

# Financial Statements Ionix Systems Limited

---

For the period ended 31 December 2013

Registered number: 00592717

THURSDAY



\*A3G6GXWA\*

A17

11/09/2014

#28

COMPANIES HOUSE

## Company Information

<b>Directors</b>	W Taylor (resigned 4 October 2013) I P McKee (resigned 4 October 2013) E Taylor (resigned 4 October 2013) M A Gare (resigned 4 October 2013) R A Norwitt (appointed 4 October 2013) D G Reardon (appointed 4 October 2013)
<b>Company secretary</b>	Abogado Nominees Limited
<b>Registered number</b>	00592717
<b>Registered office</b>	Leigh Commerce Park Greenfold Way Leigh Lancashire WN7 3XJ
<b>Independent auditor</b>	Grant Thornton UK LLP Statutory Auditor & Chartered Accountants Royal Liver Building Liverpool L3 1PS
<b>Bankers</b>	Lloyds TSB Bank Plc 53 King Street Manchester M2 4LQ

# Contents

	Page
<b>Directors' report</b>	1 - 2
<b>Strategic report</b>	3
<b>Independent auditor's report</b>	4 - 5
<b>Profit and loss account</b>	6
<b>Balance sheet</b>	7
<b>Notes to the financial statements</b>	8 - 18

# Directors' Report

**For the period ended 31 December 2013**

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

## **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

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

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

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.

## **Results**

The profit for the period, after taxation, amounted to £486 (2013 - £389 thousand).

## **Directors**

The directors who served during the period were:

W Taylor (resigned 4 October 2013)  
I P Mckee (resigned 4 October 2013)  
E Taylor (resigned 4 October 2013)  
M A Gare (resigned 4 October 2013)  
R A Norwitt (appointed 4 October 2013)  
D G Reardon (appointed 4 October 2013)

# Directors' Report

For the period ended 31 December 2013

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

The company uses various financial instruments. These include intragroup 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 financial risks, which are described in more detail below.

The main risk arising from the company's financial instruments is credit risk. The directors review and agree policies for managing this risk and they are summarised below.

### **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.

## **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.

## **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

## **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Director

Date: 27/8/14

# Strategic Report

For the period ended 31 December 2013

## Business review

During the nine month financial period, to 31st December 2013, the Military and Aerospace Division of Ionix Systems Limited has increased its sales by over 25%, compared with the same trading period in the previous financial year. This growth has been achieved through strong customer relationships and organic growth. The company has experienced a strengthening in the commercial aerospace sector with sales of some new engine programmes for existing customers as well as some new customers. This has brought with it some challenges, particularly in the latter half of the financial period, due to the engineering of many new product introductions and then the increased production on these products, but the company has still achieved excellence in the face of these challenges.

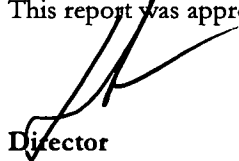
On 7th May 2013, the company finalised the restructuring of the business in to two separate legal entities; the Military and Aerospace Division, which will remain as Ionix Systems Limited, and the Commercial Division, which will form part of the newly formed, Excel Assemblies Limited Group. This restructuring allows Ionix Systems Limited to focus wholly on the Military and Aerospace business and to work more closely with new and existing customers and suppliers to be able to enhance these relationships and focus on the company's core competencies.

It is partly through this demerger that the Amphenol Corporation was able to see the growth and potential of the Military and Aerospace business more clearly resulting in the purchase of Ionix Systems Limited by Amphenol Corporation on 4th October 2013. This was a positive acquisition as it now allows vertical integration of our manufacturing costs and other manufacturing overheads, as well as providing us with a global reach that we require for our major customers. This also allows us to develop our plans for a Global manufacturer for high complex wiring harnesses.

During the year we have invested significantly in working capital, additional infrastructure and training of many employees on new engine programmes and products and I am delighted that we funded this growth from our own retained earnings.

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

This report was approved by the board and signed on its behalf.



Director

Date: 27/8/14

## Independent Auditor's Report to the Members of Ionix Systems Limited

We have audited the financial statements of Ionix Systems Limited for the period ended 31 December 2013, which comprise 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 auditor**

As explained more fully in the Directors' responsibilities statement, 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 an audit of financial statements is provided on the Financial Reporting Council'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 December 2013 and of its profit for the period 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 period for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditor's Report to the Members of Ionix Systems 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.

A handwritten signature in black ink, appearing to read "Kevin Engel".

Kevin Engel  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Liverpool  
Date: 27/8/14



# Profit and Loss Account

For the period ended 31 December 2013

	Note	9 month period to 31 December 2013 £000	12 months to 7 April 2013 £000
<b>Turnover</b>	1,2		
Continuing operations		17,847	21,523
Discontinued operations		961	10,946
		<u>18,808</u>	<u>32,469</u>
Cost of sales	25	(15,376)	(28,938)
		<u>3,432</u>	<u>3,531</u>
<b>Gross profit</b>			
Administrative expenses	25	(1,969)	(2,283)
Exceptional administrative expenses		(623)	(592)
Total administrative expenses		<u>(2,592)</u>	<u>(2,875)</u>
<b>Operating profit</b>	3		
Continuing operations		1,300	1,838
Discontinued operations		(460)	(1,182)
		<u>840</u>	<u>656</u>
Interest receivable and similar income	6	-	20
Interest payable and similar charges	7	(6)	-
		<u>834</u>	<u>676</u>
<b>Profit on ordinary activities before taxation</b>			
Tax on profit on ordinary activities	8	(348)	(287)
		<u>486</u>	<u>389</u>
<b>Profit for the financial period</b>	17		

There were no recognised gains and losses for 2013 other than those included in the Profit and loss account.

The notes on pages 8 to 18 form part of these financial statements.

# Balance Sheet

As at 31 December 2013

		31 December 2013		7 April 2013
	Note	£000	£000	£000
<b>Fixed assets</b>				
Tangible assets	10		62	85
Investments	11		-	3,120
			<u>62</u>	<u>3,205</u>
<b>Current assets</b>				
Stocks	12	2,314		3,082
Debtors	13	5,232		11,585
Cash at bank and in hand		2,657		694
		<u>10,203</u>		<u>15,361</u>
<b>Creditors:</b> amounts falling due within one year	14	(4,919)		(6,579)
<b>Net current assets</b>			<u>5,284</u>	<u>8,782</u>
<b>Total assets less current liabilities</b>			<u>5,346</u>	<u>11,987</u>
<b>Provisions for liabilities</b>				
Deferred tax	15		(9)	-
<b>Net assets</b>			<u><u>5,337</u></u>	<u><u>11,987</u></u>
<b>Capital and reserves</b>				
Called up share capital	16		-	-
Profit and loss account	17		5,337	11,987
<b>Shareholders' funds</b>	18		<u><u>5,337</u></u>	<u><u>11,987</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by by:

  
Director

Date: 27/8/14

The notes on pages 8 to 18 form part of these financial statements.

# Notes to the Financial Statements

For the period ended 31 December 2013

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

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 company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

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

### 1.2 Cash flow

Under Financial Reporting Standard No.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.

### 1.3 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.

### 1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

### 1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

### 1.7 Operating leases

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

# Notes to the Financial Statements

For the period ended 31 December 2013

## **1. Accounting Policies (continued)**

### **1.8 Stocks**

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.

### **1.9 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

### **1.10 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

### **1.11 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period.

# Notes to the Financial Statements

For the period ended 31 December 2013

## **1. Accounting Policies (continued)**

### **1.12 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 continuing 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 to the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

### **1.13 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.

# Notes to the Financial Statements

For the period ended 31 December 2013

## 2. 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.

## 3. Operating profit

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

	9 months to 31 December 2013 £000	12 months to 7 April 2013 £000
Amortisation - intangible fixed assets	-	(78)
Depreciation of tangible fixed assets:		
- owned by the company	39	71
Auditor's remuneration	21	16
Auditor's remuneration - tax services	3	3
Operating lease rentals:		
- plant and machinery	9	26
Difference on foreign exchange	216	(174)
	<u>216</u>	<u>(174)</u>

## 4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	9 months to 31 December 2013 £000	12 months to 7 April 2013 £000
Wages and salaries	1,356	2,091
Social security costs	135	168
Other pension costs	64	116
	<u>1,555</u>	<u>2,375</u>

The average monthly number of employees, including the directors, during the period was as follows:

	9 months to 31 December 2013 No.	12 months to 7 April 2013 No.
Direct	69	79
Indirect	25	28
	<u>94</u>	<u>107</u>

# Notes to the Financial Statements

For the period ended 31 December 2013

## 5. Directors' remuneration

	9 months to 31 December 2013 £000	12 months to 7 April 2013 £000
Remuneration	<u>307</u>	<u>95</u>
Company pension contributions to defined contribution pension schemes	<u>47</u>	<u>90</u>

During the period retirement benefits were accruing to 2 directors (2013 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £235,000 (2013 - £58,363).

## 6. Interest receivable

	9 months to 31 December 2013 £000	12 months to 7 April 2013 £000
Interest receivable from group companies	-	10
Other interest receivable	-	10
	<u>-</u>	<u>20</u>

## 7. Interest payable

	9 months to 31 December 2013 £000	12 months to 7 April 2013 £000
Other interest payable	<u>6</u>	<u>-</u>

# Notes to the Financial Statements

For the period ended 31 December 2013

## 8. Taxation

	9 months to 31 December 2013 £000	12 months to 7 April 2013 £000
<b>Analysis of tax charge in the period</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the period	339	287
<b>Deferred tax</b> (see note 15)		
Origination and reversal of timing differences	9	-
<b>Tax on profit on ordinary activities</b>	<u>348</u>	<u>287</u>

### Factors affecting tax charge for the period

The tax assessed for the period is lower than (2013 - higher than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2013 £000	2013 £000
Profit on ordinary activities before tax	<u>834</u>	<u>676</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	192	162
<b>Effects of:</b>		
Expenses not deductible for tax purposes	179	145
Income not taxable for tax purposes	(33)	(19)
Capital allowances for year in excess of depreciation	(24)	4
Other tax adjustments, reliefs and transfers	25	-
Short term timing difference leading to an increase (decrease) in taxation	-	1
Group relief	-	(6)
<b>Current tax charge for the period</b> (see note above)	<u>339</u>	<u>287</u>

## 9. Dividends

	2013 £000	2013 £000
Dividends paid on equity capital	<u>7,136</u>	<u>250</u>



# Notes to the Financial Statements

For the period ended 31 December 2013

## 10. Tangible fixed assets

	Plant & machinery £000	Office equipment £000	Total £000
<b>Cost</b>			
At 8 April 2013	1,785	282	2,067
Additions	33	22	55
Transfers intra group	(1,489)	(119)	(1,608)
Disposals	(83)	-	(83)
At 31 December 2013	246	185	431
<b>Depreciation</b>			
At 8 April 2013	1,730	252	1,982
Charge for the period	29	10	39
Transfers intra group	(1,487)	(117)	(1,604)
On disposals	(48)	-	(48)
At 31 December 2013	224	145	369
<b>Net book value</b>			
At 31 December 2013	22	40	62
At 7 April 2013	55	30	85

## 11. Fixed asset investments

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 8 April 2013	3,120
Disposals	(3,120)
At 31 December 2013	-
<b>Net book value</b>	
At 31 December 2013	-
At 7 April 2013	3,120

# Notes to the Financial Statements

For the period ended 31 December 2013

## 11. Fixed asset investments (continued)

### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Cost or valuation	Business	Registered office
Ionix Systems OU	Manufacture of "inert" wiring harnesses	Estonia
Ionix Systems d.o.o	Manufacture of "inert" wiring harnesses	Croatia

During the period, the company sold its investment to Ionix Systems d.o.o.

## 12. Stocks

	31 December 2013 £000	7 April 2013 £000
Raw materials	1,537	1,373
Work in progress	381	1,205
Finished goods and goods for resale	396	504
	<u>2,314</u>	<u>3,082</u>

## 13. Debtors

	31 December 2013 £000	7 April 2013 £000
Trade debtors	5,203	8,350
Amounts owed by group undertakings	-	3,191
Other debtors	-	11
Prepayments and accrued income	29	33
	<u>5,232</u>	<u>11,585</u>

# Notes to the Financial Statements

For the period ended 31 December 2013

## 14. Creditors: Amounts falling due within one year

	31 December 2013 £000	7 April 2013 £000
Trade creditors	2,944	4,211
Amounts owed to group undertakings	1,498	1,146
Corporation tax	143	213
Other taxation and social security	93	340
Accruals and deferred income	241	669
	<u>4,919</u>	<u>6,579</u>

## 15. Deferred taxation

	31 December 2013 £000	7 April 2013 £000
At beginning of period	-	-
Charge for period (P&L)	9	-
	<u>9</u>	<u>-</u>
At end of period	<u>9</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	31 December 2013 £000	7 April 2013 £000
Accelerated capital allowances	9	-
	<u>9</u>	<u>-</u>

## 16. Share capital

	31 December 2013 £	7 April 2013 £
<b>Authorised, Allotted, called up and fully paid</b>		
10,000 'A' Shares of £0.01 each	100	100
	<u>100</u>	<u>100</u>

During the prior period, the ordinary shares of £1 each were sub-divided into 10,000 shares of £0.01 each and were reclassified as 'A' Shares.

# Notes to the Financial Statements

For the period ended 31 December 2013

## 17. Reserves

	Profit and loss account £000
At 8 April 2013	11,987
Profit for the financial period	486
Dividends: Equity capital	(7,136)
	<hr/>
At 31 December 2013	5,337
	<hr/>

## 18. Reconciliation of movement in shareholders' funds

	31 December 2013 £000	7 April 2013 £000
Opening shareholders' funds	11,987	11,848
Profit for the financial period	486	389
Dividends (Note 9)	(7,136)	(250)
	<hr/>	<hr/>
Closing shareholders' funds	5,337	11,987
	<hr/>	<hr/>

## 19. Contingent liabilities

There were no contingent liabilities at 31 December 2013 or 7 April 2013.

## 20. Capital commitments

There were no capital commitments at 31 December 2013 or 7 April 2013.

## 21. Pension commitments

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.

## 22. Operating lease commitments

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

	31 December 2013 £000	7 April 2013 £000
<b>Expiry date:</b>		
Within 1 year	1	9
Between 2 and 5 years	15	19
	<hr/>	<hr/>

# Notes to the Financial Statements

For the period ended 31 December 2013

## 23. Related party transactions

The company is exempt from the requirements of Financial Reporting Standard No.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.

## 24. Ultimate parent undertaking and controlling party

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

## 25. Analysis of operating profit

	2013		2012	
	Continuing	Discontinued	Continuing	Discontinued
	£000	£000	£000	£000
Turnover	17,847	961	21,523	10,946
Cost of sales	(14,425)	(951)	(17,941)	(10,997)
Gross profit	3,422	10	3,582	(51)
Administrative expenses	(2,122)	(470)	(1,744)	(1,131)
	1,300	(460)	1,838	(1,182)