

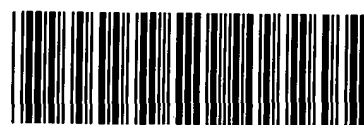
AB Connectors Limited

Directors' report and financial
statements

Registered number 1914199

Year ended 31 December 2014

FRIDAY



A47GYSAH

A12

15/05/2015

#32

COMPANIES HOUSE

Contents

Directors' report	1
Strategic report	2
Statement of Directors' responsibilities in respect of the Directors' report, the Strategic report, and the financial statements	4
Independent Auditor's report to the members of AB Connectors Limited	5
Profit and Loss Account	7
Balance Sheet	8
Notes (forming part of the financial statements)	9

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2014.

Principal activities

The principal activity of the company is the design, manufacture and distribution of electro-mechanical connectors and connection systems.

Directors

The directors who held office during the year and were as follows up to date of signing:

T H Roberts
L D Boardman (Appointed 23/05/14)
B N Gillam (Appointed 23/05/14)

S J Mather (Resigned 23/05/14)
N A Walker (Resigned 23/05/14)

Political contributions

The company did not make any political contributions during the current year (2013: £nil).

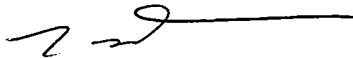
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



L D Boardman
Secretary

Registered office
Abercynon
Mountain Ash
Rhondda Cynon Taff
CF45 4SF

11 March 2015

Strategic report

Financial performance

Financial performance for the year has been analysed as follows:

	Year to 31 December 2014	Year to 31 December 2013	Change	
	£000	£000	£000	%
Turnover	11,157	11,654	(497)	(4.3)
Gross profit	2,216	1,815	401	22.1
Operating profit	237	94	143	152.1
Capital Expenditure	309	877	(568)	(64.8)
	No.	No.	No.	%
Average permanent employees	142	155	(13)	(8.3)

Strategy

The company will continue its remodelling as a supplier of first choice for the development of connectors and connection systems based around harsh environmental connectors.

Turnover

Activities to grow the sales channels outside of the UK resulted in strong growth in those regions. Underlying UK sales were flat; however the internal transfer of a £1.3m customer account to the IMS division of TT Electronics plc resulted in an overall reduction in sales. The outlook for 2015 is cautiously optimistic as we see continued growth in North America, new rail programmes coming on stream within the UK, and further inroads into developing new customer relationships with new product offerings.

Gross profit

Although turnover slightly decreased, the gross profitability increased from 15.6% to 19.9%. The increase in profitability is due to the increase in focus on the promotion of higher margin product lines and the controlled spending achieved throughout the company. Continued investment in employees and plant is planned for 2015.

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. These risks include:

- Evolving products and markets.
- Competition from low cost countries.
- High proportion of fixed overheads and variable revenues.

The directors are of the opinion that a thorough risk management process is maintained which involves the formal review of all identified risks. Where possible, processes are in place to monitor and mitigate such risks.

Research and development

The company continues to invest in the quality and design of our products. We believe the continued investment in our design and development is fundamental to the continuing growth of the business. Research and development costs are written off in the profit and loss account in the period in which they occur.

Strategic report *(continued)*

Financial instruments

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Interest rate risk

The company finances its operations through a mixture of retained profits, intercompany accounts and bank borrowing. The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through intercompany accounts and bank overdraft facilities.

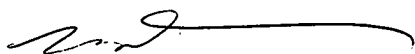
Currency risk

The company is exposed to transaction and translation foreign exchange risk. In relation to translation risk the proportion of assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency. Transaction exposures are hedged when known, mainly using the forward hedge market.

Results and dividend

The profit for the year, after taxation, amounted to £237,000 (2013: £118,000). No dividends have been paid in the year (2013:£nil).

By order of the Board



L D Boardman
Secretary

Registered office
Abercynon
Mountain Ash
Rhondda Cynon Taff
CF45 4SF

11 March 2015

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Directors Report, the Strategic 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of AB Connectors Limited

We have audited the financial statements of AB Connectors Limited for the year ended 31 December 2014 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of AB Connectors 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.



Emma Holiday (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

3 Assembly Square

Britannia Quay

Cardiff

CF10 4AX

13th March 2015

Profit and Loss Account
for the year ended 31 December 2014

£000	Note	2014	2013
Turnover	2	11,157	11,654
Cost of sales		(8,941)	(9,839)
		-----	-----
Gross profit		2,216	1,815
Distribution costs		(1,066)	(877)
Administrative expenses		(913)	(844)
		-----	-----
Operating profit	3	237	94
Interest receivable and similar income	6	-	24
		-----	-----
Profit on ordinary activities before taxation		237	118
Tax on profit on ordinary activities	7	-	-
		-----	-----
Profit on ordinary activities after taxation, being profit for the financial year	18	237	118
		-----	-----

All the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

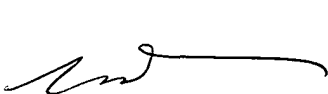
There is no difference between the profit for the financial year and its historic cost equivalent.

The notes on pages 9 to 16 form part of these financial statements.

Balance Sheet
at 31 December 2014

£000	Note	2014	2013
Fixed assets			
Tangible assets	9	2,566	2,871
Current assets			
Stocks	10	1,861	2,184
Debtors	11	5,635	4,937
Cash at bank and in hand		629	1,002
		8,125	8,123
Creditors: amounts falling due within one year	12	(1,925)	(2,461)
Net current assets		6,200	5,662
Total assets less current liabilities		8,766	8,533
Creditors: amounts falling due after more than one year	13	(4,111)	(4,115)
Net assets		4,655	4,418
Capital and reserves			
Called up share capital	17	2,750	2,750
Profit and loss account	18	1,905	1,668
Shareholders' funds	19	4,655	4,418

These financial statements were approved by the Board of Directors on 11 March 2015 and were signed on its behalf by:



L D Boardman
Director



B N Gillam
Director

Notes

(forming part of the financial statements)

1. Accounting policies

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

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 prepared these accounts on a going concern basis with the company being able to settle liabilities as they fall due for the foreseeable future, according to management forecasts. The Directors are not aware of any indication that a going concern basis would not be appropriate.

Cash flow statement

The company is a wholly owned subsidiary of TT Electronics plc and the cash flows of the company are included in the consolidated group cash flow statement of TT Electronics plc. Consequently, the company is exempt under the terms of FRS 1 'Cash Flow Statements' from publishing a cash flow statement.

Turnover

Turnover is the invoiced value of goods and services supplied excluding VAT. Transactions are recorded as sales when the dispatch of products or performance of services takes place in accordance with the contract terms of sale.

Research and development

Research and development costs are incurred in the development of new products and processes and in the substantial improvement of existing products and processes. The expenditure is charged to the profit and loss account as incurred.

Fixed assets

Tangible fixed assets are stated at cost, less a provision for depreciation.

The carrying values of fixed assets are reviewed for impairment where there is an indication that the asset may be impaired.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings	- 50 years
Plant, equipment and vehicles	- between 3 and 10 years

No depreciation is provided on freehold land.

Stock

Stock and work in progress are stated at the lower of cost, including related overheads, and net realisable value.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Leases

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

Notes (continued)

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using the rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at rates ruling at the balance sheet date. Transactions during the year are translated at rates ruling at the time of the transactions. Exchange differences which arise from normal trading are dealt with through the profit and loss account.

Pension costs

Defined contribution pension scheme costs represent the amount of contributions payable in respect of the accounting period.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and credited to the profit and loss account by equal instalments over the expected useful lives of the assets to which the grants relate. Other grants are credited to the profit and loss account over the period of the project to which they relate.

Related party disclosures

The company has taken advantage of the exemption available under FRS 8 and has not disclosed transactions with companies that are wholly owned subsidiaries of TT Electronics plc.

2. Turnover

Turnover is derived from the design, manufacture and distribution of electro-mechanical connectors and connection systems. An analysis of turnover is given below:

£000	2014	2013
United Kingdom	7,636	8,883
Rest of Europe	1,646	1,592
North America	1,470	880
Rest of the World	405	299
	11,157	11,654

Notes (continued)

3. Operating profit is stated after charging/(crediting):

£000	2014	2013
Depreciation of owned fixed assets	614	832
Auditor's remuneration - audit fee	15	16
Operating leases: plant and equipment	28	26
Government Grants	(4)	(86)

Fees paid to the company auditor KPMG LLP and its associates for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of TT Electronics plc are required to disclose non-audit fees on a consolidated basis.

4. Staff costs

The average number of staff employed by the Company during the financial year amounted to:

Number of employees	2014	2013
Production	124	134
Sales and distribution	12	13
Administration	6	8
	142	155

The aggregate payroll costs of the above were:

£000	2014	2013
Wages and salaries	3,619	3,720
Social security costs	367	347
Other pension costs	223	164
	4,209	4,231

5. Directors

Remuneration in respect of directors was as follows:

£000	2014	2013
Emoluments receivable	-	-
Value of pension contributions to defined contribution scheme	-	-
	-	-

The number of directors who accrued benefits under company pension schemes was as follows:

	2014	2013
	No	No
Defined contribution schemes	-	-

Notes (continued)

6. Interest receivable and similar income

£000	2014	2013
Other Interest	-	24
	-	24

7. Taxation on profit on ordinary activities

Analysis of charge in the year

£000	2014	2013
Current Tax:		
UK Corporation tax based on the results for the year	-	-
Adjustments in respect of prior periods	-	-
	-----	-----
Total current tax	-	-
	-----	-----

Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2013: lower) than the blended rate of corporation tax of 21.5% (2013: 23.25%). The differences are explained below.

£000	2014	2013
Current tax reconciliation		
Profit on ordinary activities before taxation	237	118
	-----	-----
Current tax at 21.5% (2013: 23.25%)	51	27
Effects of:		
Expenses not deductible for tax purposes	11	1
Depreciation for period (less than)/in excess of capital allowances	(101)	(48)
Other timing differences	-	(34)
Group relief surrendered for nil consideration	39	54
	-----	-----
Total current tax charge (see above)	-	-
	-----	-----

Notes (continued)

7. Taxation on profit on ordinary activities (continued)

The company has the following unrecognised deferred tax assets:

£000	2014	2013
Property, plant and equipment	583	640
Short term timing differences	27	34
	<u>610</u>	<u>674</u>

Deferred tax is calculated at 20% for the period (2013: 20%). The recoverability of these assets is dependent upon the future profitability of the business and the availability of current year losses that can be surrendered from other group companies.

8. Dividends

There are no dividends paid in the year (2013:£nil).

9. Tangible fixed assets

£000	Land and buildings	Plant, equipment and vehicles	Total
Cost			
At 1 January 2014	2,059	12,655	14,714
Additions	15	294	309
Disposals	-	(161)	(161)
	<u>2,074</u>	<u>12,788</u>	<u>14,862</u>
At 31 December 2014	2,074	12,788	14,862
Depreciation			
At 1 January 2014	711	11,132	11,843
Charge for year	46	568	614
Disposals	-	(161)	(161)
	<u>757</u>	<u>11,539</u>	<u>12,296</u>
At 31 December 2014	757	11,539	12,296
Net book value			
At 31 December 2014	<u>1,317</u>	<u>1,249</u>	<u>2,566</u>
At 31 December 2013	<u>1,348</u>	<u>1,523</u>	<u>2,871</u>

The net book value of freehold land and buildings includes £44,000 (2013: £44,000) in respect of land.

10. Stocks

£000	2014	2013
Raw materials and consumables	864	831
Work in progress	869	928
Finished goods and goods for resale	128	425
	<u>1,861</u>	<u>2,184</u>

Notes (continued)

11. Debtors

£000	2014	2013
Trade debtors	1,438	1,305
Amounts owed by group undertakings	4,109	3,515
Prepayments and accrued income	88	117
	5,635	4,937

12. Creditors: amounts falling due within one year

£000	2014	2013
Trade creditors	885	1,486
Amounts owed to group undertakings	519	639
Taxation and social security	237	94
Accruals and deferred income	284	242
	1,925	2,461

Included within accruals and deferred income above is £3,100 (2013:£3,100) relating to government grants.

13. Creditors: amounts falling due after more than one year

£000	2014	2013
Amounts owed to group undertakings	4,000	4,000
Accruals and deferred income	111	115
	4,111	4,115

Amounts owed to group undertakings are repayable after more than five years. No interest is payable on this amount.

Included in accruals and deferred income are amounts relating to government grants as follows:

£000	2014	2013
Due within 2 to 5 years	12	12
5 Years +	99	103
	111	115

14. Leasing commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

Assets other than land & buildings

£000	2014	2013
Operating leases which expire:		
Within 1 year	15	19
Within 2 to 5 years	-	15
	15	34

Notes (continued)

15. Contingent liabilities

The Company is a cross guarantor together with certain other companies within the TT Electronics plc group on the group's main debt facilities. At 31 December 2014, the total facilities to which the Company is a cross-guarantor amounted to £49.6 million (2013: £23.3million).

There was a cross guarantee between certain companies in the group on all bank overdrafts with Barclays Bank plc. At 31 December 2014, the total borrowings to which the Company is a cross-guarantor amounted to £450,000 (2013: £436,000).

The company has contingent liabilities of £346,000 (2013: £346,000) in respect of performance bonds and guarantees entered into in the normal course of business.

16. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £125,000 (2013: £59,000).

17. Share capital

£000	2014	2013
Allotted, called up and fully paid:		
2,750,000 ordinary shares of £1 each	2,750	2,750
	2,750	2,750

18. Reserves

£000	Profit and loss account
At 1 January 2014	1,668
Profit for the year	237

At 31 December 2014	1,905

19. Reconciliation of movements in shareholders' funds

£000	2014	2013
Profit for the financial year	237	118
Equity dividends	-	-
	-----	-----
Net increase in shareholders' funds	237	118
Opening shareholders' funds	4,418	4,300
	-----	-----
Closing shareholders' funds	4,655	4,418
	-----	-----

Notes *(continued)*

20. Ultimate parent company and parent undertaking of larger group of which the company is a member

AB Electronic Products Group Limited is the company's controlling party by virtue of its 100 per cent interest in the company.

The Company is a subsidiary undertaking of TT Electronics plc which is the ultimate parent company which is registered in England and Wales. TT Electronics plc heads the only group in which the company is consolidated.

Copies of the TT Electronics plc financial statements can be obtained from the registered office at Clive House, 12-18 Queens Road, Weybridge, Surrey, KT13 9XB.

21. Pension Scheme

Defined Contribution Pension Scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme amounted to £223,000 (2013 £164,000)