

IDEAL INDUSTRIES LIMITED

Report and Financial Statements

For the year ended

31 December 2017

Company Number 01824671



IDEAL INDUSTRIES LIMITED

Report and financial statements for the year ended 31 December 2017

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Directors

Carmelle Giblin
Kevin Lamb

Registered office

Stokenchurch House
Oxford Road
Stokenchurch
High Wycombe
Buckinghamshire
HP14 3SX

Company number

01824671

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Bankers

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

IDEAL INDUSTRIES LIMITED

Strategic report for the year ended 31 December 2017

The directors present the strategic report together with the audited financial statements for the year ended 31 December 2017.

Strategic review of the business

IDEAL INDUSTRIES Limited has continued to invest in product development across all of its divisions in 2017. This continued investment has enabled the company to focus on selling its own designed products. The wider group is continuing to invest in channel access in both developed and developing markets, principally USA, China and India, which is anticipated to yield further benefits in 2018.

In June 2018 management took the decision to separate the Networks and Electrical divisions of IDEAL INDUSTRIES Limited.

A new subsidiary company of IDEAL INDUSTRIES Holdings Limited, IDEAL INDUSTRIES Networks Limited, was set up to help with continued growth and focus of the divisions and companies within the group. On 1 June 2018 a trade and asset transfer of the Networks division was undertaken from IDEAL INDUSTRIES Limited to IDEAL INDUSTRIES Networks Limited.

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.

	2017 £000	2016 £000	Change
Turnover	25,115	22,527	11.5%
Gross profit %	46.5%	45.7%	0.8%
Operating Profit	5,664	3,862	46.7%
Cash at bank and in hand	8,716	2,485	250.7%
Shareholders' funds	12,818	6,484	97.7%

Principal risks and uncertainties

As with all trading businesses, the company is exposed to risks during the conduct of its normal business operations. Mitigation actions and strategies to reduce any potential impact are agreed and put in place wherever possible. The company maintains a range of insurance policies against major insurable risks including damage to property and equipment and employment. Whilst it is not possible to record or quantify every material risk within the company, below is a summary of the key risks the directors believe could have a material impact on the future performance and also how the risk has been mitigated.

Financial risk

The risks of this nature include the use of various financial instruments to raise finance for the company's operations. This includes amounts owed to group / parent companies, cash and other items such as trade debtors and trade creditors, that arise directly from its operations.

The key financial risks considered by the directors are:

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably. The company selects bankers on recommendation from the ultimate parent company to ensure the cash is invested safely.

IDEAL INDUSTRIES LIMITED

Strategic report for the year ended 31 December 2017 (continued)

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. This has resulted in minimal payment defaults during the year.

Strategic risks

The risks of this nature include changes to the business environment with potentially significant effects on operations and business objectives including customer behavior, competitors, technology and also business channel specific risks.

Relevant economic and market indicators are reviewed by the senior management team on a regular basis. Customers and suppliers are subject to continuous review by the relevant team, and competitor activity is regularly reviewed by senior management.

Activities to maintain and strengthen the technological expertise within the company are constantly ongoing as the company recognises the need to maintain competitive technological position.

Operational risks

Operational risks comprise risks directly attributable to business operations and with a potential impact on the company's financial position and performance.

The key operational risks considered by the directors include:

Supply chain

The risks are mitigated by ensuring that wherever possible key raw material or components required in production processes are available from multiple vendors. In cases where this is not possible adequate stocks are maintained to ensure continued availability.

Customer dependency

Risks are reduced because the receivables due from any individual customer are relatively small in relation to total trade receivables.

Internal control risks and financial reporting risks are addressed annually in the form of independent financial controls assessment that reports directly to the shareholders as well as a comprehensive systematic process for financial reporting.

Approval

The strategic report was approved by the order of the board on 28 SEPTEMBER 2018

Kevin Lamb

Kevin Lamb

Director

Company Registration Number: 01824671

IDEAL INDUSTRIES LIMITED

Report of the directors for the year ended 31 December 2017

The directors have pleasure in submitting the report of the directors and audited financial statements for the year ended 31 December 2017.

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, IDEAL INDUSTRIES Electrical 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. IDEAL INDUSTRIES Electrical is principally engaged in the sale of tools and supplies for the electrical markets. Anderson Power Products is principally engaged in the sale of electrical connectors.

On 1 June 2018 a trade and asset transfer of the Networks division was undertaken from IDEAL INDUSTRIES Limited to IDEAL INDUSTRIES Networks Limited, a fellow subsidiary of IDEAL INDUSTRIES Holdings Limited.

Results and dividends

The results for the company show a profit after taxation of £6,333k for the year (2016 – profit after taxation of £3,321k).

During the year the company spent £1,582k (2016 - £1,472k) on research and development, and research and development tax credits of £109k (2016 - £95k) arose.

The directors approved the payment of a final dividend of £nil, pre-year end (2016 - £4,187k).

Directors

The directors who served during the year and to the date of this report were as follows:

Lee Thomas (resigned 31 January 2017)
Carmelle Giblin
Kevin Lamb (appointed 7 December 2017)

IDEAL INDUSTRIES INC. purchased and maintained Directors and Officers Liability Insurance throughout the financial year for IDEAL INDUSTRIES, INC. and its family of companies.

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 director 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 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;
- 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.

IDEAL INDUSTRIES LIMITED

Report of the directors for the year ended 31 December 2017 (*continued*)

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

In so far as the directors are 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

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

Kevin Lamb

Kevin Lamb
Director

Date: 28 SEPTEMBER 2018

Company Registration Number: 01824671

IDEAL INDUSTRIES LIMITED

Independent auditor's report

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

Opinion

We have audited the financial statements of Ideal Industries Limited ("the company") for the year ended 31 December 2017 which comprise the Statement of Total Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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; and

the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

IDEAL INDUSTRIES LIMITED

Independent auditor's report (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



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

United Kingdom

Date 28 September 2018

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

IDEAL INDUSTRIES LIMITED

Statement of total comprehensive income for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover	3	25,115	22,527
Cost of sales		(13,433)	(12,230)
Gross profit		11,682	10,297
Distribution costs		(2,441)	(2,592)
Administrative expenses		(4,322)	(3,843)
Other income		745	-
Operating profit	4	5,664	3,862
Interest payable and similar charges	7	(4)	(80)
Profit on ordinary activities before taxation		5,660	3,782
Taxation on profit on ordinary activities	8	673	(461)
Profit and total comprehensive income for the year		6,333	3,321

All amounts relate to continuing activities.

The notes on pages 10 to 20 form part of these financial statements.

IDEAL INDUSTRIES LIMITED

Statement of financial position at 31 December 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible assets	9		451		748
			<u>451</u>		<u>748</u>
Current assets					
Stocks	10	1,980		2,350	
Debtors	12	6,232		4,668	
Cash at bank and in hand		8,716		2,485	
		<u>16,928</u>		<u>9,503</u>	
Creditors: amounts falling due within one year	13	(4,562)		(3,767)	
Net current assets			<u>12,366</u>		<u>5,736</u>
Total assets less current liabilities, being net assets			<u>12,817</u>		<u>6,484</u>
Capital and reserves					
Called up share capital	16		2,025		2,025
Profit and loss account			10,792		4,459
Shareholder's funds			<u>12,817</u>		<u>6,484</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 SEPTEMBER 2018

Kevin Lamb

Kevin Lamb
Director

Company Registration Number 01824671

The notes on pages 10 to 20 form part of these financial statements.

IDEAL INDUSTRIES LIMITED

Statement of changes in equity for the year ended 31 December 2017

	Share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2016	2,025	5,325	7,350
<i>Comprehensive profit for the year:</i>			
Profit for the year	-	3,321	3,321
Profit and total comprehensive income for the year	-	3,321	3,321
Contributions by and distributions to owners			
Dividends	-	(4,187)	(4,187)
Total Contributions by and distributions to owners	-	(4,187)	(4,187)
Balance at 31 December 2016	2,025	4,459	6,484
<i>Comprehensive profit for the year:</i>			
Profit for the year	-	6,333	6,333
Profit and total comprehensive income for the year	-	6,333	6,333
Balance at 31 December 2017	2,025	10,792	12,817

The notes on pages 10 to 20 form part of these financial statements.

IDEAL INDUSTRIES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017

1 Accounting policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the company's accounting policies.

Cash flow statement

The company has taken advantage of the exemption from preparing a Statement of Cash Flow in preparing these financial statements, as permitted by FRS 102 for qualifying entities.

The following principal accounting policies have been applied:

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 directors believe 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.

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

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation

Assets are measured at depreciated historical cost. Depreciation is provided to write off the cost of the tangible fixed assets, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives range 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

IDEAL INDUSTRIES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

1 Accounting policies (*continued*)

Depreciation (continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the statement of comprehensive income.

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 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 and sell.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Research and development costs

In the research and development phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense on the statement of total comprehensive income in the period in which it is incurred.

Operating leases

All leases are operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2014) to continue to be charged over the period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 January 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

IDEAL INDUSTRIES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

1 Accounting policies (continued)

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the financial reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the financial reporting date.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the financial reporting date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Pension costs

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.

Foreign currency translation

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the start of each month in which the transactions occurred. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

IDEAL INDUSTRIES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether leases entered into by the group as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 9)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Stock (see note 10)*

Stock held is reviewed for impairment on an annual basis and provision made for any items where there is uncertainty that they can be sold. Judgement is made as to whether the stock is slow and obsolete and impaired accordingly.

- *Deferred tax (see note 11)*

Unrelieved taxation losses are reviewed on an annual basis and assessed on consistent, past performance of taxable profits earned in the relevant trades for which deferred tax assets would be recognised.

- *Creditors, provisions and liabilities (see note 13)*

These are recognised at the financial reporting date and include amounts for accrued holiday pay, management and employee incentives. Although these amounts are reviewed on a regular basis and adjusted to reflect management's best current estimates, the judgemental nature of these items means that future amounts settled may be different from those provided.

IDEAL INDUSTRIES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

3 Analysis of turnover

	2017 £'000	2016 £'000
Analysis of turnover by country of destination:		
United Kingdom	6,636	6,104
Rest of Europe	12,324	10,441
Rest of the world	6,154	5,982
	<u>25,115</u>	<u>22,527</u>

4 Operating profit

	2017 £'000	2016 £'000
This is arrived at after charging/(crediting):		
Research and development		
- current year's expenditure	1,582	1,472
- R&D tax credits	(109)	(95)
Depreciation of tangible fixed assets	322	329
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	72	69
Exchange differences	(69)	(469)
Hire of plant and machinery (excluding operating leases)	9	19
Other operating lease rentals	433	446
	<u></u>	<u></u>

IDEAL INDUSTRIES LIMITED

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

5 Employees

	2017 £'000	2016 £'000
Staff costs (including directors) consist of:		
Wages and salaries	3,981	4,047
Social security costs	447	445
Cost of defined contribution scheme	280	310
	<hr/>	<hr/>
	4,708	4,802
	<hr/>	<hr/>

The average number of employees (including directors) during the period was as follows:

	2017 Number	2016 Number
Production	17	21
Design and Development	19	23
Sales and marketing	28	29
Administration	27	24
	<hr/>	<hr/>
	91	97
	<hr/>	<hr/>

6 Directors' remuneration

	2017 £'000	2016 £'000
Directors' emoluments	20	138
Company contributions to money purchase pension schemes	1	14
	<hr/>	<hr/>

There was 1 director participating in the company's money purchase pension schemes (2016 - 1).

Emoluments of the highest paid director were £20k (2016 - £138k). Company pension contributions of £1k (2016 - £14k) were made to a money purchase scheme on their behalf.

Following the resignation of the UK director, all directors are now based in the US.

Key management personnel during the year are considered to include only the directors of the company who together have the authority and responsibility for planning, directing and controlling the activities of the company.

IDEAL INDUSTRIES LIMITED

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

7 Interest payable and similar charges

	2017 £'000	2016 £'000
Interest payable to related parties	4	80
	<u>4</u>	<u>80</u>

8 Taxation on profit on ordinary activities

	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<i>UK corporation tax</i>				
Current tax on profits of the year	648		256	
	<u>648</u>		<u>256</u>	
Total current tax		648		256
<i>Deferred tax</i>				
Origination and reversal of timing differences	(1,310)		205	
Adjustment in respect of previous periods	(11)		-	
	<u>(1,321)</u>		<u>205</u>	
Taxation on profit on ordinary activities		(673)		461

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	5,660	3,782
	<u>5,660</u>	<u>3,782</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.25% (2016 – 20%)	1,089	756
Effects of:		
Expenses not deductible for tax purposes	-	3
Group Relief Claim	-	(1)
Adjustment of deferred tax in respect of prior periods	(11)	-
Adjustment to deferred tax in respect to changes in tax rates	(922)	92
Deferred tax not recognised	(829)	(389)
	<u>(673)</u>	<u>461</u>
Total tax (credit)/charge for period	(673)	461

IDEAL INDUSTRIES LIMITED

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

9 Tangible fixed assets

	Fixtures and fittings	Computer equipment	Leasehold improvements	Plant and equipment	Total
	£'000	£'000	£'000	£'000	£'000
<i>Cost</i>					
At 1 January 2017	722	589	174	1,081	2,566
Additions	-	19	-	6	25
Disposals	(1)	(9)	-	(78)	(88)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	721	599	174	1,009	2,503
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 January 2017	566	462	173	617	1,818
Provision for year	59	55	1	207	322
Disposals	(1)	(9)	-	(78)	(88)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	624	508	174	746	2,052
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 2017	97	91	-	263	451
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	156	127	1	464	748
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

10 Stocks

	2017 £'000	2016 £'000
Raw materials and consumables	304	269
Finished goods	1,676	2,081
	<hr/>	<hr/>
	1,980	2,350
	<hr/>	<hr/>

The value of stocks charged in the year to cost of sales was £12,346k (2016 - £11,252k).

IDEAL INDUSTRIES LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

11 Deferred Taxation

Unrelieved taxation losses remain available to offset against future taxable profits of the same trade to which the losses originate. The directors believe it is appropriate to recognise a deferred tax asset in these financial statements as the company demonstrates consistent taxable profits in its environmental monitoring trade and as such a deferred tax asset of £1,444k (2016 - £123k) has been recognised in the year.

Deferred tax assets

	2017 £'000	2016 £'000
At 1 January 2017	123	328
Credited/(charged) to profit or loss	1,321	(205)
	<hr/>	<hr/>
At 31 December 2017	1,444	123
	<hr/>	<hr/>

12 Debtors

	2017 £'000	2016 £'000
Trade debtors	2,875	2,611
Amounts owed to group undertakings	1,060	1,080
Deferred tax (see note 11)	1,444	123
Research and Development tax credit	109	95
Other taxes	377	470
Prepayments and accrued income	367	289
	<hr/>	<hr/>
	6,232	4,668
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year except for Deferred tax.

13 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	1,304	961
Amounts owing to group undertakings	907	976
Social security and payroll taxes	80	67
Corporation tax	688	256
Accruals and deferred income	1,583	1,507
	<hr/>	<hr/>
	4,562	3,767
	<hr/>	<hr/>

IDEAL INDUSTRIES LIMITED

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

14 Financial instruments

The Company's financial instruments may be analysed as follows:

	2017 £'000	2016 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	13,019	6,464
	<hr/>	<hr/>
Financial liabilities		
Financial liabilities measured at amortised cost	2,211	1,937
	<hr/>	<hr/>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, and amounts owed to group undertakings.

15 Pensions

Defined contribution scheme

The amount recognised in the profit and loss account as an expense in relation to the company's defined contribution schemes is £280k (2016 - £310k). There were no amounts owing at the year end (2016 - £nil).

16 Share capital

	2017 £'000	2016 £'000
<i>Issued, called up and fully paid</i>		
2,024,742 ordinary shares of £1 each	2,025	2,025
	<hr/>	<hr/>

17 Commitments

Operating Leases

The company had minimum lease payments under non-cancellable operating leases as set out below:

	2017 £'000	2016 £'000
Not later than 1 year	513	441
Later than 1 year and not later than 5 years	851	705
	<hr/>	<hr/>
Total	1,364	1,146
	<hr/>	<hr/>

Capital Commitments

The company had £nil (2016 - £7k) of capital commitments contracted not provided as at 31 December 2017.

IDEAL INDUSTRIES LIMITED

**Notes forming part of the financial statements
for the year ended 31 December 2017 (continued)**

18 Related party disclosures

The ultimate parent company of the company is IDEAL INDUSTRIES Inc., registered in the United States, which owns IDEAL INDUSTRIES Holdings Limited, the immediate parent of the company. IDEAL INDUSTRIES Holdings Limited owns the entire share capital of the company.

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 IDEAL INDUSTRIES Holdings Limited financial statements are available from Companies House.

19 Subsequent events

During 2018 the trade and assets of the Networks division of IDEAL INDUSTRIES Limited were transferred to IDEAL INDUSTRIES Networks Limited, a fellow subsidiary of IDEAL INDUSTRIES Holdings Limited.