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IDEAL INDUSTRIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2013

Company registration number
01824671

IDEAL INDUSTRIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

Company Registration Number 01824671

Registered Office Stokenchurch House
Oxford Road
Stokenchurch
High Wycombe
Buckinghamshire
HP14 3SX

Directors Paul Finnie
Lee Thomas

Secretary Thomas Eggar Secretaries Limited

Bankers HSBC Bank plc
19 Midsummer Place
Milton Keynes
MK9 3GB

Auditor BDO LLP
55 Baker Street
London
W1U 7EU

IDEAL INDUSTRIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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IDEAL INDUSTRIES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2013

Strategic review of the business

IDEAL INDUSTRIES Limited has continued to invest in product development across all of its divisions in 2013 and to invest in channels access across the globe. The company carried out restructuring within its Casella and Networks divisions in order to better focus the business to address the markets it serves and align the cost base to reflect it. These combined investments and divisional restructuring will put the company in a strong position to further capitalise on these in 2014.

The directors utilise various Key Performance Indicators in order to measure the performance of the business. These include order intake, sales, gross margins, operating profit, inventory turnover, cash and debtors days.

The principal risks facing the business are the exchange rate movements between the pound and US Dollar as many products are sourced in US Dollars, although this is becoming less of an issue as IDEAL begins to open up markets in US Dollar based economies. There is also a risk that the economic rebound will be slow and delay investment decisions across the globe and affect revenues.

Financial risk management objectives and policies

The company uses various financial instruments. These include amounts owed to group / parent companies, cash and other items, such as trade debtors and trade creditors, which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

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

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

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk

The company's cash assets and bank borrowings are all held in floating rate accounts. Trade debtors and creditors do not attract interest and are therefore subject to fair value interest rate risk.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is managed by the company monitoring the financial position of the counterparties involved. The principal credit risk arises from its 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.

Approval

The strategic report was approved by the order of the board on

13/3/14



Lee Thomas
Director

Company Registration Number 01824671

IDEAL INDUSTRIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors have pleasure in submitting their report and audited financial statements for the year ended 31 December 2013

Principal activity

IDEAL INDUSTRIES Limited is the UK trading company for IDEAL INDUSTRIES Holdings Limited

The UK based divisions that are represented in these accounts are Casella Measurement, IDEAL INDUSTRIES Networks and Anderson Power Products

Casella Measurement is principally engaged in the sale of environmental monitoring equipment and services
IDEAL INDUSTRIES Networks is principally engaged in the sale of equipment for use in the installation and maintenance of LAN/WAN networks
Anderson Power Products is principally engaged in the sale of electrical connectors

Results and dividends

The results for the company show a profit after taxation of £759k for the year (2012 £42k)

The directors do not recommend payment of a dividend (2012 £Nil)

Directors

The directors who served throughout the year were as follows

Lee Thomas
Paul Finnie

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 laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

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

IDEAL INDUSTRIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

In so far as each of the directors is aware

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

Auditor

During the year, BDO LLP were appointed as auditors. BDO LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of that Act.

By order of the board



Lee Thomas
Director

Date 13/3/14

Company Registration Number 01824671

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IDEAL INDUSTRIES LIMITED

We have audited the financial statements of Ideal Industries Limited for the year 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 auditors

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). Those standards require us to comply with the Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 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.

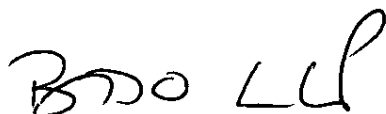
Opinion on other matters prescribed by the Companies Act 2006

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

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.



Gary Hanson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

United Kingdom

Date

17 March 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

IDEAL INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £000	2012 £000
Turnover	1	17,817	18,969
Cost of sales		<u>(8,992)</u>	<u>(11,288)</u>
Gross profit		8,825	7,681
Selling and distribution costs		(1,828)	(1,599)
Administrative expenses		<u>(6,122)</u>	<u>(6,195)</u>
Operating profit/(loss)	1	875	(113)
Analysis:			
Operating profit/(loss) before re-organisation costs, group debt forgiveness and Spanish indemnity release		1,322	(86)
Re-organisation costs		440	294
Group debt forgiveness		7	-
Spanish indemnity provision reversal		-	(267)
Income from sale of investment		-	71
Interest payable and similar charges	2	(81)	(79)
Income from investment in group undertakings	3	<u>-</u>	<u>163</u>
Profit on ordinary activities before taxation		794	42
Tax on profit on ordinary activities	5	<u>35</u>	<u>-</u>
Retained profit transferred to reserves	13	<u>759</u>	<u>42</u>

There were no recognised gains or losses other than the results for the year as set out above
All amounts relate to continuing activities

The accompanying accounting policies (page 7-8) and notes (page 9-14) form an integral part of these financial statements

IDEAL INDUSTRIES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	6	640	477
Investments	7	-	-
		<u>640</u>	<u>477</u>
Current assets			
Stocks	8	1,598	2,046
Debtors	9	3,293	3,094
Cash at bank and in hand		5,150	5,558
		<u>10,041</u>	<u>10,698</u>
Creditors: amounts falling due within one year	10	<u>(7,310)</u>	<u>(8,563)</u>
Net current assets		<u>2,731</u>	<u>2,135</u>
Total assets less current liabilities, being net assets		<u>3,371</u>	<u>2,612</u>
Capital and reserves			
Called up share capital	12	2,025	2,025
Profit and loss account	13	1,346	587
Shareholders' funds	14	<u>3,371</u>	<u>2,612</u>

The financial statements were approved by the Board of Directors and authorised for issue on and signed on their behalf by

13/3/14



Lee Thomas
Director

Company Registration Number 01824671

The accompanying accounting policies (page 7-8) and notes (page 9-14) form an integral part of these financial statements

IDEAL INDUSTRIES LIMITED

PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2013

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention

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

Going concern

The directors have reviewed the position of the company and forecast future trading. Based on this review and appropriate enquiries made of the ultimate parent undertaking, the company will have sufficient resources for a period of at least twelve months from the date of signing these financial statements to meet its liabilities as they fall due and as such the financial statements are prepared on a going concern basis.

Basis of consolidation

The company has taken advantage of section 400 (1) of the Companies Act 2006 to be exempted from preparing group accounts on the grounds that it is included in consolidated financial statements of its immediate parent undertaking IDEAL INDUSTRIES Holdings Limited. The information is therefore presented as an individual company and not about its group.

Cash flow statement

The company has taken advantage of Financial Reporting Standard 1 - Cash Flow Statements to be exempt from preparing a cash flow statement on the grounds that it is included in the consolidated financial statements of IDEAL INDUSTRIES Holdings Limited.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or, in rare cases, the product being ready for delivery, based on specific contract terms.

Revenue from services provided by the company is recognised when the company has performed its obligations and in exchange obtained the right to consideration.

Tangible fixed assets and depreciation

Assets are measured at depreciated historical cost. Depreciation is provided to write off the cost of the tangible fixed assets, less estimated residual values, over the estimated useful economic life as follows:

Fixtures and fittings	- 2 to 10 years
Computer Equipment	- 2 to 10 years
Leasehold improvements	- over the period of the lease
Plant and equipment	- 2 to 10 years

Contributions to pension funds

The company operates a defined contribution scheme and the pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

IDEAL INDUSTRIES LIMITED

PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2013

Stocks

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow moving items on a category-by-category basis

Cost of raw materials, consumables and goods for resale is based on purchased cost on a first-in, first-out basis

Cost of work in progress and finished goods is based on the cost of direct materials on a first-in, first-out basis

Net realisable value is the estimated selling price less all further costs to complete

Foreign currencies

Transactions in foreign currencies are translated into sterling at the average exchange rate for the month in which the transaction occurred. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

Research and development

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against operating profits on a straight line basis over the period of the lease.

Investments

Fixed asset investments are shown at cost less any provision for impairment.

Deferred taxation

Deferred taxation is recognised on all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the underlying timing differences. Deferred tax balances are not discounted.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

IDEAL INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1 TURNOVER AND OPERATING PROFIT

Turnover and operating profit are attributable to the activities as stated in the Directors' Report, of which 77.2% are sold outside the United Kingdom (2012 78.3%)

The operating profit is stated after charging/(crediting)

	2013 £000	2012 £000
Auditor's remuneration		
- Audit services	-	72
- Other services	-	12
Depreciation, amortisation and impairment		
- Tangible fixed assets, owned	187	208
Exchange (profit)/loss	(2)	106
Hire of plant and machinery (excl operating leases)	3	3
Other operating lease rentals	479	529
Spanish indemnity provision reversal	-	(267)
Re-organisation costs	440	294
Group debt forgiveness	7	-
Profit on sale of fixed assets	-	(3)

The auditors were paid £57k for audit services and £16k for non-audit services for 2013

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £000	2012 £000
Interest payable to related parties	80	57
Bank interest payable	1	22
	<u>81</u>	<u>79</u>

3 INCOME FROM INVESTMENT IN GROUP UNDERTAKINGS

	2013 £000	2012 £000
Dividend receivable from subsidiary undertaking	<u>-</u>	<u>163</u>

4 DIRECTORS AND EMPLOYEES

The monthly average number of persons employed (including directors) during the period was as follows

	2013	2012
Production	28	32
Design and development	26	31
Sales and marketing	24	25
Administration	30	29
	<u>108</u>	<u>117</u>

IDEAL INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

4 DIRECTORS AND EMPLOYEES (CONTINUED)

Staff costs, including directors, during the year were as follows

	2013 £000	2012 £000
Wages and salaries	4,118	4,296
Social security costs	497	508
Other pension costs	299	229
	<u>4,914</u>	<u>5,033</u>

Remuneration in respect of directors was as follows

	2013 £000	2012 £000
Emoluments (including benefits in kind)	283	275
Pension contributions	23	23
	<u>306</u>	<u>298</u>

The amounts set out above include remuneration in respect of the highest paid director as follows

	2013 £000	2012 £000
Emoluments (including benefits in kind)	164	159
Pension contributions	12	12
	<u>176</u>	<u>171</u>

During the year 2 (2012: 2) directors participated in money purchase pension schemes

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2013 £000	2012 £000
The tax charge represents		
UK corporation tax at 23.25% (2012: 24.5%)	<u>35</u>	<u>-</u>
Total current tax	<u>35</u>	<u>-</u>

IDEAL INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporate tax in the UK of 23.25% (2012 24.5%)

The differences are explained below

	2013 £000	2012 £000
Profit on ordinary activities before taxation	794	42
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK at 23.25% (2012 24.5%)	185	10
Effects of:		
Income not taxable for tax purposes	-	(20)
Expenses not deductible for tax purposes	3	10
Group relief surrendered	-	4
Excess of depreciation over capital allowances	(97)	27
Utilisation of brought forward losses	-	(31)
Other timing differences	(56)	-
Current tax charge for year	35	-

6 TANGIBLE FIXED ASSETS

	Fixtures and fittings £000	Computer equipment £000	Leasehold improvements £000	Plant and equipment £000	Total £000
Cost					
At 1 January 2013	497	454	173	523	1,647
Additions	257	27	-	66	350
Disposals	(8)	(18)	-	(48)	(74)
At 31 December 2013	746	463	173	541	1,923
Depreciation					
At 1 January 2013	444	334	49	343	1,170
Charged in the year	28	57	33	69	187
Disposals	(8)	(18)	-	(48)	(74)
At 31 December 2013	464	373	82	364	1,283
Net book value					
31 December 2013	282	90	91	177	640
31 December 2012	53	120	124	180	477

IDEAL INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

7 FIXED ASSETS INVESTMENTS

	Shares in group undertakings £000
Cost and net book value	
At 31 December 2012 and 31 December 2013	-

During 2012 the company disposed of its entire investment in Casella Espana SA

8 STOCKS

	2013 £000	2012 £000
Raw materials	299	72
Work in progress	46	56
Finished goods	1,253	1,918
	<u>1,598</u>	<u>2,046</u>

9 DEBTORS

	2013 £000	2012 £000
Trade debtors	2,169	1,937
Amounts owed by related undertakings	666	540
VAT	149	352
Prepayments and accrued income	309	265
	<u>3,293</u>	<u>3,094</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £000	2012 £000
Bank loans and overdrafts	835	2,808
Trade creditors	807	963
Amounts owed to related undertakings	4,144	3,209
Other creditors	-	14
Corporation Tax	35	-
Social security and other taxes	155	155
Accruals and deferred income	1,334	1,414
	<u>7,310</u>	<u>8,563</u>

IDEAL INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

11 DEFERRED TAXATION

Unrelieved taxation losses remain available to offset against future taxable profits of the same trade to which the losses originate. Should suitable taxable profits arise, these losses would represent a deferred tax asset of approximately £3.7m (2012 £4.8m) at a corporation tax rate of 20% (2012 24.5%).

12 CALLED UP SHARE CAPITAL

	2013 £000	2012 £000
Authorised 2,050,000 ordinary shares of £1 each	<u>2,050</u>	<u>2,050</u>
Issued, called up and fully paid 2,024,742 ordinary shares of £1 each	<u>2,025</u>	<u>2,025</u>

13 RESERVES

	Profit and loss account £000
At 1 January 2013	587
Retained profit for the year	<u>759</u>
At 31 December 2013	<u>1,346</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £000	2012 £000
Profit for the financial year	<u>759</u>	<u>42</u>
Net increase in shareholders' funds	759	42
Shareholders' funds at 1 January 2013	<u>2,612</u>	<u>2,570</u>
Shareholders' funds at 31 December 2013	<u>3,371</u>	<u>2,612</u>

15 CAPITAL COMMITMENTS

There are no capital commitments at 31 December 2013 (2012 £Nil).

IDEAL INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

16 PENSIONS

Defined Contribution Pension Scheme

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

There was a £Nil (2012 £14k) pension liability outstanding as at 31 December 2013.

17 LEASING COMMITMENTS

Operating lease payments of £592,000 (2012 £535,000) are due within one year. The leases to which these amounts relate expire as follows:

	2013 Land and buildings £000	2013 Others £000	2012 Land and buildings £000	2012 Others £000
In less than one year	-	37	-	21
Between one and five years	196	129	170	114
Over five years	230	-	230	-
Total	<u>426</u>	<u>166</u>	<u>400</u>	<u>135</u>

18 ULTIMATE PARENT UNDERTAKING

The directors consider that the controlling related party and ultimate parent undertaking of this company is IDEAL INDUSTRIES Inc, registered in the United States.

The largest group of undertakings for which consolidated financial statements have been drawn up is that headed by IDEAL INDUSTRIES Inc, and the smallest group of undertakings for which consolidated financial statements have been drawn up, including the company, is that headed by IDEAL INDUSTRIES Holdings Limited, a company incorporated in England and Wales. Copies of these financial statements are available from Companies House.

19 RELATED PARTY TRANSACTIONS

During the year, IDEAL INDUSTRIES Limited entered into transactions, as part of its normal trading activities, with other related parties as follows:

	2013 £000	2012 £000
Sales to Casella Espana SA	<u>-</u>	<u>26</u>

During 2012 the company disposed of its entire investment in Casella Espana SA. As a wholly owned subsidiary of IDEAL INDUSTRIES Holdings Limited the company is exempt from the requirements of Financial Reporting Standard 8 - Related Party Disclosures to disclose other transactions with members of the group headed by that company.