

HUBER+SUHNER (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015



HUBER+SUHNER (UK) LIMITED

COMPANY INFORMATION

Directors	I Wechsler U Kaufmann
Secretary	Mr L Kolbjerg
Company number	902205
Registered office	Telford Road Bicester Oxfordshire OX26 4LA
Auditors	PricewaterhouseCoopers LLP Exchange House Central Business Exchange Midsummer Boulevard Central Milton Keynes MK9 2DF

HUBER+SUHNER (UK) LIMITED

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HUBER+SUHNER (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report and financial statements for the year ended 31 December 2015.

Review of the business

The company's principal activity continues to be that of importing, manufacturing and selling electrical and optical connectivity components and accessories related to the three key markets of Transportation, Communications and Industrial. This is coupled with our increasing level of "Value Add" and systems solutions to effectively differentiate us from the traditional competitors in the UK market.

The HUBER+SUHNER Northern Europe Region consists of the UK, Sweden, Denmark, Norway, Finland and the Baltics. The centre of this region is HUBER+SUHNER (UK) where all of the central functions such as Finance, HR, IT and the majority of the front office are based with branch offices of HUBER+SUHNER (UK) in Sweden and Denmark. Norway, Finland and the Baltics continue to be serviced by third party distributors but are managed directly out of the UK.

The turnover for 2015 was down 2.8% relative to the prior year and gross margins decreased to 16.3% (2014: 16.9%). Sales and gross margins were both impacted by adverse currency movement in the year due to the strength of sterling compared to the other trading currencies, with a £1.8m translational exchange loss compared to 2014. Restating for these losses would have resulted in underlying sales growth of 1.3% and gross margins of 19.6%.

Third Party sales decreased by 1.8% to £42,182,000 in 2015 (2014: £42,944,000) and inter-group sales decreased to £1,170,000 in 2015 (2014: £1,639,000). Turnover in 2015 for Denmark £4,596,000 (2014: £5,245,616) and Sweden 2015 £16,787,000 (2014: £15,910,449).

The company incurred a net loss before tax of -2.2%, (2014: Loss -0.9%). In addition to the translational exchange losses of £1.8m, there were also transactional losses of £0.7m. After adjusting for these losses underlying profits before tax would have been 3.4%.

Strategy

The company is a part of the Huber+Suhner Group whose main objectives are to focus on the 3 x 3 strategy of supplying our 3 core technologies - Fibre Optics, Cable and Radio Frequency into our 3 key markets of Communication, Transportation and Industrial and to introduce new innovative products and solutions that assist growth in those markets and in our core technologies.

In the UK the company supports the group strategy by operating in the same markets and introducing, promoting and selling the new products and services in the country. The UK has continued to successfully position itself to offer greater total solution packages to all strategic markets thereby differentiating itself from traditional component competitors.

Future outlook

We expect conditions in the UK market to improve in 2016 with the projection that we see a growth of 5-10%. This is in main driven by the expected growth in the Communications market mainly in Data Centres and Fibre to the antenna/home, offsetting continued weakness in Railway and Automotive markets. Industrial is expected to be flat although investments in the Defence market should show some growth from the second half of the year.

We expect sterling to weaken a little through 2016, which will help lessen the impact on our margins and more natural hedging will be put in place using the Group Treasury facilities to lessen the impact of any movements. Inflation remains under control and interest rates are expected to remain low. Overall the UK economy is improving and we expect 2016 to be a stronger year.

HUBER+SUHNER (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Future outlook cont/d...

The EU referendum has increased uncertainty in our markets which may have a detrimental impact on sales and orders later in 2016 and in the future trading outside of the EU will add further challenges where we currently make intra-community sales. Weaker sterling exchange rates will benefit the business when translating the foreign sales and a large proportion of the goods purchased for sale are naturally hedged with our Parent Company by buying in the same currency as we invoice the customer so the local margin impact will be limited.

Principal Risks and Uncertainties

The key business risks and uncertainties affecting the company relate to the UK economic situation as well as changes in product technology and the fluctuation in the key exchange rates versus sterling. The government awards of major new rolling stock contracts to offshore suppliers has had an effect on our longer term position in the Transportation market and although UK infrastructure spend is planned, it is sometime in the future.

Financial Risk Management Policy

In the ordinary course of business, the company is exposed to a variety of financial risks that include price risk, credit risk, exchange rate risk and liquidity risk. Company management monitors these risks regularly and makes every effort to minimise negative influences on the company's financial results.

Price risk

The company monitors the market prices and takes action to adjust prices where there are movements in commodity prices. Large material purchases are selectively hedged by the parent company at a group level.

Credit risk

The credit risk for sales debtors from trading is limited by the market spread of customers. In addition, this risk is reduced by regular checks of creditworthiness, withdrawing credit for slow payers and requesting cash with the order.

Exchange rate risk

The company is exposed directly to four currencies, the Euro, US Dollar and the Danish and Swedish currency, from sales to customers and a limited amount of local purchases. The risk is minimised by including currency fluctuation clauses in some contracts. The parent company uses foreign exchange forward contracts and options to control foreign currency risks for incoming and outgoing payments at a group level.

Liquidity risk

Where necessary the company negotiates local facilities with UK financial institutions. In addition, the group will give liquidity support if required.

Key Performance Indicators

Key Performance Indicators are in place covering everything from efficiency and productivity to quote conversion, sales and orders and local and consolidated profit. KPI's are a fundamental part of the corporations' Global Management System (GMS).

On behalf of the board



J. Wechsler

Director

4 AUGUST 2016

HUBER+SUHNER (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Comparative information

This is the first accounting year in which the financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The comparative information for the year ended 31 December 2014 was prepared under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). A review of the comparative information has been completed to ensure compliance with Financial Reporting Standard 101 Reduced Disclosure Framework. No restatements were required. Additional disclosures have been included to ensure compliance.

Results and dividends

The results for the year are set out on page 7.

The loss of the financial year amounted to £957,000 (2014: £341,000) The directors have not recommended a dividend (2014: £2,000,000).

Directors

The directors, who served throughout the year except as noted, were as follows:

T Hay	(Appointed 1 January 2015 and resigned 18 March 2015)
I Wechsler	
U Kaufmann	
Mr P Harris	(Resigned 30 April 2015)

Directors' indemnities

The parent company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

HUBER+SUHNER (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Statement of directors' responsibilities

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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

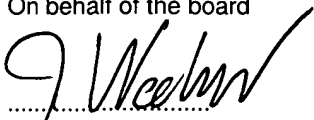
Statement of disclosure to auditors

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



I Wechsler

Director

4 AUGUST 2016

HUBER+SUHNER (UK) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HUBER+SUHNER (UK) LIMITED

Report on the financial statements

Our opinion

In our opinion, Huber + Suhner (UK) Limited 's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Statement of financial position as at 31 December 2015;
- the Income statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

HUBER+SUHNER (UK) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF HUBER+SUHNER (UK) LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves


We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.


Jonathan Gilpin (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes

4 AUGUST 2016

HUBER+SUHNER (UK) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015


	Note	2015 £'000	2014 £'000
Turnover	2	43,352	44,583
Cost of sales		(36,288)	(37,065)
Gross profit		7,064	7,518
Distribution costs		(1,368)	(1,095)
Administrative expenses		(6,563)	(6,789)
Other operating income		4	-
Operating loss	3	(863)	(366)
Interest receivable and similar income	6	9	7
Interest payable to group undertakings	7	(112)	(51)
Other interest payable and similar charges	7	-	(2)
Loss on ordinary activities before taxation		(966)	(412)
Tax on loss on ordinary activities	8	9	71
Loss for the financial year	19	(957)	(341)

The income statement has been prepared on the basis that all operations are continuing operations.

HUBER+SUHNER (UK) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Property, plant and equipment	10	1,588	1,559
Current assets			
Inventories	11	2,378	3,277
Deferred tax asset	12	213	75
Other receivables	13	8,265	12,507
Cash at bank and in hand		1,309	2,938
		12,165	18,797
Creditors: amounts falling due within one year			
Trade and other payables	14	7,101	9,521
Taxation and social security		695	828
		7,796	10,349
Net current assets		4,369	8,448
Total assets less current liabilities		5,957	10,007
Creditors: amounts falling due after more than one year			
Borrowings	15	2,500	5,700
Provisions for liabilities			
Deferred tax liabilities	12	203	96
Net assets		3,254	4,211
Capital and reserves			
Called up share capital	17	4,000	4,000
Profit and loss account	19	(746)	211
Total shareholder's funds		3,254	4,211

The financial statements were approved by the Board of directors and authorised for issue on 4 AUGUST 2016
Signed on its behalf by:


.....
J Wechsler
Director

Company Registration No. 902205

HUBER+SUHNER (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £'000	Profit and loss account £'000	Total shareholder's funds equity £'000
Balance at 1 January 2014	4,000	2,552	6,552
Loss for the financial year	-	(341)	(341)
Total comprehensive expenses for the year	-	(341)	(341)
Dividends	-	(2,000)	(2,000)
Balance at 31 December 2014	4,000	211	4,211
Loss for the financial year	-	(957)	(957)
Total comprehensive expenses for the year	-	(957)	(957)
Balance at 31 December 2015	4,000	(746)	3,254

HUBER+SUHNER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

1.1 Accounting convention

The company's financial statements have been prepared and approved by the Directors in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and the Companies Act 2006 and on a going concern basis.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the group accounts of Huber+Suhner AG. The group accounts of Huber+Suhner AG are available to the public and can be obtained as set out in note 18.

The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment in which the entity operates.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover, which is stated at net of value added tax, represents the invoiced value of goods and services supplied. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer which is usually on despatch of goods and on completion of services.

HUBER+SUHNER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

1.4 Property, plant and equipment

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	2.5%
Plant and machinery	10-20%
Computer equipment	33%
Motor vehicles	25%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.5 Impairment of tangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Raw materials, consumables and goods for resale are valued on a purchase cost on first-in, first-out basis. Work in progress and finished goods are valued based on cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is the estimated selling price less all estimated costs of completion and disposal. Provision has been made, if necessary, for slow moving, obsolete and defective stock.

HUBER+SUHNER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

1.7 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

HUBER+SUHNER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

HUBER+SUHNER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

1.16 Long term contracts

Turnover and a prudent estimate of the profit attributable to work completed on long term contracts is recognised once the outcome of the contract can be recognised with reasonable certainty which is normally based on the issue of test results to the customer. The costs on long term contracts not yet taken to the profit and loss account less related foreseeable losses are shown in stocks as long term contract balances. Long term contract costs incurred but yet to be received are shown in accruals. Foreseeable losses are recognised in full, and to the extent they exceed costs incurred to date are included within provisions.

2 Turnover

An analysis of the company's turnover is as follows:

	2015 £'000	2014 £'000
Radio frequency	14,339	14,874
Fibre Optics	14,023	14,033
Cable	14,990	15,676
	<u>43,352</u>	<u>44,583</u>

Geographical market

	2015 £'000	2014 £'000
United Kingdom	18,514	20,289
Switzerland	127	256
Canada	30	764
Denmark	4,596	5,246
Sweden	16,787	15,910
Ireland	456	223
Rest of World	2,842	1,895
	<u>43,352</u>	<u>44,583</u>

HUBER+SUHNER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

3 Operating loss	2015	2014
	£'000	£'000
Operating loss is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	50	41
Fees payable to the company's auditors for other services	33	51
Depreciation of property, plant and equipment	200	218
Profit on disposal of property, plant and equipment	(1)	-
Cost of inventories recognised as an expense	36,288	37,065
Staff costs	6,614	6,119
Operating lease charges	195	57
	<hr/>	<hr/>

4 Employees

The average monthly number of employees (including non-executive directors) were:

	2015	2014
	Number	Number
Manufacturing	45	43
Office and management	88	91
	<hr/>	<hr/>
	133	134
	<hr/>	<hr/>

Their aggregate remuneration comprised:

Employment costs	2015	2014
	£'000	£'000
Wages and salaries	5,646	5,251
Social security costs	657	564
Other pension costs	311	304
	<hr/>	<hr/>
	6,614	6,119
	<hr/>	<hr/>

5 Directors' remuneration

There were no directors' emoluments paid during the year in respect of their services to the company, which are deemed non-executive in nature, as these are borne by the parent undertaking (2014: £nil). These costs are not recharged to the company.

HUBER+SUHNER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

6 Investment income

	2015 £'000	2014 £'000
Interest income		
Interest on bank deposits	9	7

Total interest income for financial assets that are not held at fair value through profit or loss is £9,000 (2014: £7,000).

7 Interest payable and similar charges

	2015 £'000	2014 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	2
Interest payable to group undertakings	112	51
	<u>112</u>	<u>53</u>

8 Tax on loss on ordinary activities

	Continuing operations	
	2015 £'000	2014 £'000
Current tax		
Current year taxation	104	(75)
Adjustments in respect of prior periods	-	3
	<u>104</u>	<u>(72)</u>
Deferred tax		
Origination and reversal of temporary differences	(190)	1
Adjustments in respect of prior periods	77	-
	<u>(113)</u>	<u>1</u>
Total tax credit	<u>(9)</u>	<u>(71)</u>

HUBER+SUHNER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

8 Tax on loss on ordinary activities

The credit for the year can be reconciled to the loss per the income statement as follows:

	2015 £'000	2014 £'000
Loss on ordinary activities before taxation	(966)	(412)
Expected tax charge based on a corporation tax rate of 20.25% (2014: 21.5%)	(194)	(88)
Expenses not deductible in determining taxable profit	1	9
Permanent capital allowances in excess of depreciation	(64)	14
Depreciation on assets not qualifying for tax allowances	43	-
Other non-reversing timing differences	-	(9)
Effect of overseas tax rates	190	-
Deferred tax adjustments	15	-
Tax adjustment relating to prior year	-	3
Tax credit for the year	(9)	(71)

9 Dividends

	2015 per share	2014 per share	2015 £'000	2014 £'000
Amounts recognised as distributions to equity holders:				
Ordinary shares				
Final dividend paid	-	0.50	-	2,000

HUBER+SUHNER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

10 Property, plant and equipment

	Freehold land & buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2015	2,378	1,770	40	4,188
Additions	48	189	-	237
Disposals	(10)	(606)	-	(616)
At 31 December 2015	2,416	1,353	40	3,809
Accumulated depreciation				
At 1 January 2015	1,123	1,490	16	2,629
Charge for the year	65	134	1	200
Eliminated on disposal	(5)	(603)	-	(608)
At 31 December 2015	1,183	1,021	17	2,221
Carrying amount				
At 31 December 2015	1,233	332	23	1,588
At 31 December 2014	1,255	280	24	1,559

Computer equipment is included within plant and machinery.

11 Inventories

	2015 £'000	2014 £'000
Raw materials	912	458
Work in progress	-	170
Finished goods	1,352	2,511
Long term contract balances - work in progress	114	138
	<u>2,378</u>	<u>3,277</u>

HUBER+SUHNER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

12 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior financial year.

	Total £'000
Deferred tax liability at 1 January 2014	(95)
Deferred tax asset at 1 January 2014	-
Deferred tax movements in prior year	
Charge to the income statement	(1)
Credit to other comprehensive income	75
Deferred tax liability at 1 January 2015	(96)
Deferred tax asset at 1 January 2015	75
Deferred tax movements in current year	
Deferred tax asset prior year adjustment	7
Increase in deferred tax asset	213
Deferred tax liability adjustment on timing differences	(23)
Deferred tax liability prior year adjustment	(84)
Deferred tax liability at 31 December 2015	(203)
Deferred tax asset at 31 December 2015	295

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances:

	2015 £'000	2014 £'000
Deferred tax liabilities	(203)	96
Deferred tax assets	295	(75)
	<u>92</u>	<u>21</u>

HUBER+SUHNER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

13 Trade and other receivables

	2015	2014
	£'000	£'000
Trade receivables	6,458	10,985
Provision for bad and doubtful debts	(68)	(57)
	<u>6,390</u>	<u>10,928</u>
Other receivables	37	737
Corporation tax recoverable	467	137
VAT recoverable	517	-
Amounts due from fellow group undertakings	663	277
Prepayments	191	428
	<u>8,265</u>	<u>12,507</u>

14 Trade and other payables

	Current	
	2015	2014
	£'000	£'000
Trade payables	614	906
Amount due to parent undertaking	4,196	6,239
Other payables	665	1,600
Social security and other taxation	706	828
Accruals	1,615	776
	<u>7,796</u>	<u>10,349</u>

15 Borrowings

	2015	2014
	£'000	£'000
Total loans from parent undertaking	<u>3,150</u>	<u>5,700</u>

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2015	2014
	£'000	£'000
Current liabilities	650	-
Non-current liabilities	2,500	5,700
	<u>3,150</u>	<u>5,700</u>

HUBER+SUHNER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

16 Retirement benefit schemes

Defined contribution schemes

The company operates a defined benefit contribution scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. There are no accrued or prepaid pension costs at the year end (2014: £nil).

The total costs charged to income in respect of defined contribution plans were £311 (2014 - £304).

17 Called up share capital	2015 £'000	2014 £'000
Ordinary share capital Issued and fully paid		
4,000 Ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>

18 Controlling party

The company is a wholly owned subsidiary of Huber+Suhner AG, a company incorporated in Switzerland and its results are included in the consolidated financial statements of Huber+Suhner AG, which can be obtained from Tumbelenstrasse 20, CH-8330 Pfaffikon ZH, Switzerland.

The largest and smallest group of undertakings for which group financial statements have been drawn up is that headed by Huber+Suhner AG.

19 Profit and loss account

	£'000
At 1 January 2014	2,552
Loss for the financial year	(341)
Dividends	<u>(2,000)</u>
At 31 December 2014	211
Loss for the financial year	<u>(957)</u>
At 31 December 2015	<u>(746)</u>

HUBER+SUHNER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

20 Operating leases commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Within one year	-	29	2	8
Between two and five years	144	-	68	21
	<u>144</u>	<u>29</u>	<u>70</u>	<u>29</u>

21 Related party transactions

The company have taken advantage of the exemption conferred by FRS101 which states that a qualifying entity is exempt from the IAS 24 requirement to disclose compensation to key management personnel and also exempt from disclosing transactions with entities wholly owned by the group.