

Company Registration No. 4949934

ELEKTRON TECHNOLOGY UK LIMITED

Report and Financial Statements

31 January 2013



(- 16/05/2013)

ELEKTRON TECHNOLOGY UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

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ELEKTRON TECHNOLOGY UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Casillas
K Daley
N Franklin
L A Hamon
J Wilson

SECRETARY

M Reeves

REGISTERED OFFICE

c/o Elektron Technology plc
Broers Building
21, JJ Thomson Avenue
Cambridge
CB3 0FA

BANKERS

HSBC Bank plc
70 Pall Mall
London
SW1Y 5EZ

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

ELEKTRON TECHNOLOGY UK LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 January 2013

PRINCIPAL ACTIVITY

The principal activity of the company during the year was the design and manufacture of electrical switches under the "Arcoelectric" brand, the design and manufacture of connectors and other electro-mechanical products under the "Bulgin" brand and the design and manufacture of control knobs and meters under the "Sifam" brand. All three brands are sold into industrial markets through distribution channels worldwide and directly to Original Equipment Manufacturers (OEMs). Following the transfer of the trade and assets of a number of operations on 31 January 2012, the principal activities of the company now include the distribution of specialist medical equipment under the "Qados" brand and scientific instruments under the "Agar" brand, the design and manufacture of electronic switching and control systems under the "Carnation" brand, electrical measuring instruments under the "Digitron" brand and nano positioning equipment under the "Queensgate" brand.

Since October 2012 the activities also include the design, manufacture and sale of Ophthalmic products.

Subsequent to 31 January 2013 the principal activities of the company will also include the manufacture and sale of router cutters under the 'Titman' brand and the manufacture and sale of precision instrumentation products under the "Sheen" and "Wallace" brands.

BUSINESS REVIEW

Turnover for the year is £42,753k (2012 - £30,317k) an increase of £12,436k attributable to the acquisition of activities transferred in from other group companies noted above.

As part of the restructuring strategy of the UK group, the trade and assets of Titman Tip Tools Limited transferred to Elektron Technology UK Limited on 31 January 2013 at book value. A further transfer of the trade and assets of the "Sheen" and "Wallace" brands from Hartest Precision Instruments Limited took place subsequent to the year end.

The directors are satisfied with the results for the year and the state of affairs of the company at the balance sheet date.

KEY PERFORMANCE INDICATORS

Management produces a wide variety of daily key figures for the Company that enable it to identify performance against budget and the previous year. Key performance indicators are shown below.

	2013	2012
Gross profit margin	27.3%	26.8%
Turnover per employee	£200,718	£300,175
Net operating expenses % of sales (excluding exceptional items)	28.8%	18.9%
Average employee headcount	213	101

The primary reason for the movement of the key performance indicators above is the acquisition of activities transferred in from other group companies noted above.

RESULTS AND DIVIDENDS

The loss for the year amounted to £1,381k (2012 - Profit £5,873k). The directors approved a dividend of £2,000k (10p per ordinary share) which was paid on 28 June 2012 (2012 - £1,500k).

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of Elektron Technology plc ("the Group") strategy are subject to a number of risks and uncertainties. The directors have set out below the principal risks facing the business.

ELEKTRON TECHNOLOGY UK LIMITED

DIRECTORS' REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Competition

The company experiences competition both from emerging suppliers based in low cost countries and traditional European suppliers seeking to maintain market share by reducing prices. A number of technologies claim to deliver similar benefits in a different way. This could potentially reduce Elektron's pricing power in the markets in which we operate. The company continually monitors competitive development and seeks to develop innovative products for niche applications to ensure the company retains a competitive advantage.

Commodity prices

A significant amount of the company's purchases are plastic moulding powders and metal parts and consequently movements in oil, copper and silver market prices can affect profitability. Product design is kept under review to seek to ensure that Elektron's products use no more of such commodities than product offerings of our direct competitors. Wherever possible we multi-source our raw materials and/or we purchase them under medium to long term contracts. We manage our raw material stock levels taking these considerations into account.

Control of overseas operations

In order to achieve competitively priced products the company has manufacturing facilities in China and Tunisia as well as in the UK. Risks and uncertainties of this strategy include management issues at the factories, the possibility of changes in import duties and shipping delays. The company manages these risks by employing suitably experienced local staff and a regional or UK based team that works closely with them.

RESEARCH AND DEVELOPMENT

The directors consider that research and development plays a vital role in maintaining and increasing the competitive position of the company in the market. These costs have been capitalised as Intangible assets (note 11) in line with SSAP13 "Accounting for research and development".

DIRECTORS

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

G Casillas
K Daley
N Franklin
L A Hamon
J Wilson

POLICY ON THE PAYMENT OF CREDITORS

The company applies a policy of agreeing the terms of payment as part of the commercial arrangement negotiated with suppliers. It is company policy that payments to suppliers are made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions. The average creditor days for the year was 51 (2012 - 46) days.

ELEKTRON TECHNOLOGY UK LIMITED

DIRECTORS' REPORT

GOING CONCERN

The company is a wholly owned subsidiary of Elektron Technology plc ("the Group") and provides cross guarantees for the bank debt held by the Group and also a guarantee to its bankers. The directors have therefore reviewed the Group's forecasts in considering whether the going concern basis of preparation is appropriate for the company as a subsidiary party to the group cross guarantees.

The directors have prepared cash flow projections for the foreseeable future and considered the risks and uncertainties disclosed in the directors' report for the Group for the foreseeable future, being a period of at least 12 months from the date of signing and approving these financial statements. The projections take into account reasonably possible changes in trading performance, reflecting the current uncertain economic climate, existing borrowing facilities, forecast covenant compliance and the likelihood of the guarantees provided being called in.

The directors have no reason to believe that any of the borrowing facilities might be withdrawn or that there would be any other material change in the current financial projections of the Group. The directors have considered the liabilities of the company and have obtained confirmation from the group undertaking for which it has a liability, that the other party will not demand repayment of the debt for at least 12 months from the date of signing these financial statements. As a result the directors formed a judgement when approving these financial statements that there is a reasonable expectation that the Group and therefore the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of preparation in the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use any derivative financial instruments currently.

Cash flow risk

A significant amount of the company's sales are in US Dollars and Euros. The company is therefore exposed to foreign currency fluctuations. The company manages its foreign exchange risk by purchasing materials in matching currencies where possible in order to partially offset this exposure. It does not enter into forward foreign exchange contracts and other derivatives/financial instruments. The longer-term strategy to reduce currency risks is to incur greater proportions of group costs in currencies linked to sales.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of borrowing facilities and invoice factoring finance.

Further details regarding the liquidity risk can be found in the going concern sections above.

ELEKTRON TECHNOLOGY UK LIMITED

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 accounting estimates that are reasonable and prudent,
- state whether applicable 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.

AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors *17th May 2013*
and signed on behalf of the Board



M Reeves
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELEKTRON TECHNOLOGY UK LIMITED

We have audited the financial statements of Elektron Technology UK Limited for the year ended 31 January 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 27. 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 auditor

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. 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

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 annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement or inconsistencies we consider the implication for our report.

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 January 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

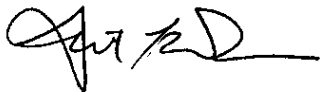
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ELEKTRON TECHNOLOGY UK 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



Stuart Henderson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

17 May 2013

ELEKTRON TECHNOLOGY UK LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 January 2013

	Note	2013 £000's	2012 £000's
TURNOVER	2		
Existing operations		29,992	28,674
Acquisitions	3	12,761	1,643
		<u>42,753</u>	<u>30,317</u>
Cost of sales		<u>(31,076)</u>	<u>(22,188)</u>
Gross profit		<u>11,677</u>	<u>8,129</u>
Administrative expenses			
Exceptional items	4	(11,582)	1,086
Other		<u>(8,985)</u>	<u>(3,892)</u>
Total administrative expenses		<u>(20,567)</u>	<u>(2,806)</u>
Distribution costs		<u>(3,309)</u>	<u>(1,827)</u>
OPERATING (LOSS)/PROFIT	4		
Existing operations		(10,964)	3,111
Acquisitions	3	<u>(1,235)</u>	<u>385</u>
		<u>(12,199)</u>	<u>3,496</u>
Dividend income		10,544	2,680
Interest payable and similar charges	7	<u>(112)</u>	<u>(82)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(1,767)</u>	<u>6,094</u>
Tax on (loss)/profit on ordinary activities	8	<u>386</u>	<u>(221)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	22	<u><u>(1,381)</u></u>	<u><u>5,873</u></u>

All activities derive from continuing operations

There are no recognised gains or losses for the current or preceding financial year other than as stated in the profit and loss account. Accordingly a statement of recognised gains and losses has not been presented.

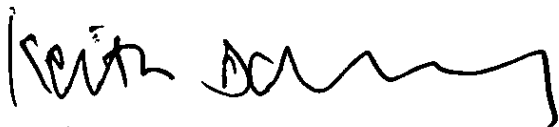
ELEKTRON TECHNOLOGY UK LIMITED

BALANCE SHEET 31 January 2013

	Note	2013 £000's	2012 £000's
FIXED ASSETS			
Tangible assets	10	1,980	1,461
Intangible assets	11	2,807	1,444
Investments	12	6,837	4,059
		<u>11,624</u>	<u>6,964</u>
CURRENT ASSETS			
Stocks	14	3,054	3,152
Debtors	15	13,287	12,539
Cash at bank and in hand		3,305	3,679
		<u>19,646</u>	<u>19,370</u>
CREDITORS: amounts falling due within one year	17	<u>(8,686)</u>	<u>(17,579)</u>
NET CURRENT ASSETS		<u>10,960</u>	<u>1,791</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>22,584</u>	<u>8,755</u>
CREDITORS: amounts falling due after more than one year	18	(18,462)	(1,035)
PROVISION FOR LIABILITIES	20	<u>(574)</u>	<u>(791)</u>
NET ASSETS		<u><u>3,548</u></u>	<u><u>6,929</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	200	200
Profit and loss account	22	3,348	6,729
SHAREHOLDERS' FUNDS	23	<u><u>3,548</u></u>	<u><u>6,929</u></u>

The financial statements of Elektron Technology UK Limited, registered number 4949934, were approved by the Board of Directors and authorised for issue on 17,05,2013

Signed on behalf of the Board of Directors



K Daley
Director

ELEKTRON TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2013

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding year.

Basis of accounting

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

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and, in accordance with s400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These financial statements therefore present information for the company and not its group.

The results of other group companies where the trade and assets have been hived across into the company are included for the periods from or to the date on which the hive across took place. The results of these companies are analysed separately in the company profit and loss account for the year in which the hive across took place.

Going concern

The company is a wholly owned subsidiary of Elektron Technology plc ("the Group") and provides cross guarantees for the bank debt held by the Group and also a guarantee to its bankers. The directors have therefore reviewed the Group's forecasts in considering whether the going concern basis of preparation is appropriate for the company as a subsidiary party to the group cross guarantees.

The directors have prepared cash flow projections for the foreseeable future and considered the risks and uncertainties disclosed in the directors' report for the Group, future, being a period of at least 12 months from the date of signing and approving these financial statements. The projections take into account reasonably possible changes in trading performance, reflecting the current uncertain economic climate, existing borrowing facilities, forecast covenant compliance and the likelihood of the guarantees provided being called in.

The directors have no reason to believe that any of the borrowing facilities might be withdrawn or that there would be any other material change in the current financial projections of the Group. The directors have considered the liabilities of the company and have obtained confirmation from the group undertaking for which it has a liability, that the other party will not demand repayment of the debt for at least 12 months from the date of signing these financial statements. As a result the directors formed a judgement when approving these financial statements that there is a reasonable expectation that the Group and therefore the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of preparation in the financial statements.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Goodwill

Goodwill arising on consolidation or purchased goodwill, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful economic life of 20 years. Provision is made for any impairment.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Sales of goods are recognised when the risks and rewards of ownership of the goods have passed to customers. Service revenue is recognised at the point at which the service is provided to the customer. Maintenance and support revenue is recognised proportionally on a straight line basis over the life of the contract.

ELEKTRON TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2013

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Tangible fixed assets are depreciated over their estimated useful lives using the straight line method. The rates used in the calculation are as follows:

Plant and machinery	3 – 15 years
Fixtures and fittings	3 – 16 years
Motor vehicles	4 years

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Reviews are made periodically of the estimated remaining lives of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear.

Investments

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

Intangible assets

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the group is expected to benefit. This period is four years. Provision is made for any impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and, where appropriate, production overheads based on the normal level of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to complete a disposal. Where necessary, provision is made for obsolete, slow moving and defective stocks.

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.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the lease and depreciated over their expected useful lives. The finance charges are allocated over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deduction of all of its liabilities.

ELEKTRON TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2013

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax 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 a 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

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

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying value

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

2. TURNOVER

An analysis of turnover by geographical destination is given below

	2013	2012
	£000's	£000's
United Kingdom	18,258	10,038
Rest of Europe	9,881	10,685
North America	4,052	5,504
Rest of World	10,562	4,090
	<u>42,753</u>	<u>30,317</u>

ELEKTRON TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2013

3. ACQUISITIONS

In relation to the acquisition of the Agar, Carnation, Digatron, Qados and Queensgate trades on 1 February 2012 continuing operations for the year ended 31 January 2013 include the following

	Existing operations £000's	Acquisitions £000's	Total £000's
TURNOVER	29,992	12,761	42,753
Cost of sales	(22,433)	(8,643)	(31,076)
Gross profit	7,559	4,118	11,677
Selling and administrative expenses	(7,423)	(4,871)	(12,294)
Exceptional items	(11,100)	(482)	(11,582)
OPERATING LOSS	(10,964)	(1,235)	(12,199)
Dividend income	10,544	-	10,544
Interest payable and similar charges	(79)	(33)	(112)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(499)	(1,268)	(1,767)

4. OPERATING (LOSS) PROFIT

	2013 £000's	2012 £000's
Operating (loss)/profit is after charging (crediting):		
Depreciation of tangible fixed assets - owned assets	331	196
Depreciation of tangible fixed assets - leased	27	65
Loss/(profit) on disposal of fixed assets	7	(3)
Operating lease costs		
other	569	343
Exceptional items		
Restructuring costs	856	619
Intercompany balance write down/(waiver)	430	(5,610)
Investment impairment	10,296	3,905
	11,582	(1,086)
Foreign currency losses/(gains)	105	(6)
The analysis of auditor's remuneration is as follows		
Net fees payable to the Company's auditor for the audit of the company's annual accounts	95	15
Total audit fees	95	15
Tax services	14	53
Total non-audit fees	14	53
Total fees	109	68

ELEKTRON TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2013

4. OPERATING (LOSS) PROFIT (continued)

Exceptional items relate to restructuring costs arising from the transfer of trade and assets from a number of companies on 31 January 2012 at book value, and impairment recognised to reflect the reduction in value of investments previously held by the parent company now transferred to Elektron Technology UK Limited
See detail in Note 12

5. STAFF COSTS

The average number of staff employed by the company including directors during the financial year amounted to

	2013	2012
	No	No
Production staff	107	47
Administrative staff	106	54
	<u>213</u>	<u>101</u>
	£000's	£000's
The aggregate payroll costs of the above were		
Wages and salaries	6,599	3,185
Social security costs	650	376
Pension costs	131	111
	<u>7,380</u>	<u>3,672</u>

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2013	2012
	£000's	£000's
Remuneration receivable	101	407
Value of company pension contributions to money purchase schemes	9	24
	<u>110</u>	<u>431</u>

The emoluments of the highest paid director for the year were £101k (2012 - £116k) with £9k (2012 - £7k) of company pension contributions

In addition to the director's emoluments paid directly by the company, the ultimate parent undertaking remunerates certain directors

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£000's	£000's
Interest payable on bank borrowings	112	75
Finance charges	-	7
	<u>112</u>	<u>82</u>

ELEKTRON TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2013

8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2013 £000's	2012 £000's
Current tax		
UK Corporation tax (credit)/charge based on the results for the year at 24 3% (2012 - 26 3%)	(414)	447
Adjustment in respect of previous periods	(66)	37
	<u>(480)</u>	<u>484</u>
Deferred tax		
Origination and reversal of timing differences	46	(298)
Effect of reduction in rates on opening balance	48	35
	<u>94</u>	<u>(263)</u>
Tax (credit)/charge on profit on ordinary activities	<u>(386)</u>	<u>221</u>

Factors affecting current tax charge

The tax assessed for the year differs from the blended standard rate of corporation tax in the UK of 24 3% (2012 - 26 3%) as follows

	2013 £000's	2012 £000's
(Loss)/profit on ordinary activities before taxation	(1,767)	6,094
Tax on (loss)/profit on ordinary activities at blended standard rate	<u>(429)</u>	<u>1,603</u>
Factors affecting the charge		
Inter company balance write down/(waiver) not taxable	104	(1,475)
Investment impairment not taxable	2,502	1,026
Dividend income not taxable	(2,562)	(705)
Expenses not deductible for tax purposes	19	-
Capital allowances in excess of depreciation	(327)	(30)
Other timing differences	(12)	120
Utilisation and recognition of tax losses not previously recognised	411	(60)
Effect of higher rate losses carried back	(29)	-
Adjustments of taxation charge in respect of previous periods	(66)	37
Research and development enhancement	(91)	(32)
Total current tax	<u>(480)</u>	<u>484</u>

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 23% effective 1 April 2013. This rate reduction was substantively enacted in July 2012.

In December 2012, the UK Government announced a reduction in the standard rate to 21% effective 1 April 2014. This rate reduction became substantively enacted in March 2013.

In March 2013 the UK Government also proposed to further reduce the standard rate to 20% with effect from 1 April 2015, but this change has yet to be substantively enacted.

The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

ELEKTRON TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2013

9. DIVIDENDS

	2013 £'000	2012 £'000
Dividends paid on ordinary shares	<u>2,000</u>	<u>1,500</u>

The directors declared a dividend of £2,000,000 (10p per ordinary share) which was paid on 28 June 2012 (2012 - £1,500,000)

10. TANGIBLE FIXED ASSETS

	Plant and machinery £000's	Equipment fixtures, fittings and vehicles £000's	Leasehold improve- ments £000's	Total £000's
Cost				
At 1 February 2012	4,846	1,533	-	6,379
Reclassification	(21)	(592)	613	-
Additions	216	280	101	597
Disposals	-	(29)	-	(29)
Transfer from group companies (note 13)	262	26	-	288
At 31 January 2013	<u>5,303</u>	<u>1,218</u>	<u>714</u>	<u>7,235</u>
Accumulated depreciation				
At 1 February 2012	4,287	631	-	4,918
Reclassification	-	(98)	98	-
Charge in the year	205	129	24	358
Eliminated on disposals	-	(21)	-	(21)
At 31 January 2013	<u>4,492</u>	<u>641</u>	<u>122</u>	<u>5,255</u>
Net book value				
At 31 January 2013	<u>811</u>	<u>577</u>	<u>592</u>	<u>1,980</u>
At 31 January 2012	<u>559</u>	<u>902</u>	<u>-</u>	<u>1,461</u>

Included within the net book value is £231k (2012 - £149k) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £27k (2012 - £65k). The assets transferred from group companies have been transferred at net book value.

ELEKTRON TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 January 2013

11. INTANGIBLE FIXED ASSETS

	Goodwill £000's	Develop- ment costs £000's	Total £000's
Cost			
At 1 February 2012	1,181	263	1,444
Additions	-	1,368	1,368
	<u>1,181</u>	<u>1,631</u>	<u>2,812</u>
At 31 January 2013			
Accumulated Amortisation			
At 1 February 2012	-	-	-
Amortisation charge	-	5	5
	<u>-</u>	<u>5</u>	<u>5</u>
At 31 January 2013			
Net book value			
At 31 January 2013	<u>1,181</u>	<u>1,626</u>	<u>2,807</u>
At 31 January 2012	<u>1,181</u>	<u>263</u>	<u>1,444</u>

Development costs have been capitalised in accordance with SSAP 13 "Accounting for research and development" and are therefore not treated, for dividend purposes, as a realised loss

12. INVESTMENTS

	Shares in subsidiary undertakings £000's
Cost and net book value	
At 1 February 2012	4,059
Transferred from group companies	13,074
Impairment charge	(10,296)
	<u>6,837</u>
At 31 January 2013	

An impairment charge has been recognised to reflect the reduction in value of investments previously held by parent company now transferred to Elektron Technology UK Limited in businesses whose trade and net assets have now been transferred to Elektron Technology UK Limited

ELEKTRON TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2013

12. INVESTMENTS (continued)

Subsidiary undertakings	Country of incorporation	Shareholding	Proportion held	Nature of business
Arcoelectric Tunisie Sarl	Tunisia	Ordinary Shares	100%	Manufacture of electromechanical components
Cross Technologies Limited	England & Wales	Ordinary Shares	100%	Dormant
Titman Tip Tools Limited	England & Wales	Ordinary Shares	100%	Dormant

Following the group corporate restructuring and the transfer of their trades and net assets to Elektron Technology UK Limited the following entities have been struck off since the year end

Agar Scientific Limited

Carnation Design Limited

Digitron Instrumentation Limited

13. HIVE ACROSS OF BUSINESSES

The trade and assets of Titman Tip Tools Limited were transferred to Elektron Technologies UK Limited on 31 January 2013 at book value

The directors consider that the book values of the assets and liabilities acquired adequately reflect their fair values, and no fair value adjustments have been made. The book values of the identifiable assets and liabilities acquired are as follows

	Titman Tip Tools Limited £'000
Fixed assets	
Tangible	288
Current assets	
Stocks	804
Debtors	490
Deferred tax	62
Cash	261
Total assets	1,905
Creditors	
Bank loans	711
Trade creditors	228
Accruals	40
Total liabilities	979
Net assets	926
Satisfied by intercompany loan	926

ELEKTRON TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2013

14. STOCKS

	2013	2012
	£000's	£000's
Raw materials	811	1,809
Work in progress	264	47
Finished goods	1,979	1,296
	<u>3,054</u>	<u>3,152</u>

The directors consider there is no material difference between the book value of stocks and their recoverable amount

15. DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£000's	£000's
Trade debtors	5,396	5,582
Due from intercompany undertakings	7,113	5,952
Corporation tax recoverable	74	90
Other debtors	-	46
Prepayments and accrued income	135	268
Deferred tax (note 16)	569	601
	<u>13,287</u>	<u>12,539</u>

16. DEFERRED TAX ASSET

The movement in the deferred taxation account during the year was

	£000's
Balance brought forward	601
Charge to profit and loss account	(94)
Transfer from group companies (note 13)	62
	<u>569</u>
Balance carried forward	<u>569</u>

The deferred tax asset consists of

	2013	2012
	£000's	£000's
Excess of depreciation over taxation allowances	(145)	202
Other timing differences	141	192
Taxation losses	573	207
	<u>569</u>	<u>601</u>

The deferred tax asset is recognised as directors expect that it is reasonable to forecast that there will be profits against which the deferred tax assets can be recovered in the foreseeable future

ELEKTRON TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2013

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £000's	2012 £000's
Bank overdraft and invoice financing advances	721	2,394
Trade creditors	4,374	3,428
Amounts owed to group undertakings	1,973	10,359
Obligations under hire purchase contracts (note 19)	79	55
Other taxes and social security	352	52
Other creditors	15	65
Accruals and deferred income	1,172	1,226
	<u>8,686</u>	<u>17,579</u>

Bank overdraft and invoice financing advances of £721k (2012 - £2,394k) are secured by fixed and floating charges over certain assets of the company including all present freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital, all assets and undertakings both present and future

Included within other creditors are outstanding pension contributions of £39k (2012 - £nil)

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £000's	2012 £000's
Amounts owed to group undertakings	15,779	952
Obligations under hire purchase contracts (note 19)	146	30
Bank loans (note 19)	2,537	-
Accruals and deferred income	-	53
	<u>18,462</u>	<u>1,035</u>

19. BORROWINGS

	2013 £000's	2012 £000's
Obligations under hire purchase contracts are repayable		
Within one year	79	55
Between one and two years	49	30
Between two and five years	97	-
	<u>225</u>	<u>85</u>
Bank loans are repayable		
Between two and five years	2,537	-
	<u>2,537</u>	<u>-</u>
Total borrowings are repayable		
Within one year	79	55
Between one and two years	49	30
Between two and five years	2,634	-
	<u>2,762</u>	<u>85</u>

ELEKTRON TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2013

20. PROVISION FOR LIABILITIES

	Restructuring costs £000's	Warranty costs £000's	Dilapida- tion costs £000's	Total £000's
Balance brought forward	539	102	150	791
Credited to profit and loss account	-	-	(26)	(26)
Utilisation of provision	(89)	(102)	-	(98)
	<u>450</u>	<u>-</u>	<u>124</u>	<u>574</u>
Balance carried forward	450	-	124	574

The dilapidations costs relate to redecoration and maintenance costs required to meet the terms of property leases held by the company

The restructuring provision relates to the rationalisation of trading activities within Elektron Technology UK Limited. The provision is expected to be fully utilised within the next 12 months

21. CALLED UP SHARE CAPITAL

	2013 £000's	2012 £000's
Called up, allotted and fully paid		
200,000 ordinary class 1 shares of £1 each	<u>200</u>	<u>200</u>

22. PROFIT AND LOSS ACCOUNT

	£000's
Balance brought forward	6,729
Loss for the financial year	(1,381)
Dividend paid (note 9)	(2,000)
	<u>3,348</u>
Balance carried forward	3,348

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £000's	2012 £000's
(Loss)/profit for the financial year	(1,381)	5,873
Dividend paid (note 9)	(2,000)	(1,500)
	<u>(3,381)</u>	<u>4,373</u>
(Decrease)/increase in shareholders' funds	6,929	2,556
Opening shareholders' funds	<u>3,548</u>	<u>6,929</u>
Closing shareholders' funds	3,548	6,929

ELEKTRON TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2013

24. COMMITMENTS UNDER OPERATING LEASES

At 31 January 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other items	
	2013	2012	2013	2012
	£000's	£000's	£000's	£000's
Operating leases which expire				
Within one year	275	-	25	75
Between two and five years	280	373	60	70
After 5 years	55	190	-	-
	<u>610</u>	<u>563</u>	<u>85</u>	<u>145</u>

25. CONTINGENT LIABILITIES

The company has given an unlimited multilateral cross guarantee to HSBC Bank plc, in favour of group companies, against any amount that may fall due. The maximum amount of indebtedness at 31 January 2013 was £2,600k (2012 - £4,200k). HSBC maintain a fixed and floating charge over the company's debtors.

The company has given a guarantee to HSBC Bank plc dated 30 May 2008 in favour of HM Revenue and Customs for £20k.

26. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption included in Financial Reporting Standard 8 "Related Party Disclosures" for wholly owned subsidiaries not to disclose transactions with entities that are part of the group qualifying as related parties.

27. ULTIMATE PARENT COMPANY

The directors regard the company's immediate and ultimate parent company and controlling party as Elektron Technology plc which is registered in England and Wales.

The smallest and largest group in which the results of the company are consolidated for the year ended 31 January 2013 is that headed by Elektron Technology plc. The consolidated accounts of this company are available to the public and may be obtained from its registered office, Broers Building, 21 JJ Thomson Avenue, Cambridge, CB3 0FA.