Harting Integrated Solutions Limited

Financial statements for the year ended 30 September 2013

Registered number 5540447

FRIDAY
A353OHGJ
A32 04/04/2014 #149
COMPANIES HOUSE

Harting Integrated Solutions Limited

Financial statements
for the year ended 30 September 2013

Contents **Page**

Strategic report for the year ended 30 September 2013 3

Directors' report for the year ended 30 September 2013 6

Independent auditors' report to the members of Harting Integrated Solutions Limited 9

Profit and loss account for the year ended 30 September 2013 12

Balance sheet as at 30 September 2013 13

Notes to the financial statements for the year ended 30 September 2013 14

Harting Integrated Solutions Limited

Strategic report
for the year ended 30 September 2013

Introduction

The directors present their strategic report on the company for the year ended 30 September 2013

Business review

The company concluded its financial year with a 4% increase in turnover at £7,474,000 compared to £7,216,000 in the previous year The company provides products and services to the European market The main regional markets which lead to this overall growth were UK, Germany and Switzerland

During the financial year, further investments were made in both personnel resources as well as capital plant investments bringing new technologies and process efficiencies In personnel, the company increased the research and development resources to provide a more holistic and advanced printed circuit board design, signal integrity, and mechanical design service offering to the Customers, which lead to far greater "design-in" opportunities for future volumes and improved business retention The company will reap the benefits of these new technologies in future years but in the current year the impact of this additional development cost has led to an increase in the net loss compared to the previous year

During the year Harting Integrated Solutions Limited not only retained its ISO9001/IRIS quality accreditation in line with the Rev02 standard, but also increased the overall score, remaining in the upper quartile of the industry average Furthermore, the organisation successfully achieved the Investors in People Bronze Award The combination of these, plus achieving other significant external Customer audits demonstrates clear commitment to continued improvement in process excellence and in employee development

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks The key business risks affecting the company are set out below The board formally reviews risks and appropriate processes are put in place to monitor and mitigate them

Competition

The company operates in highly competitive markets particularly around price and performance The purchasing team will seek supplier assistance to attain or maintain business where price pressures become untenable. Similarly, the company seeks to overcome pricing problems by emphasising its competitive edge in other areas such as its service offering and solutions advice. The materials purchasing strategy looks beyond simply the procurement price of goods, but considers the total cost of ownership of products – taking into account pricing, stocking, shipping and logistical costs

Strategic report
for the year ended 30 September 2013 (continued)

Principal risks and uncertainties (continued)

Financial risk management

In the ordinary course of business, the company is exposed to a variety of financial risks that include movement in currency exchange rates, credit risk and liquidity risk The policies and procedures in relation to the monitoring of these risks is undertaken in conjunction with the ultimate parent undertaking, Harting KGaA, which includes the entering into contractual arrangements in order to limit the adverse effects on the Group's financial performance The Harting Technology Group regularly conducts financial risk analysis reviews and Harting Integrated Solutions Limited is included within these corporate initiatives

Currency exchange rates

Large volumes of purchase transactions are conducted in Euros and US Dollars, and the company understands that there is a risk from sudden revaluations of currency

The company makes sales in Euro to affiliated companies within Europe, and in US Dollars to affiliated companies outside of Europe, providing a natural hedge against sterling revaluation

Bank accounts have been set up in Sterling, US Dollars and Euro Payments and receipts in foreign currencies are matched as much as possible in order to try and minimise the foreign exchange risk

Credit, liquidity and cash flow

The company has a sizeable customer base and does not rely on any one of its customers Accordingly it has minimal exposure to a bad debt affecting its liquidity, cash flow or future prospects

The directors are satisfied that they will be able to obtain additional funding from Harting UK Limited or other group companies, if necessary, in order to enable the company to pay its external creditors as and when they fall due

Key performance indicators ("KPIs")

KPIs for the group are disclosed in the financial statements of the immediate parent company, Harting UK Limited.

Strategic report
for the year ended 30 September 2013 (continued)

This report was approved by the board on 31 March 2014 and signed on its behalf

P Atkinson
Director
31 March 2014

Directors' report
for the year ended 30 September 2013

The directors present their audited financial statements of the company for the year ended 30 September 2013

Principal activities

The company is engaged in the manufacture of backplanes, cable assemblies, cable interface assemblies and backplane based systems for Harting group companies in Europe

Future outlook

The company is planning for further growth in the forthcoming financial year The primary drivers are a combination of further market share in existing territories, plus additional sales potential in new European countries served directly through Harting's local sales offices within the regions. Additionally the company is designing and developing products within new emerging backplane architectures, as well as further increasing its service offering through the R&D investments made The investments made in cable assembly facilities and equipment, are expected to achieve a significant sales growth within the product portfolio in the forthcoming period

Results and dividends

The loss for the financial year is shown on page 12 The directors do not recommend the payment of a dividend (2012 £nil)

Directors

The directors who held office during the year and up to the date of signing the financial statements are as follows·

D Harting
M Harting-Kohlhase
P Atkinson
P Hannon (Company Secretary)

Registered office

The registered office address for the company and group is 10-18 Union Street, London, United Kingdom SE1 1SZ

Directors' report
for the year ended 30 September 2013 (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Directors' report
for the year ended 30 September 2013 (continued)

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418 (1) to (4) of the Companies Act 2006, the following applies:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board

P Atkinson
Director
31 March 2014

Independent auditors' report to the members of Harting Integrated Solutions Limited

Report on the financial statements

Our opinion
In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 30 September 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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited
The financial statements, which are prepared by Harting Integrated Solutions Limited, comprise

- the balance sheet as at 30 September 2013,
- the profit and loss account for the year then ended;
- the reconciliation of movements in shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

Independent auditors' report to the members of Harting Integrated Solutions Limited (continued)

What an audit of financial statements involves
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Independent auditors' report to the members of Harting Integrated Solutions Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the 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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Jonathan Gilpin (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Milton Keynes

1 April 2014

Profit and loss account
for the year ended 30 September 2013

	Note	2013 £000	2012 £000
Turnover	2	**7,474**	7,216
Cost of sales		**(6,298)**	(5,987)
Gross profit		**1,176**	1,229
Administrative expenses		**(1,441)**	(1,449)
Operating loss	3	**(265)**	(220)
Loss on ordinary activities before taxation		**(265)**	(220)
Tax on loss on ordinary activities	6	**64**	55
Loss for the financial year	13	**(201)**	(165)

All operations relate to continuing activities

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial years, stated above and their historical cost equivalents

The company has no recognised gains or losses other than the loss for the financial years, and therefore no separate statement of total recognised gains and losses has been presented

Registered number: 5540447

Harting Integrated Solutions Limited

Balance sheet
as at 30 September 2013

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	7	**259**	197
Current assets			
Stocks	8	**857**	838
Debtors	9	**1,161**	718
Cash at bank and in hand		**275**	482
		2,293	2,038
Creditors	10	**(1,801)**	(1,291)
Net current assets		**492**	747
Total assets less current liabilities		**751**	944
Provisions for liabilities		**(8)**	-
Net Assets		**743**	944
Capital and reserves			
Called up share capital	12	**2,400**	2,400
Profit and loss account	13	**(1,657)**	(1,456)
Total shareholders' funds	14	**743**	944

These financial statements on pages 12 to 22 were approved by the board of directors on 31 March 2014 and were signed on its behalf by

P Atkinson
Director

Notes to the financial statements for the year ended 30 September 2013

1. Accounting policies

Accounting convention

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom Consistently applied accounting policies have been used when preparing these financial statements, there being no significant changes compared to previous years

The principal accounting policies are set out below

Turnover

Turnover represents the amounts derived from the provision of goods, which fall within the company's ordinary activities, stated net of value added tax Revenue is recognised on despatch of goods

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

Depreciation is provided monthly by the company to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows.

Plant, furniture and equipment - 3 to 10 years

Stocks and work in progress

Stocks and work in progress have been valued at the lower of cost and net realisable value Cost includes all direct expenditure and appropriate production overhead expenditure incurred in bringing goods to their current state under normal operating conditions Stocks are valued using the weighted average method Net realisable value is based on estimated selling price less the cost of disposal and includes an allowance for slow moving stocks

Pension costs

The company operates a defined contribution Group Personal Pension Plan for the majority of the employees Contributions by the company were charged to the profit and loss account in the financial year in which contributions fall due The pension scheme providers are Scottish Widows

Notes to the financial statements for the year ended 30 September 2013 (continued)

1. Accounting policies (continued)

Deferred taxation

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

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

Foreign currency translation

Transactions expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction

Monetary assets and liabilities in foreign currencies are expressed in sterling at the rate of exchange at the balance sheet date. All exchange conversion and translation differences are included in the profit and loss account for the financial year

Financial assets and liabilities

Financial assets and liabilities are initially recognised at cost and only derecognised once payment has been received/made in respect of the instrument

Leasing agreements

All leases are operating leases and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease

Cash flow statement

In accordance with the provisions of FRS1 (revised 1996) 'Cash Flow Statements', the company has taken advantage of the exemption from preparing a cash flow statement This is because the company is a wholly owned subsidiary of Harting UK Limited and is included in the consolidated financial statements of that company which are publicly available

Notes to the financial statements for the year ended 30 September 2013 (continued)

2. Turnover

Turnover is analysed by destination as shown below -

	2013 £000	2012 £000
UK	**3,446**	3,232
Europe	**4,028**	3,984
	7,474	7,216

Turnover by origin is equal to turnover by geographical destination

Turnover is analysed by class of business as shown below

	2013 £000	2012 £000
Electronic and Electrical interconnection systems	**38**	73
Backplanes and backplane based systems	**5,426**	5,140
Electric and Electronic cable assemblies	**2,010**	2,003
	7,474	7,216

3. Operating loss

	2013 £000	2012 £000
Operating loss is stated after charging:		
Depreciation of tangible assets	**69**	51
Other operating lease charges	**43**	34
Exchange losses	**8**	13

Total audit £34,000 (2012 £34,000) and non-audit fees of £17,000 (2012 £30,000) including tax computation £14,000 (2012· £17,000) and secretarial services £3,000 (2012 £13,000) are borne by Harting Limited and are included in their financial statements, which are publicly available Half of this cost is invoiced by Harting Limited to Harting Integrated Solutions Limited as part of a shared service charge

Notes to the financial statements for the year ended 30 September 2013 (continued)

4. Employee information

	2013 £000	2012 £000
Employee costs		
Wages and salaries	1,818	1,704
Social security costs	193	186
Other pension costs	87	87
	2,098	1,977

The average monthly number of persons employed by the company during the year was.

	2013 Number	2012 Number
By activity		
Administration	22	22
Production	44	47
	66	69

5. Directors' emoluments

	2013 £000	2012 £000
Aggregate emoluments (including benefits in kind)	104	122
Pension contributions	7	7
	111	129

The number of directors for which the company made pension contributions was 1 (2012 1) A number of the directors were also directors of other companies within the Harting group and their emoluments relate to services provided to the group as a whole The emoluments of M Harting-Kohlhase and P Hannon are disclosed within the financial statements of Harting Limited, the company that paid the emoluments, because it is not practical to apportion the amounts paid to the companies to which they relate

Notes to the financial statements for the year ended 30 September 2013 (continued)

6. Tax on loss on ordinary activities

	Note	2013 £000	2012 £000
Current tax			
UK corporation tax on loss for the year		(82)	(63)
Adjustments in respect of previous periods		(9)	-
Total current tax		(91)	(63)
Deferred tax			
Origination and reversal of timing differences		20	6
Adjustments in respect of previous periods		8	-
Changes in tax rates or laws		(1)	2
Total deferred tax	11	27	8
Tax on loss on ordinary activities		(64)	(55)

The tax assessed for the year is less than (2012 less than) the standard rate of corporation tax in the UK 23.50% (2012: 25%) The differences are explained below.

	2013 £000	2012 £000
Loss on ordinary activities before tax	(265)	(220)
Loss on ordinary activities at the UK standard tax rate of 23.50% (2012 25%)	(62)	(55)
Effects of		
Expenses not deductible for tax purposes	-	1
Capital allowances in excess of depreciation and other timing differences	(20)	(6)
Utilisation of tax losses	-	(3)
Adjustments to tax charge in respect of previous periods	(9)	-
Current tax credit for the year	(91)	(63)

Notes to the financial statements for the year ended 30 September 2013 (continued)

7. Tangible assets

	£000 Plant, furniture and equipment
Cost	
At 1 October 2012	1,233
Additions	131
Disposals	-
At 30 September 2013	**1,364**
Accumulated depreciation	
At 1 October 2012	(1,036)
Charge for the year	(69)
Disposals	-
At 30 September 2013	**(1,105)**
Net book amount	
At 30 September 2013	**259**
At 30 September 2012	197

8. Stocks

	2013 £000	2012 £000
Raw materials and consumables	**716**	692
Work in progress	**101**	112
Finished goods and goods for resale	**40**	34
	857	838

Notes to the financial statements for the year ended 30 September 2013 (continued)

9. Debtors

	2013 £000	2012 £000
Trade debtors	95	27
Amounts owed by ultimate holding company	3	-
Amounts owed by group undertakings	833	487
Recoverable value added tax	162	129
Corporation tax	35	36
Deferred tax (note 11)	-	19
Prepayments and accrued income	33	20
	1,161	718

Amounts owed by holding company and group undertakings are for trading items and carry no interest charge or security

10. Creditors

	2013 £000	2012 £000
Trade creditors	848	513
Amounts owed to ultimate holding company	-	8
Amounts owed to fellow subsidiaries	734	595
Taxation and social security	51	47
Accruals and deferred income	168	128
	1,801	1,291

Amounts owed to fellow subsidiaries are for trading items and carry no interest charge or security
Included within accruals is an accrual of £10,880 (2012 £9,870) for pension costs

Notes to the financial statements for the year ended 30 September 2013 (continued)

11. Deferred tax liability

	£000
Asset at 1 October 2012	19
Debit to the profit and loss account	(27)
Liability at 30 September 2013	**(8)**

The amounts for deferred taxation which have been fully provided at 20% (2012 23%) are set out below.

	2013	2012
	£000	£000
Accelerated capital allowances	**(14)**	4
Other timing differences	**6**	12
Pension provision	**-**	3
	(8)	19

Factors affecting current tax charges

During the year, as a result of the changes in the UK corporation tax rate to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, which was substantially enacted on 2 July 2013, the relevant deferred tax balances have been re-measured

12. Called up share capital

	2013	2012
	£000	£000
Allotted and fully paid		
2,400,001 ordinary shares of £1 each (2012 2,400,001)	**2,400**	2,400

13. Profit and loss account

	2013
	£000
Balance brought forward	(1,456)
Loss for the financial year	(201)
Balance carried forward	**(1,657)**

14. Reconciliation of movements in shareholders' funds

	2013 £000	2012 £000
Loss for the financial year	(201)	(165)
Opening shareholders' funds	944	1,109
Closing shareholders' funds	743	944

15. Operating lease commitments

At 30 September 2013 the company has lease agreements for which the payments extend over a number of years.

	2013 Other £000	2012 Other £000
Annual commitments under non-cancellable operating leases expiring:		
Within two to five years	31	35
	31	35

16. Ultimate parent company and controlling party

The company's immediate parent undertaking is Harting UK Limited
The ultimate parent undertaking and controlling party is Harting KGaA, a company incorporated in Germany
Harting KGaA is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2013 The consolidated financial statements of HARTING KGaA can be obtained from HARTING KGaA, Marienwerder Str 3, 32339 Espelkamp, Germany.
The smallest group in which they are consolidated is that headed by Harting UK Limited (registered in England and Wales) whose principal place of business is in Northampton These consolidated financial statements are available from 10-18 Union Street, London, SE1 1SZ.

17. Related party transactions

The company has utilised exemptions under Financial Reporting Standard 8 'Related Party Disclosures', as a wholly owned subsidiary not to disclose transactions with other group entities