knowledge of where the distributor will ultimately hold the stock. Consequently, the directors consider that any geographical analysis of turnover would be misleading to readers of the financial statements.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014**

3. STAFF COSTS

	2014	2013
	£'000	£'000
Wages and salaries	3,931	3,900
Social security costs	346	347
Other pension costs	196	161
	<u>4,473</u>	<u>4,408</u>

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

	2014	2013
Production	76	81
Distribution	44	42
Administration	15	16
	<u>135</u>	<u>139</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2014	2013
	£'000	£'000
Hire of plant and machinery	68	85
Depreciation - owned assets	455	468
Depreciation - assets on hire purchase contracts	334	299
(Profit)/loss on disposal of fixed assets	(15)	24
Auditors' remuneration	38	31
Auditors' remuneration for non audit work	-	1
Foreign exchange differences	49	(19)
Sale of scrap	(99)	(120)
Research and development	529	522
	<u>529</u>	<u>522</u>

	2014	2013
	£	£
Directors' remuneration	294,237	300,662
Directors' pension contributions to money purchase schemes	<u>66,252</u>	<u>30,838</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2014	2013
Money purchase schemes	<u>3</u>	<u>3</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014**

4. OPERATING PROFIT - continued

Information regarding the highest paid director is as follows:

	2014	2013
	£	£
Emoluments etc	94,391	94,164
Pension contributions to money purchase schemes	30,271	11,025
	<u> </u>	<u> </u>

5. AMOUNTS WRITTEN OFF INVESTMENTS

	2014	2013
	£'000	£'000
Amounts written off investment in subsidiary	-	16
	<u> </u>	<u> </u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£'000	£'000
Bank interest	42	44
Hire purchase	51	70
	<u> </u>	<u> </u>
	93	114
	<u> </u>	<u> </u>

7. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

	2014	2013
	£'000	£'000
Current tax:		
UK corporation tax	63	(7)
Tax on overseas subsidiary	68	13
	<u> </u>	<u> </u>
Total current tax	131	6
	<u> </u>	<u> </u>
Deferred tax	45	(18)
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	176	(12)
	<u> </u>	<u> </u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014**

7. TAXATION - continued

Factors affecting the tax charge/(credit)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	1,349	534
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013 - 20%)	310	107
Effects of:		
Productivity and innovation tax credit in respect of subsidiary	-	(4)
Different rates of corporation tax in foreign subsidiary respect of subsidiary paid	(6)	(27)
Expenses not deducted for tax purposes	1	-
Capital allowances greater/(less) than depreciation	13	21
Utilised tax losses	(43)	-
Research and development refund in respect of current year	(143)	(130)
Marginal relief	(1)	-
Carry forward of tax losses	-	39
Current tax charge/(credit)	131	6

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £965,305 (2013 - £607,494).

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014**

9. TANGIBLE FIXED ASSETS

Group	Freehold property £'000	Plant and machinery £'000	Computer equipment £'000	Totals £'000
COST OR VALUATION				
At 1st April 2013	2,160	8,038	590	10,788
Additions	-	718	87	805
Disposals	-	(191)	(18)	(209)
Revaluations	-	39	-	39
Exchange differences	-	(10)	(6)	(16)
At 31st March 2014	2,160	8,594	653	11,407
DEPRECIATION				
At 1st April 2013	86	4,877	529	5,492
Charge for year	47	700	42	789
Eliminated on disposal	-	(155)	(18)	(173)
Exchange differences	-	(11)	(5)	(16)
At 31st March 2014	133	5,411	548	6,092
NET BOOK VALUE				
At 31st March 2014	2,027	3,183	105	5,315
At 31st March 2013	2,074	3,161	61	5,296

Group and company

Freehold land and buildings were valued by Stiles Harold Williams, an independent firm of chartered surveyors, at an open market value with vacant possession of £1,750,000 on 1st February 2011.

An interim valuation of the freehold land and buildings was conducted by Stiles Harold Williams, an independent firm of chartered surveyors, on 19 March 2014 on the basis of market value, which is not considered to differ materially from existing use value.

The historical cost of these premises is £1,808,000 (2013 - £1,808,000).

Freehold land at a valuation of £1,050,000 and cost of £778,000 is not depreciated.

If the freehold land and buildings were sold at the revalued amount plus the current year cost it is estimated that tax of £81,000 would arise.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014

9. TANGIBLE FIXED ASSETS - continued

Group

Cost or valuation at 31st March 2014 is represented by:

	Freehold property £'000	Plant and machinery £'000	Computer equipment £'000	Totals £'000
Valuation in 2011	1,750	-	-	1,750
Cost	410	8,594	653	9,657
	<u>2,160</u>	<u>8,594</u>	<u>653</u>	<u>11,407</u>

Assets held under finance leases and hire purchase agreements have a net book value of £1,613,877 (2013 - £1,421,000) with depreciation charges during the year of £334,029 (2013 - £299,000).

Company

	Freehold property £'000	Plant and machinery £'000	Computer equipment £'000	Totals £'000
COST OR VALUATION				
At 1st April 2013	2,160	7,910	483	10,553
Additions	-	754	83	837
Disposals	-	(191)	(18)	(209)
At 31st March 2014	<u>2,160</u>	<u>8,473</u>	<u>548</u>	<u>11,181</u>
DEPRECIATION				
At 1st April 2013	86	4,749	450	5,285
Charge for year	47	700	30	777
Eliminated on disposal	-	(155)	(18)	(173)
At 31st March 2014	<u>133</u>	<u>5,294</u>	<u>462</u>	<u>5,889</u>
NET BOOK VALUE				
At 31st March 2014	<u>2,027</u>	<u>3,179</u>	<u>86</u>	<u>5,292</u>
At 31st March 2013	<u>2,074</u>	<u>3,161</u>	<u>33</u>	<u>5,268</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014**

9. TANGIBLE FIXED ASSETS - continued

Company

Cost or valuation at 31st March 2014 is represented by:

	Freehold property £'000	Plant and machinery £'000	Computer equipment £'000	Totals £'000
Valuation in 2013	2,000	-	-	2,000
Cost	160	8,473	548	9,181
	<u>2,160</u>	<u>8,473</u>	<u>548</u>	<u>11,181</u>

Assets held under finance leases and hire purchase agreements have a net book value of £1,613,877 (2013 - £1,421,000) with depreciation charges during the year of £334,029 (2013 - £299,000).

10. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £'000
COST	
At 1st April 2013 and 31st March 2014	<u>571</u>
PROVISIONS	
At 1st April 2013 and 31st March 2014	<u>16</u>
NET BOOK VALUE	
At 31st March 2014	<u>555</u>
At 31st March 2013	<u>555</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014**

10. FIXED ASSET INVESTMENTS - continued

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Harwin Inc

Country of incorporation: USA

Nature of business: Retail of electronic components

	%
Class of shares:	holding
Ordinary	100.00

	2014	2013
	£'000	£'000
Aggregate capital and reserves	748	716
Profit for the year	167	36
	<u> </u>	<u> </u>

Harwin (Portsmouth) Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Harwin Asia Pte Ltd

Country of incorporation: Singapore

Nature of business: Retail of electronic components

	%
Class of shares:	holding
Ordinary	100.00

	2014	2013
	£'000	£'000
Aggregate capital and reserves	348	232
Profit/(loss) for the year	127	(7)
	<u> </u>	<u> </u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014**

11. STOCKS

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Raw materials	1,331	1,518	1,331	1,518
Work-in-progress	57	83	57	83
Finished goods	1,319	1,383	1,120	1,148
	<u>2,707</u>	<u>2,984</u>	<u>2,508</u>	<u>2,749</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade debtors	1,805	1,479	1,441	1,109
Amounts owed by group undertakings	-	-	86	94
Other debtors	42	121	29	93
Tax	7	39	3	3
Prepayments and accrued income	217	221	195	162
	<u>2,071</u>	<u>1,860</u>	<u>1,754</u>	<u>1,461</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 15)	89	347	89	347
Hire purchase contracts (see note 16)	466	424	466	424
Trade creditors	579	596	485	493
Amounts owed to group undertakings	-	-	171	68
Tax	69	-	63	-
Social security and other taxes	78	81	78	79
Other creditors	33	26	33	23
Accruals and deferred income	244	198	170	115
	<u>1,558</u>	<u>1,672</u>	<u>1,555</u>	<u>1,549</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014**

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Bank loans (see note 15)	882	971	882	971
Hire purchase contracts (see note 16)	396	412	396	412
Amounts owed to parent undertaking	1,441	1,491	1,441	1,491
	<u>2,719</u>	<u>2,874</u>	<u>2,719</u>	<u>2,874</u>

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand:				
Bank overdrafts	-	94	-	94
Bank loans	89	253	89	253
	<u>89</u>	<u>347</u>	<u>89</u>	<u>347</u>
Amounts falling due between one and two years:				
Bank loan - 1-2 years	730	739	730	739
	<u>730</u>	<u>739</u>	<u>730</u>	<u>739</u>
Amounts falling due between two and five years:				
Bank loan - 2-5 years	152	232	152	232
	<u>152</u>	<u>232</u>	<u>152</u>	<u>232</u>

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group	Hire purchase contracts	
	2014	2013
	£'000	£'000
Net obligations repayable:		
Within one year	466	424
Between one and five years	396	412
	<u>862</u>	<u>836</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

Company

	Hire purchase contracts	
	2014	2013
	£'000	£'000
Net obligations repayable:		
Within one year	466	424
Between one and five years	396	412
	<u>862</u>	<u>836</u>

The group and company liabilities held under hire purchase and finance lease agreements are secured against the assets to which they relate.

The following operating lease payments are committed to be paid within one year:

Group

	Land and buildings		Other operating leases	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Expiring:				
Within one year	29	31	6	10
Between one and five years	-	44	49	55
	<u>29</u>	<u>75</u>	<u>55</u>	<u>65</u>

Company

	Other operating leases	
	2014	2013
	£'000	£'000
Expiring:		
Within one year	6	10
Between one and five years	47	53
	<u>53</u>	<u>63</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014**

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Bank overdraft	-	94	-	94
Bank loans	971	1,224	971	1,224
	<u>971</u>	<u>1,318</u>	<u>971</u>	<u>1,318</u>

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

The Barclays bank loans are all secured. The first is secured over the land on the south side of Fitzherbert Road, Farlington, Portsmouth and the interest on the loan is fixed at 4.25%.p.a. The second and third are secured over a number of items of machinery and the interest on these two loans is fixed at 4.68%.p.a.

The Standard Bank loan is secured by an unlimited guarantee from the company's ultimate parent supported by a first legal charge over a cash deposit held by the bank.

18. PROVISIONS FOR LIABILITIES

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Deferred tax	337	292	337	292
	<u>337</u>	<u>292</u>	<u>337</u>	<u>292</u>

Group

	Deferred tax £'000
Balance at 1st April 2013	292
Charge for the year	45
Balance at 31st March 2014	<u>337</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014**

18. PROVISIONS FOR LIABILITIES - continued

Company

	Deferred tax £'000
Balance at 1st April 2013	292
Charge for the year	45
	<u>337</u>
Balance at 31st March 2014	<u>337</u>

Provision for the group's and company's deferred tax liability of £337,000 (2013 - £292,000) comprises the excess of capital allowances over depreciation of £337,000 (2013 - £329,000) less tax losses carried forward of £nil (2013 - £37,000).

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £0.20	2014 £'000	2013 £'000
1,062,675	Ordinary		<u>213</u>	<u>213</u>

20. RESERVES

Group

	Profit and loss account £'000	Share premium £'000	Revaluation reserve £'000	Totals £'000
At 1st April 2013	3,497	1,522	592	5,611
Profit for the year	1,173			1,173
Purchase of own shares	(13)	-	-	(13)
Exchange gain/(loss) on consolidation	(66)	-	-	(66)
	<u>4,591</u>	<u>1,522</u>	<u>592</u>	<u>6,705</u>
At 31st March 2014	<u>4,591</u>	<u>1,522</u>	<u>592</u>	<u>6,705</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014**

20. RESERVES - continued

Company

	Profit and loss account £'000	Share premium £'000	Revaluation reserve £'000	Totals £'000
At 1st April 2013	3,091	1,522	592	5,205
Profit for the year	965			965
At 31st March 2014	<u>4,056</u>	<u>1,522</u>	<u>592</u>	<u>6,170</u>

There was no movement on the share premium account or the revaluation reserve during the year.

21. ULTIMATE PARENT COMPANY

The directors consider the immediate and ultimate parent company and controlling party to be Harwin Engineers S.A., registered in Vaduz, Liechtenstein.

22. CAPITAL COMMITMENTS

	2014 £'000	2013 £'000
Contracted but not provided for in the financial statements	<u>433</u>	<u>-</u>

23. OTHER FINANCIAL COMMITMENTS

As at 31 March 2014 there were no other financial commitments.

In the prior year, the group (and the company) has entered into a forward foreign exchange contract where the exchange rate is predetermined as at 31 March 2013. The value of this outstanding contract as at 31 March 2013 amounted to £133,156.

The group (and the company) has also entered into forward contracts in respect of the purchase of metals where the cost per kilogramme is predetermined as at 31 March 2013. The value of these outstanding contracts as at 31 March 2013 amounted to £322,475.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014**

24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

During the year £8,000 (2013 - £8,000) of expenses were met by the company and recharged to D P de Laszlo, the chairman of the company.

H S Mighell is a director of Quest Financial Associates Limited. During the year consultancy fees of £18,000 (2013 - £23,000) were paid to Quest Financial Associates Limited.

Both D P de Laszlo and H S Mighell are also directors of Finangle Limited. During the year office fees of £12,000 (2013 - nil) were paid to Finangle Limited.

25. RELATED PARTY DISCLOSURES

Harwin plc owed Harwin Engineers S.A. (the ultimate parent company) £1,441,000 (2013 - £1,491,000) at the year end. The loan is interest free with no fixed repayment date, however the directors of Harwin Engineers S.A. have indicated that they do not intend to request repayment during the next year.

During the year Harwin plc paid a management charge of £10,000 (2013 - £10,000) to Harwin Engineers S.A.

Advantage has been taken under the provisions of FRS 8 not to disclose transactions and balances with 100% owned subsidiary companies on the grounds that consolidated group accounts are prepared.

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2014	2013
	£'000	£'000
Profit for the financial year	1,173	546
Other recognised gains and losses relating to the year (net)	(67)	50
Payments to acquire own shares	(12)	-
Net addition to shareholders' funds	1,094	596
Opening shareholders' funds	5,824	5,228
Closing shareholders' funds	6,918	5,824

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2014

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2014	2013
	£'000	£'000
Profit for the financial year	965	608
Net addition to shareholders' funds	965	608
Opening shareholders' funds	5,418	4,810
Closing shareholders' funds	<u>6,383</u>	<u>5,418</u>