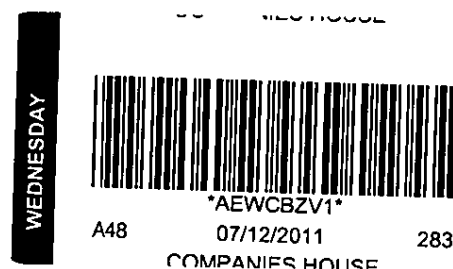




# Financial statements Ionix Systems Limited

---

For the year ended 31 March 2011



Company No 0592717

## Company information

<b>Company registration number</b>	0592717
<b>Registered office</b>	Leigh Commerce Park Greenfold Way Leigh Lancashire WN7 3XJ
<b>Directors</b>	Mr W Taylor Mr I P McKee Mrs E Taylor Mr M A Gare
<b>Bankers</b>	Lloyds TSB Bank Plc 53 King Street Manchester M2 4LQ
<b>Auditor</b>	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Royal Liver Building Liverpool L3 1PS

## Index

	<b>Page</b>
<b>Report of the directors</b>	3 - 5
<b>Report of the independent auditor</b>	6 - 7
<b>Principal accounting policies</b>	8 - 10
<b>Profit and loss account</b>	11
<b>Balance sheet</b>	12
<b>Notes to the financial statements</b>	13 - 19

## Report of the directors

The directors present their report together with the audited financial statements for the year ended 31 March 2011

### **Principal activity**

The principal activity of the company is the manufacture of "inert" wiring harnesses

### **Results and dividend**

The results for the year are set out on page 11 of these financial statements. The profit after taxation for the year is £5,430,000 (2010 £9,540,000)

A dividend of £260,000 (2010 £3,000,000) has been paid during the year (see note 7)

### **Business review**

The performance in the year has been very positive. The company exceeded budget figures in the key metrics that were set for the year. We leave the year with a strong balance sheet. We have increased cash in the bank and we have no external debt.

The previous financial year was about re-structuring the company and positioning the relevant products into our low cost footprint in Croatia and Estonia. This financial year was to build on this re-structuring and to demonstrate that we could generate a positive operating profit in the business. We are delighted to have achieved this during this financial year.

We have opened a sales office in Berlin, Germany. Our plan was to capitalise on the strength of the German economy and to generate new business opportunities for the 2011/12 financial year. It is pleasing to note that we have established a number of contracts with new German customers which will start to ramp through the summer of 2011.

In July 2010 Ionix strengthened the board with the appointment of Adrian Gare as a director. Adrian is a chartered accountant and brings many years of experience to the company. Adrian will be a support to the company as it looks to make acquisitions in a buy and build strategy. Adrian was the MBO lead advisor to Ionix when he was Corporate Finance Director of Baker Tilly.

Looking forward into the coming year the board are excited about building on the strong platform of operational and financial performance and continue with the next phase of their strategy to grow the business. This includes the options of increasing business with existing customers, winning new strategic customers and targeting some key acquisitions.

The board would like to thank the skilled Ionix employees who have been dedicated throughout the year to supporting the company and its customers.

## Report of the directors

### **Financial risk management objectives and policies**

The company uses various financial instruments. These include intercompany loans and various items such as debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are liquidity risk and credit risk. The directors review and agree policies for managing these risks and they are summarised below. These policies have remained unchanged from previous years.

#### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities.

#### **Credit risk**

The company's principal financial asset is trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

### **Directors**

The directors who served the company during the year were as follows:

Mr W Taylor  
Mr I P McKee  
Mrs E Taylor  
Mr M A Gare - appointed 14 July 2010

### **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 laws). 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgments and 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.

## Report of the directors

### Statement of directors' responsibilities (continued)

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.

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditor are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor are aware of that information.

### Employees

Within the bounds of confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the company and are of interest and concern to them as employees.

During the year, the company gave full and fair consideration to applications for employment by disabled persons, having regard to their particular aptitudes and abilities and to appropriate vacancies. The company will continue to ensure that disabled employees are considered on the same basis as any other member of staff with regard to training, career development and promotion.


### Political and charitable donations

The company made no political or charitable donations in the year (2010 £Nil).

### Auditors

Grant Thornton UK LLP offer themselves for reappointment in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD



Mr W Taylor  
Director

21 / 11 / 2011



## Report of the independent auditor to the directors of Ionix Systems Limited

We have audited the financial statements of Ionix Systems Limited for the year ended 31 March 2011 which comprise the principal accounting policies, the profit and loss account, 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).

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 auditors**

As explained more fully in the Statement of directors' responsibilities set out on pages 4 and 5, 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**

A description of the scope of audit of financial statements is provided on the APB's website 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 March 2011 and of the 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 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 auditor to the directors of Ionix Systems Limited (continued)

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Kevin Engel  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Liverpool  
21 November 2011



## Principal accounting policies

### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards (United Kingdom Generally Accepted Accounting Practice)

The principal accounting policies have remained unchanged from the previous year and are set out below

### **Cash flow statement**

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

### **Basis of consolidation**

As the company is a wholly owned subsidiary of Ionix Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Ionix Holdings Limited, within which this company is included can be obtained from the address given in note 21

### **Turnover**

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of goods and services to customers. Turnover and profit on ordinary activities before taxation are derived from the company's principal activity. Turnover is recognised when the goods have been provided to the customers

### **Negative goodwill**

Negative goodwill arising in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale

On the subsequent disposal or termination of a business acquired, the profit or loss on disposal or termination is calculated after charging/(crediting) the unamortised amount of any goodwill/(negative goodwill)

In the company's financial statements, investments in subsidiary undertakings are stated at cost less any provision for impairment

### **Fixed assets**

All fixed assets are recorded at cost, less depreciation and any provision for impairment

## Principal accounting policies

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Office equipment	- 33% straight line
Plant and machinery	- 20% straight line

### **Leases**

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

### **Investments**

Investments are included at cost less amounts written off

### **Post retirement benefits**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

### **Stock and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. No element of profit is included in the valuation of work in progress.

### **Deferred tax**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not subject to discounting.

## Principal accounting policies

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

### **Dividends**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and paid and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

## Profit and loss account

	Note	2011 £'000	2010 £'000
Turnover	1	19,966	20,502
Cost of sales		<u>(17,010)</u>	<u>(18,277)</u>
Gross profit		2,956	2,225
Administrative expenses		<u>(2,384)</u>	<u>(2,321)</u>
Operating profit/(loss) before non-trading costs		572	(96)
Amounts written off negative goodwill and assets in hive down		4,877	10,012
Restructuring costs		(52)	(523)
Operating profit		<u>5,397</u>	<u>9,393</u>
Interest receivable and similar income	5	<u>38</u>	<u>147</u>
Profit on ordinary activities before taxation	2	5,435	9,540
Tax on profit on ordinary activities		(5)	-
Profit for the financial year	15	<u>5,430</u>	<u>9,540</u>

All of the activities of the company are classed as continuing

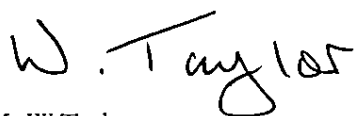
The company has no recognised gains or losses other than the results for the year as set out above

The accompanying accounting policies and notes form part of these financial statements

## Balance sheet

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
<b>Fixed assets</b>					
Intangible assets	8		(142)		(1,376)
Tangible assets	9		150		254
Investments	10		3,120		102
			<u>3,128</u>		<u>(1,020)</u>
<b>Current assets</b>					
Stocks	11	1,938		1,622	
Debtors	12	8,664		6,749	
Cash at bank and in hand		<u>3,156</u>		<u>2,230</u>	
		<u>13,758</u>		<u>10,601</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(5,069)</u>		<u>(2,934)</u>	
<b>Net current assets</b>			<u>8,689</u>		<u>7,667</u>
<b>Total assets less current liabilities</b>			<u>11,817</u>		<u>6,647</u>
<b>Net assets</b>			<u>11,817</u>		<u>6,647</u>
<b>Capital and reserves</b>					
Called up share capital	14		-		-
Profit and loss account	15		<u>11,817</u>		<u>6,647</u>
<b>Shareholders' funds</b>	16		<u>11,817</u>		<u>6,647</u>

These financial statements were approved by the Board of Directors and authorised for issue on 21 / 11 / 2011, and are signed on their behalf by



Mr W Taylor  
Director

The accompanying accounting policies and notes form part of these financial statements

## Notes to the financial statements

### **1 Turnover**

The turnover and profit on ordinary activities before taxation arise wholly within the United Kingdom and are attributable to the company's principal activity

### **2 Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging

	2011 £'000	2010 £'000
Negative goodwill written off	4,877	10,012
Depreciation	133	157
Amortisation of goodwill	48	64
Rentals payable under operating leases		
Plant and machinery	44	112

Auditors' remuneration

	2011 £'000	2010 £'000
Statutory audit	15	13
Corporate finance	-	23
Tax services	3	3

### **3 Directors and employees**

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

	2011 No	2010 No
Direct	75	83
Indirect	31	42
	107	125

The aggregate payroll costs of these persons were as follows

	2011 £'000	2010 £'000
Wages and salaries	1,846	2,522
Social security costs	161	220
Pension costs	89	75
	2,096	2,817

## Notes to the financial statements

### **4 Remuneration of directors**

	2011 £'000	2010 £'000
Directors' emoluments	19	216
Directors' fees	149	106
Pension contributions	63	40
	<u>231</u>	<u>362</u>

Emoluments of highest paid director

	2011 £'000	2010 £'000
Emoluments	105	161
Pension contributions	-	40
	<u>105</u>	<u>201</u>

The number of directors to which retirement benefits are accruing under defined contribution schemes is one (2010 one)

### **5 Interest receivable and similar income**

	2011 £'000	2010 £'000
Interest receivable	<u>38</u>	<u>147</u>

## Notes to the financial statements

### **6 Taxation**

#### **(a) Analysis of charge in year**

	2011 £'000	2010 £'000
UK corporation tax		
Total current tax charge	5	-
Current tax charge	5	-
	5	-
Tax charge on profit on ordinary activities	5	-

#### **(b) Factors affecting the tax charge for the current period**

The current tax charge for the year is lower (2010 lower) than the standard rate of corporation tax in the UK of 21% (2010 28%). The differences are explained below

	2011 £'000	2010 £'000
Current tax reconciliation		
Profit on ordinary activities before tax	5,435	9,540
Current tax at 21% (2010 28%)	1,141	2,672
Effects of		
Income not taxable for tax purposes	(1,035)	(2,810)
Depreciation for year in excess of capital allowances	9	4
Unrelieved tax losses	-	134
Utilisation of tax losses	(104)	-
Group relief	(6)	-
Total current tax charge (see above)	5	-

### **7 Dividends**

The aggregate amount of dividends comprises

	2011 £'000	2010 £'000
Interim dividends paid in respect of the current year at £2,600 per ordinary share (2010 £30,000 per share)	260	3,000
	260	3,000



## Notes to the financial statements

### 8 Intangible fixed assets

	Negative goodwill £'000
<b>Cost</b>	
As at 1 April 2010 and 31 March 2011	(11,452)
Fair value adjustment	(3,691)
As at 31 March 2011	<u>(15,143)</u>
<b>Amortisation</b>	
As at 1 April 2010	10,076
Charged in year	48
Amounts written off	4,877
As at 31 March 2011	<u>15,001</u>
Net book value	
<b>As at 31 March 2011</b>	<u><b>(142)</b></u>
As at 31 March 2010	<u>(1,376)</u>

### 9 Tangible fixed assets

	Office equipment £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At 1 April 2010	493	2,886	3,379
Additions	-	28	28
Disposals	(237)	(1,219)	(1,456)
As at 31 March 2011	<u>256</u>	<u>1,695</u>	<u>1,951</u>
<b>Depreciation</b>			
At 1 April 2010	314	2,811	3,125
Provided in the year	66	66	133
Eliminated on disposals	(237)	(1,219)	(1,456)
As at 31 March 2011	<u>143</u>	<u>1,658</u>	<u>1,801</u>
Net book value			
<b>As at 31 March 2011</b>	<u><b>113</b></u>	<u><b>37</b></u>	<u><b>150</b></u>
As at 31 March 2010	<u>179</u>	<u>75</u>	<u>254</u>

## Notes to the financial statements

### 10 Fixed asset investments

	£'000
Cost	
As at 1 April 2010	102
Additions	3,018
At 31 March 2011	<u>3,120</u>

During the year, the directors have agreed to capitalise the loan in place between Ionix Systems and Ionix Croatia amounting to £3,018k

At 31 March 2011 the company held 100% of the ordinary share capital of

Name	Country of incorporation	Principal activity
Ionix Systems OU (formerly Volex Estonia ou)	Estonia	Manufacture of "inert" wiring harnesses
Ionix Systems d o o (formerly Volex d o o)	Croatia	Manufacture of "inert" wiring harnesses

### 11 Stocks

	2011 £'000	2010 £'000
Raw material and consumables	1,039	863
Work in progress	621	561
Finished goods	278	198
	<u>1,938</u>	<u>1,622</u>

### 12 Debtors

	2011 £'000	2010 £'000
Trade debtors	5,104	4,188
Other debtors	50	-
Prepayments and accrued income	30	30
Amounts owed by group undertakings	3,480	2,531
	<u>8,664</u>	<u>6,749</u>

### 13 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	2,895	2,015
Social security and other taxes	659	520
Corporation tax	5	-
Accruals and deferred income	555	399
Amounts owed to group undertakings	955	-
	<u>5,069</u>	<u>2,934</u>

Included within social security and other taxes is a pension creditor of £25,000 (2010 £5,000)

## Notes to the financial statements

### **14 Called up share capital**

	2011 £	2010 £
<b>Authorised</b>		
100 ordinary shares of £1	<u>100</u>	<u>100</u>
	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1	<u>100</u>	<u>100</u>

### **15 Reserves**

	Profit and loss account £'000
Restated balance at 1 April 2010	6,647
Dividends paid	(260)
Retained profit for the year	<u>5,430</u>
As at 31 March 2011	<u><b>11,817</b></u>

### **16 Reconciliation of movements in shareholders' funds**

	2011 £'000	2010 £'000
<b>Profit for the financial year</b>	5,430	9,540
Dividends on shares classified in shareholders' funds	(260)	(3,000)
Net increase in shareholders' funds	<u>5,170</u>	<u>6,540</u>
Opening shareholders' funds	6,647	107
Closing shareholders' funds	<u><b>11,817</b></u>	<u><b>6,647</b></u>

### **17 Capital commitments**

There were no capital commitments at 31 March 2011 or 31 March 2010

### **18 Contingent liabilities**

There were no contingent liabilities at 31 March 2011 or 31 March 2010

## Notes to the financial statements

### **19 Operating lease commitments**

Annual commitments under non-cancellable operating leases are as follows

	Other 2011 £'000	Other 2010 £'000
Operating leases which expire		
Within one year	3	35
Within two and five years	13	45
Over five years	19	26
	<u>35</u>	<u>106</u>

### **20 Pension scheme**

#### **Defined contribution scheme**

The company operates a defined contribution scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund, independent from those of the group.

### **21 Ultimate parent company**

The parent undertaking and ultimate controlling party in which consolidated accounts will be prepared is Ionix Holdings Limited, a company incorporated in England and Wales. Consolidated accounts can be obtained from Leigh Commerce Park, Greenfold Way, Leigh, Lancashire WN7 3XJ.

### **22 Related party transactions**

The company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group as all subsidiaries are wholly owned and consolidated financial statements are prepared and are publicly available.