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Acal Electronics Holdings Limited

Report and Financial Statements

31 March 2013

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COMPANIES HOUSE

Directors

N J Jefferies
S M Gibbins
P G Webster
M F E Pangels
P H Neville

Secretary

G P Shillinglaw

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Lloyds TSB
11-15 Monument Street
London EC3V 5SA

Registered Office

2 Chancellor Court
Occam Road
Surrey Research Park
Guildford
Surrey GU2 7AH

Directors' report

The directors of Acal Electronics Holdings Limited ('the company') present their report and financial statements for the year ended 31 March 2013

Results and dividends

The company generated a profit for the year, after taxation, of £2,721,423 (2012 – £134,070). No dividend was paid during the year (2012 – £nil). The directors do not propose a final dividend (2012 – £nil).

Principal activity and review of the business

The principal activity of the company is to act as an intermediate holding company of a group which is a European leader in advanced technology solutions, providing marketing, engineering, design, manufacturing and other related services. Subsidiary undertakings are based in the United Kingdom and Europe.

The company received dividends of £2,688,995 (2012: £1,868,317) from its subsidiary undertakings during the year.

Future developments

The directors do not foresee any changes to the future activities of the company.

Post balance sheet event

On 2 December 2013, the company through its directly held subsidiary, Acal GmbH, completed the acquisition of 100% of RSG Electronic Components GmbH ("RSG") for an upfront cash consideration of €3.0m (£2.5m) before expenses. RSG is a supplier of customised power solutions including specialist distribution and own brand design. Additionally, a deferred cash consideration of up to €0.25m (£0.2m) will be payable after 18 months.

Principal risks and uncertainties

The company's principal risk is the valuation of its investments which is reliant on trading and performance of subsidiary undertakings. The directors continuously monitor the performance of its subsidiary undertakings and any indicators of impairment.

Going concern

The company's business activities together with the factors likely to affect future developments, performance and position are set out above.

The company was in a net current liability position at the year-end. The ultimate parent company, Acal plc, has agreed to provide financial support to the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the balance sheet. The Acal plc group has significant financial resources, well established distribution contracts with a number of suppliers and a broad and stable customer base.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' report (continued)

Directors

The directors who served during the year were as follows

N J Jefferies	
S M Gibbins	
P Webster	(appointed 19 April 2012)
F B B A J Chevallier	(resigned 10 May 2012)
P R M Gruson	(resigned 30 April 2012)
M F E Pangels	(appointed 3 January 2013)
P H Neville	(appointed 3 January 2013)

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

In accordance with section 485 of Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Ernst & Young LLP as auditor of the company.

On behalf of the Board



S M Gibbins 11/12/13

Director

Directors' responsibilities statement

The directors are responsible for preparing 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 judgements and 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.

Independent auditor's report

to the members of Acal Electronics Holdings Limited

We have audited the financial statements of Acal Electronics Holdings Limited for the year ended 31 March 2013 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes 1 to 16. 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 directors' responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report

to the members of Acal Electronics Holdings 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

Ernst & Young LLP

Nick Powell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

12/12/13

Profit and loss account

for the year ended 31 March 2013

	Notes	2013 £	2012 £
Administrative expenses		87,887	121,439
Impairment of investments		–	(1,868,317)
Operating profit/(loss)	2	87,887	(1,746,878)
Income from shares in group undertakings		2,688,995	1,868,317
Interest receivable and similar income	5	325,583	322,973
Interest payable and similar charges	6	(378,244)	(255,543)
Profit on ordinary activities before taxation		2,724,221	188,869
Tax on profit on ordinary activities	7	(2,798)	(54,799)
Profit for the financial year	12	2,721,423	134,070

Results for the current and prior years solely arise from continuing operations

Statement of total recognised gains and losses

for the year ended 31 March 2013

There are no recognised gains or losses other than the profit attributable to the shareholders of £2,721,423 for the year ended 31 March 2013 (2012 – £134,070)

Balance sheet

at 31 March 2013

	Notes	2013 £	2012 £
Fixed assets			
Investments	8	40,844,647	40,255,547
Current assets			
Debtors	9	10,848,026	11,088,744
Cash at bank and in hand		45,171	45,201
		10,893,197	11,133,945
Creditors amounts falling due within one year	10	(17,671,974)	(20,045,045)
Net current liabilities		(6,778,777)	(8,911,100)
Net assets		34,065,870	31,344,447
Capital and reserves			
Called up share capital	11	77,352	77,352
Shares to be issued	11	2,390,906	2,390,906
Share premium account	12	12,078,158	12,078,158
Profit and loss account	12	19,519,454	16,798,031
Shareholders' funds	11	34,065,870	31,344,447

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



S M Gibbins

Director

Date 11/12/13

Notes to the financial statements

at 31 March 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior year.

Going concern

The company's business activities together with the factors likely to affect future developments, performance and position are set out above.

The company was in a net current liability position at the year-end. The ultimate parent company, Acal plc, has agreed to provide financial support to the company to meet its liabilities as they fall due for a period of at least at least 12 months from the date of approval of the balance sheet. The Acal plc group has significant financial resources, well established distribution contracts with a number of suppliers and a broad and stable customer base.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Group financial statements

These financial statements have been prepared for the individual company only. The company has taken the exemption under section 400 of the Companies Act 2006 not to prepare group financial statements as the results of the company are included in the consolidated financial statements of the ultimate parent undertaking and are publicly available (as set out in note 15).

Cash flow statement

The company is exempt from the requirements of FRS 1 to present a cash flow statement as over 90 per cent of the company's voting rights are controlled within the group of which the company is a member (note 15) and consolidated financial statements that include the results of the company are publicly available.

Investments

Investments are shown at cost less provision for impairment. The carrying value is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Dividend income

Revenue is recognised when the Group's right to receive payment is established.

Interest received

Revenue is recognised as interest accrues using the effective interest method.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted, and
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes to the financial statements (continued)

at 31 March 2013

2. Operating profit/(loss)

Auditor's remuneration has been borne by another group company in the current and preceding year

3. Directors' remuneration

No remuneration was paid or is payable to the directors in their capacity as directors of the company (2012 – nil) The directors also provide services to other group undertakings and received remuneration from a fellow group undertaking, Acal Management Services Limited in respect of services to the group The directors consider that the proportion of the remuneration that relates to services to this company is £5,000 (2012 £5,000)

4. Staff costs

The company had no employees other than the directors in either year

5. Interest receivable and similar income

	2013	2012
	£	£
Interest receivable on amounts owed from fellow group undertakings	325,583	322,973

6. Interest payable and similar charges

	2013	2012
	£	£
Interest payable on amounts owed to fellow group undertakings	378,244	255,543

7. Tax on profit on ordinary activities

(a) The tax charge is made up as follows

	2013	2012
	£	£
<i>Current tax</i>		
UK corporation tax charge on the profit for the year	8,454	54,799
Adjustment in respect of prior year	(5,656)	–
Total current tax (note 7(b))	2,798	54,799

Notes to the financial statements (continued)

at 31 March 2013

7. Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24% (2012 – 26%)
The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	2,724,221	188,869
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 – 26%)	653,813	49,106
<i>Effects of</i>		
Expenses not deductible	–	491,455
Non-taxable UK dividend income	(645,359)	(485,762)
Prior year adjustment	(5,656)	–
Total tax charge (note 7(a))	2,798	54,799

(c) Deferred taxation

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

The company has an unrecognised deferred tax asset of £14,292 (2012 – £14,913) in relation to capital losses
The deferred tax asset has not been recognised as there is insufficient evidence to suggest that this will reverse in the foreseeable future

(d) Factors affecting future tax charges

A reduction in the UK corporation tax rate from 24% to 23% is effective from 1 April 2013. In addition, the Government announced its intention to further reduce the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

Notes to the financial statements (continued)

at 31 March 2013

8. Investments

	<i>Subsidiary undertakings</i>	<i>Associate undertakings</i>	<i>Total</i>
	£	£	£
Cost			
At 1 April 2012	48,070,631	30	48,070,661
Additions	589,100	–	589,100
Disposals	(1,868,318)	–	(1,868,318)
At 31 March 2013	46,791,413	30	46,791,443
Provision for impairment			
At 1 April 2012	7,815,084	30	7,815,114
Reversal on disposal	(1,868,318)	–	(1,868,318)
At 31 March 2013	5,946,766	30	5,946,796
Net book amount			
At 31 March 2013	40,844,647	–	40,844,647
At 1 April 2012	40,255,547	–	40,255,547

The principal subsidiary undertakings at 31 March 2013 were as follows

<i>Undertakings</i>	<i>Country of incorporation and registration</i>	<i>Nature of business</i>	<i>Percentage of ordinary issued share capital held</i>
<u>Directly held</u>			
Acal Europe Holding BV	Netherlands	Holding company	100%
Acal BF1 UK Ltd	England and Wales	Agency marketing	100%
Acal BF1 Iberia SL	Spain	Agency marketing	100%
Acal BF1 France Holdings SAS	France	Holding company	100%
Acal BF1 Central Procurement Limited	England and Wales	Central purchasing	100%
MTC Micro Tech Components GmbH	Germany	Agency marketing	100%
Acal GmbH	Germany	Holding company	100%
Compotron Limited	England and Wales	Non-Trading	100%
<u>Indirectly held</u>			
Acal BV	Netherlands	Holding company	100%
Acal BF1 France SAS	France	Agency marketing	100%
Acal BF1 NV/SA	Belgium	Agency marketing	100%
Acal BF1 Germany GmbH	Germany	Agency marketing	100%
Acal BF1 Nordic AB	Sweden	Agency marketing	100%
Acal BF1 Italia Srl	Italy	Agency marketing	100%
EAF Group Holding BV	Netherlands	Holding company	100%

1) On 1 April 2012 the company acquired 100% of the share capital of Compotron Limited for a cash consideration of £589,100 from its subsidiary Acal BF1 GmbH

2) On 1 May 2012 the company's wholly owned subsidiary, Acal Electronic Services Limited was dissolved. The investment was fully written down prior to dissolution.

Notes to the financial statements (continued)

at 31 March 2013

8. Investments (continued)

The company owns a 30% equity interest in an associate undertaking, Ceratech Holdings Limited, which is registered in England and Wales and operates in the UK in the field of agency marketing

In the opinion of the directors the aggregate value of the assets of the company consisting of shares in, or amounts owing from the above subsidiaries and associated undertaking, is not less than the aggregate amount at which those assets are included in the company's balance sheet

9. Debtors

	2013	2012
	£	£
Amounts owed by parent and fellow group undertakings	10,848,013	11,088,730
Other debtors	13	14
	<u>10,848,026</u>	<u>11,088,744</u>

10. Creditors: amounts falling due within one year

	2013	2012
	£	£
Amounts owed to fellow group undertakings	17,663,520	19,318,666
Other creditors	—	671,580
Corporation tax	8,454	54,799
	<u>17,671,974</u>	<u>20,045,045</u>

11. Issued share capital

		2013		2012
	No	£	No	£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	77,352	<u>77,352</u>	77,352	<u>77,352</u>

Notes to the financial statements (continued)

at 31 March 2013

12. Reconciliation of shareholders' funds and movements on reserves

	<i>Called up share capital</i>	<i>Shares to be issued</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£	£	£	£	£
At 1 April 2011	77,352	2,390,906	12,078,158	16,663,961	31,210,377
Profit for the financial year	–	–	–	134,070	134,070
At 1 April 2012	77,352	2,390,906	12,078,158	16,798,031	31,344,447
Profit for the financial year	–	–	–	2,721,423	2,721,423
At 31 March 2013	77,352	2,390,906	12,078,158	19,519,454	34,065,870

The shares to be issued arose from the transfer of the beneficial ownership of certain group undertakings from the ultimate parent company to Acal Electronics Holdings Limited

On issue of the shares, the reserve will be analysed between called up share capital and share premium as follows

	£
Called up share capital (ordinary shares of £1 each)	107,003
Share premium	2,283,903
	<u>2,390,906</u>

13. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other wholly owned members of Acal plc, as 100% of the Company's voting rights are controlled within the Group and the Group financial statements in which the Company is included are publicly available

14. Guarantees and financial commitments

During the year there were limited intra group guarantees in operation in respect of all monies due to the group's bankers

15. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is Acal plc, a company registered in England and Wales

The parent undertaking of the smallest and largest group that prepares group financial statements and of which the company is a member is Acal plc. Copies of the group financial statements of Acal plc can be obtained from 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford, Surrey GU2 7AH

Notes to the financial statements (continued)

at 31 March 2013

16. Post balance sheet event

On 29 December 2013, the company through its directly held subsidiary, Acal GmbH, completed the acquisition of 100% of RSG Electronic Components GmbH ("RSG") for an upfront cash consideration of €3.0m (£2.5m) before expenses. RSG is a supplier of customised power solutions including specialist distribution and own brand design. Additionally, a deferred cash consideration of up to €0.25m (£0.2m) will be payable after 18 months.