

COMPANY NO 1675128

Excil Electronics Limited

Annual Report

Year ended 30 September 2012

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Company Information

Directors	Peter G Pollock Stephen K Brett John Hesketh Nigel S Orme
Secretary	Stephen K Brett
Registered office	Tudor Works Debden Road Saffron Walden Essex CB11 4AN
Registered number	1675128
Auditors	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge CB4 0FY
Bankers	Lloyds Banking Group Endeavour House Chivers Way Histon Cambridge CB24 9ZR

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30 September 2012

Results and dividends

The profit on ordinary activities after taxation amounted to £405,000 (2011 £349,000) The directors do not recommend the payment of a dividend (2011 £Nil)

Business review

The principal activities of the Company continue to be the design and manufacture of electronics and lighting solutions for the rail industry and other high reliability markets

Turnover in the year increased by £0.64 million (13.4%) to £5.39 million (2011 £4.75 million) with the growth being derived from higher sales of non-rail lighting partially offset by lower rail project revenues. Gross margins were likewise improved at 24.7% (2011 20.2%) and although other costs were £124,000 higher year on year an operating profit of £514,000 (2011 £264,000) was achieved

The Company continues to invest heavily in the development and application of its LED lighting technology

Order entry in the current year was strong, being 57% above that recorded in the previous year although below current year sales, and with both a significant proportion of anticipated sales underpinned by the current order book and a good start having been made, the directors expect to make further progress in the coming year

The business review has been prepared solely for the shareholders of the Company as a body. To the extent permitted by law the Company, its directors, officers and employees disclaim liability to any other persons in respect of the information contained in this report. Sections may include statements containing risks and uncertainties facing the Company, and other forward-looking statements, which by their nature involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The Company undertakes no obligation to update any forward-looking statements

Principal risks and uncertainties

The principal risks confronting the Company, where adverse changes could impact results, are

- The Company's sales dependence upon the rail sector
- Certain activities benefit from long standing commercial relationships with key customers and suppliers
- The Company operates in competitive markets which are subject to product innovation, technical advances and intensive price competition

Key performance indicators

The Company uses the following key performance indicators to assess the progression in its business -

- Orders to sales (orders for the year expressed as a multiple of sales) as a measure of prospective growth being 0.93 in the current year (2011 0.67, 2010 0.78),
- Sales growth (the increase in year on year sales as a percentage of prior year sales) as a measure of current growth being 13.4% for the current year (2011 24.2%, 2010 41.1%),
- Gross margin (gross profit as a percentage of turnover) as a measure of profitability being 24.7% in the current year (2011 20.2%, 2010 19.4%), and
- Net cash flow (net cash inflow before financing) as a measure of cash generation being £147,000 for the current year (2011 -£26,000, 2010 -£202,000)

Directors and their interests

The directors who served during the year are set out on page 1

Report of the Directors (continued)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements for the Company in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that year. 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 United Kingdom 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.

The directors confirm that

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP are willing to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the directors was approved by the Board on 14 March 2013 and signed on its behalf by



Stephen Brett
Secretary

Excil Electronics Limited is registered in England No 1675128

Independent Auditors' Report to the Members of Excil Electronics Limited

We have audited the financial statements of Excil Electronics Limited for the year ended 30 September 2012 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 30 September 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
14 March 2013

Profit and Loss Account

for the year ended 30 September 2012

	Note	2012 £'000	2011 £'000
Turnover	2	5,385	4,748
Cost of sales		(4,053)	(3,790)
Gross profit		<hr/> 1,332	<hr/> 958
Sales and distribution costs		(476)	(404)
Administrative expenses		(342)	(290)
Operating profit	3	<hr/> 514	<hr/> 264
Net interest receivable / (payable)	4	1	(13)
Profit on ordinary activities before taxation		<hr/> 515	<hr/> 251
Tax on profit on ordinary activities	7	(110)	98
Profit on ordinary activities after taxation and retained profit for the financial year	15	<hr/> <hr/> 405	<hr/> <hr/> 349

All activities are continuing

There were no gains or losses in either year other than those recognised in the profit and loss account and as a result no statement of total recognised gains and losses is presented

The only movement in shareholders' funds is the profit for the financial year

The notes on pages 7 to 15 form an integral part of these financial statements

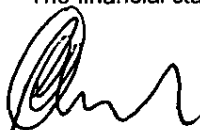
Balance Sheet

at 30 September 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	8	547	345
Current assets			
Stocks	9	771	761
Debtors	10	1,361	1,120
		2,132	1,881
Creditors Amounts falling due within one year	11	(1,048)	(1,011)
Net current assets		1,084	870
Total assets less current liabilities		1,631	1,215
Creditors Amounts falling due after more than one year	12	(23)	(24)
Provisions for liabilities	13	(12)	-
Net assets		1,596	1,191
Capital and reserves			
Called up share capital	14	1,254	1,254
Share premium account	15	104	104
Revaluation reserve	15	83	83
Profit and loss reserve	15	155	(250)
Equity shareholders' funds		1,596	1,191

The notes on pages 7 to 15 form an integral part of these financial statements

The financial statements were approved by the Board on 14 March 2013 and signed on its behalf by



P G Pollock
Director

Notes to the Financial Statements

for the year ended 30 September 2012

1. Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold property, and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice)

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Report of the Directors on page 2. The Company is a subsidiary of LPA Group plc which manages its banking arrangements on a pooled basis across the Group.

Whilst current economic conditions create uncertainty, as (i) significant opportunities remain within the Company's market place, (ii) its order book remains strong, (iii) the Group has renewed its working capital facilities until the end of January 2014 at which point renewal of facilities is expected, and (iv) the Company has proven adaptable in past periods of adversity, the directors believe that the Company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover comprises the invoiced value of the design, manufacture and supply of products by the Company excluding value added tax, trade and volume discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer of the goods, generally upon delivery, and reliable measurement is possible. Revenue is not recognised where recovery of the consideration is not probable or there are significant uncertainties regarding associated costs, or the possible return of goods.

Where a project combines the design with the manufacture and supply of products, the revenue from the project is recognised on the achievement of milestones in accordance with specific contractual agreements.

Research and development

Research and development expenditure is charged to profits in the period in which it is incurred.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, other than freehold land, by equal annual instalments over their estimated useful economic lives. The rates generally applicable are:

Freehold buildings	2%
Plant and equipment	10%
Fixtures and fittings	10%
Computer equipment	25%

The transitional provisions of FRS15 were adopted in 2000 and accordingly the property valuation has not been updated. The date of the last revaluation was 1988.

The part of the annual depreciation charge of revalued assets which relates to the surplus over cost is transferred from the revaluation reserve to the profit and loss reserve.

Notes to the Financial Statements

for the year ended 30 September 2012

1. Accounting Policies (continued)

Government grants

Grants that relate to specific capital expenditure are treated as deferred income, which is then credited to the profit and loss account over the related assets useful life. Other grants are credited to the profit and loss account when received.

Finance lease and hire purchase agreements

Where the Company enters into an agreement that transfers substantially all the risks and rewards of ownership of an asset to the lessee, the agreement is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset at the present value of the minimum agreement payments and is depreciated over the asset's useful economic life. Future instalments under such agreements, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element, which reduces the outstanding obligation.

Operating lease agreements

Leases where substantially all of the risks and rewards of ownership are not transferred to the Company are treated as operating leases. Rentals under operating leases are charged against profits on a straight-line basis over the period of the lease.

Stocks and work in progress

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

The cost of raw materials, consumables and goods for resale is based on purchased cost on a first-in, first-out basis. The cost of work in progress and finished goods is based on the cost of direct materials and labour plus attributable overheads based on a normal level of activity, on a first-in, first-out basis. Net realisable value is the estimated selling price less all further costs to complete and all costs to be incurred in marketing, selling and distribution.

Current tax

The current tax charge is based on the profit for the year and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date. Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses.

LPA Group plc and its subsidiary undertakings are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists. There is an agreement between members of this Group that such losses will be paid for by the recipient company. Where there is reasonable certainty that taxable losses can be relieved the group relief receivable or payable is included in the taxation charge or credit for the period.

Notes to the Financial Statements

for the year ended 30 September 2012

1. Accounting Policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences (which arise because of differences between the treatment of certain items for accounting and taxation purposes) 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

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- 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

Defined contribution pension schemes

The pension costs charged against operating profits are the contributions payable to the various schemes in respect of the accounting period

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, except where the transaction is covered by a related or matching forward contract, in which case that contract rate is used. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date, except where there are related or matching forward contracts, in which case the rate in that contract is used

Foreign exchange gains and losses are credited or charged to the profit and loss account as they arise

Cash flow statement

The Company is exempt from publishing a cash flow statement as it is a wholly owned subsidiary of LPA Group plc which publishes a consolidated cash flow statement

2. Geographical Analysis of Turnover

	2012 £'000	2011 £'000
United Kingdom	2,646	1,400
Rest of Europe	970	1,598
Rest of World	1,769	1,750
	<hr/> 5,385	<hr/> 4,748

In the opinion of the directors, the activities of the Company constitute one business segment

Notes to the Financial Statements

for the year ended 30 September 2012

3. Operating Profit

Operating profit is arrived at after charging / (crediting)

	2012 £'000	2011 £'000
Depreciation	47	43
Loss on disposal of fixed assets	-	1
Operating lease rentals - plant and machinery	46	46
Foreign exchange loss / (gain)	10	(13)
Research and development expenditure	25	46
Fees payable to the Company's auditor for the audit of the Company's annual accounts	8	8
Fees payable to the Company's auditor and its associates for tax services	4	3
	<u>4</u>	<u>3</u>

4. Net Interest Receivable / (Payable)

	2012 £'000	2011 £'000
Interest payable - bank	-	(13)
Interest receivable - bank	1	-
Net interest receivable / (payable)	<u>1</u>	<u>(13)</u>

5. Employees

Average monthly number of employees, including directors

	2012 No	2011 No
Production	45	43
Sales and distribution	5	5
Administration	6	6
	<u>56</u>	<u>54</u>

Staff costs, including directors

	2012 £'000	2011 £'000
Wages and salaries	1,237	1,148
Social security costs	124	115
Pension costs	49	44
	<u>1,410</u>	<u>1,307</u>

Notes to the Financial Statements

for the year ended 30 September 2012

6. Directors Remuneration

	2012 £'000	2011 £'000
Emoluments	152	134
Company contributions paid to money purchase pension schemes	12	10
	<u>164</u>	<u>144</u>

	2012 No	2011 No
Number of directors accruing retirement benefits under defined contribution schemes	<u>2</u>	<u>2</u>

7. Tax on Profit on Ordinary Activities

	2012 £'000	2011 £'000
United Kingdom corporation tax		
Group relief receivable	-	-
Adjustments in respect of prior years	41	(41)
Current taxation	<u>41</u>	<u>(41)</u>
Deferred taxation		
Net origination and reversal of timing differences	69	(57)
Tax on profit on ordinary activities	<u>110</u>	<u>(98)</u>

Current tax reconciliation

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	<u>515</u>	<u>251</u>
Theoretical tax at UK corporation tax rate of 25% (2011 27%)	129	68
Effects of		
- Accelerated capital allowances	(5)	-
- Utilisation of tax losses	(125)	(72)
- Other expenditure that is not tax deductible	2	3
- Other differences	(1)	1
- Adjustments in respect of prior years	41	(41)
Actual current taxation charge	<u>41</u>	<u>(41)</u>

At 30 September 2012 the Company had tax losses to carry forward against profits chargeable to corporation tax amounting to £38,000 (2011 £290,000) subject to agreement with HM Revenue & Customs

Notes to the Financial Statements

for the year ended 30 September 2012

8. Tangible Fixed Assets

	Freehold land and buildings £ '000	Plant and machinery £ '000	Fixtures, fittings and Equipment £ '000	Total £ '000
Cost or valuation				
At 1 October 2011	320	621	235	1,176
Additions	-	227	22	249
At 30 September 2012	<u>320</u>	<u>848</u>	<u>257</u>	<u>1,425</u>
Represented by				
Valuation - 1988	300	-	-	300
Cost	20	848	257	1,125
	<u>320</u>	<u>848</u>	<u>257</u>	<u>1,425</u>
Depreciation				
At 1 October 2011	107	514	210	831
Charged in period	4	33	10	47
At 30 September 2012	<u>111</u>	<u>547</u>	<u>220</u>	<u>878</u>
Net book value				
At 30 September 2012	<u>209</u>	<u>301</u>	<u>37</u>	<u>547</u>
At 1 October 2011	<u>213</u>	<u>107</u>	<u>25</u>	<u>345</u>

The Company's freehold land and buildings were professionally valued on an existing use basis in February 1988. On an historical cost basis freehold land and buildings would have been included at the following amounts

	£'000
Cost	241
Accumulated depreciation	(115)
At 30 September 2012	<u>126</u>
At 1 October 2011	<u>130</u>

Notes to the Financial Statements

for the year ended 30 September 2012

9. Stocks

	2012 £'000	2011 £'000
Raw materials	574	586
Work in progress	197	175
	<u>771</u>	<u>761</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

10. Debtors

	2012 £'000	2011 £'000
Trade debtors	1,311	1,022
Prepayments and accrued income	50	28
Amounts due from group undertakings	-	13
Deferred tax (note 13)	-	57
	<u>1,361</u>	<u>1,120</u>

11. Creditors: Amounts Falling Due Within One Year

	2012 £'000	2011 £'000
Bank overdraft	235	382
Trade creditors	568	409
Amounts owed to group undertakings	67	47
Other taxation and social security	30	49
Other creditors	26	26
Accruals and deferred income	122	98
	<u>1,048</u>	<u>1,011</u>

Under the Group's banking facilities the bank overdraft is secured by a fixed and floating charge on the Group's assets

12. Creditors: Amounts Falling Due After More Than One Year

Government grants	£'000
At 1 October 2011	24
Amortisation in the year	(1)
At 30 September 2012	<u>23</u>

Notes to the Financial Statements

for the year ended 30 September 2012

13. Provisions for Liabilities

Deferred taxation

	£'000
At 1 October 2011 - included within debtors	(57)
Charged to the profit and loss account in the year	69
At 30 September 2012	<u>12</u>

Deferred taxation provided in the accounts are as follows

	Provided	
	2012 £'000	2011 £'000
Accelerated capital allowances	22	20
Other timing differences	(1)	(2)
Unutilised losses	(9)	(75)
	<u>12</u>	<u>(57)</u>

Deferred tax assets are disclosed in note 10

14. Share Capital

	2012 £'000	2011 £'000
Authorised, issued and fully paid 1,254,000 ordinary shares of £1 each	<u>1,254</u>	<u>1,254</u>

15. Reserves

	Revaluation reserve £'000	Share premium account £'000	Profit and loss reserve £'000
At 1 October 2011	83	104	(250)
Profit for the year	-	-	405
At 30 September 2012	<u>83</u>	<u>104</u>	<u>155</u>

Notes to the Financial Statements

for the year ended 30 September 2012

16. Financial Commitments

Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	Plant and machinery	
	2012	2011
	£'000	£'000
Operating leases which expire		
Within one year	2	11
Within two to five years	43	16
	<u>45</u>	<u>27</u>

17. Pension Arrangements

The Company makes contributions to several defined contribution arrangements for its employees

18. Contingent Liabilities

The following security is provided to Lloyds Banking Group in respect of LPA Group plc's £1 40 million term loan facility (i) a legal charge over the freehold property owned by the Company, (ii) a debenture from the Company, and (iii) a corporate guarantee by the Company as guarantor on account of the obligations of each Group company to Lloyds Banking Group

At the year-end the Company had outstanding performance bonds to customers of £335,000 (2011 £320,000)

At 30 September 2012 the Company had no commitments under non-cancellable forward foreign exchange contracts (2011 £46,000) The fair value of contracts at 30 September 2011 was £nil

19. Ultimate Parent Undertaking

The Company's ultimate parent undertaking and controlling party is LPA Group plc, a company incorporated in England and Wales Copies of LPA Group plc group accounts, which include the Company, are available from Companies House, Crown Way, Cardiff, CF14 3UZ

The Company has taken advantage of the exemption conferred by FRS8 and has not disclosed related party transactions with group undertakings during the period