

HL Display Shipley Limited

**Directors' report and financial
statements**

Registered number 2566482

31 December 2008

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Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	2
Independent auditors report to the members of HL Display Shipley Limited	3
Profit and loss account	5
Balance sheet	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities

The principal activity of the company is the manufacture and sale of display equipment.

Business review

Turnover remained consistent with the previous year but with the increase in raw material prices margins were slightly eroded.

Operating costs were again reduced (8%) which contributed to an improvement in the overall result compared to 2007.

Staffing levels are at the target levels and will not be increased in 2009.

Proposed dividend

The directors do not recommend the payment of a dividend (2007: *£nil*).

Directors

The directors who held office during the year were as follows:

K Hertzell (resigned 30 November 2008)

X Volpato (appointed 01 December 2008)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each 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 auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Small company exemption

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

By order of the board



X Volpato
Director

HL House
Riverside Business Park
Dockfield Road
Shipley
BD17 7AD

27 January 2009

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors report to the members of HL Display Shipley Limited

We have audited the financial statements of HL Display Shipley Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of HL Display Shipley Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


KPMG LLP
Chartered Accountants
Registered Auditor

27 January 2009

Profit and loss account
for the year ended 31 December 2008

	<i>Note</i>	2008 £000	2007 £000
Turnover	1	1,554	1,540
Cost of sales		(1,212)	(1,183)
Gross profit		342	357
Administrative expenses		(423)	(449)
Operating loss	2	(81)	(92)
Interest payable and similar charges	3	(76)	(81)
Loss on ordinary activities before taxation		(157)	(173)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	13	(157)	(173)

All amounts relate to continuing operations.

The company has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been prepared.

There are no material differences between the loss on ordinary activities before and after taxation as stated above, and their historical cost equivalents.

Balance sheet
at 31 December 2008

	Note	2008 £000	2007 £000
Fixed assets			
Tangible assets	7	52	71
Current assets			
Stocks	8	94	110
Debtors	9	202	229
		<u>296</u>	<u>339</u>
Creditors: amounts falling due within one year	10	<u>(1,715)</u>	<u>(1,620)</u>
Net current liabilities		<u>(1,419)</u>	<u>(1,281)</u>
Net liabilities		<u>(1,367)</u>	<u>(1,210)</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	(1,368)	(1,211)
Equity shareholders' deficit		<u>(1,367)</u>	<u>(1,210)</u>

These financial statements were approved by the board of directors on 17 January 2009 and were signed on its behalf by:


X Volpato
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, on a going concern basis which assumes the continued support of the ultimate holding company.

Going concern

Notwithstanding net current liabilities of £1,419,000 (2007: £1,281,000) and net liabilities of £1,367,000 (2007: £1,210,000), the financial statements have been prepared on a going concern basis.

The directors believe the assumption to be appropriate as they have received written confirmation from the ultimate parent company, HL Display AB, that it will continue to financially support the company in order for it to meet its day to day working capital requirements. The directors of the company therefore have a reasonable expectation that the company has adequate resources to meet its liabilities as they fall due for the foreseeable future.

Cash flow statements

The company is a wholly owned subsidiary of HL Display AB and as such the cash flows of the company are included in the consolidated cash flow statement of HL Display AB. Consequently, the company is exempt under the terms of FRS1 (revised 1996) from the requirement to publish a cash flow statement.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Improvements to leasehold properties	20% per annum on straight line basis
Plant and machinery	25% per annum on straight line basis
Fixtures, fittings and equipment	25% per annum on straight line basis
Motor vehicles	25% per annum on straight line basis

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Turnover

Turnover represents amounts received for goods net of VAT and trade discounts. Turnover is recognised when economic risks and rewards are transferred to the third party.

Notes (continued)

1 Accounting policies (continued)

Leasing and hire purchase commitments

Cost in respect of operating leases are charged on a straight line basis over the lease term.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Pension costs

The company participates in a defined contribution scheme. Contributions payable are charged to the profit and loss account as they are incurred.

2 Operating loss

	2008 £000	2007 £000
<i>Operating loss is stated after charging</i>		
Depreciation of owned tangible assets	19	27
Hire of plant and machinery – operating leases	14	14
Hire of other assets – operating leases	68	68
Auditors' remuneration		
- audit services	8	9
- non audit services	1	1
	<u> </u>	<u> </u>

3 Interest payable and similar charges

	2008 £000	2007 £000
Bank loans and overdraft	3	29
Group loans	73	52
	<u> </u>	<u> </u>
	76	81
	<u> </u>	<u> </u>

4 Directors emoluments

	2008 £000	2007 £000
Remuneration and other benefits	-	-
	<u> </u>	<u> </u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	-	-
	<u> </u>	<u> </u>

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 22 (2007: 22).

The aggregate payroll costs of these persons were as follows:

	2008 £000	2007 £000
Wages and salaries	182	200
Social security costs	9	18
Other pension costs	7	6
	<u>198</u>	<u>224</u>

The company participates in a defined contribution pension scheme. The scheme provides pensions, which depend on contributions made by both employers and employee. A fund is allocated to each individual member of the pension plan. The pension cost charge represents contributions payable by the company to the fund and amounted to £7,608 (2007: £6,422).

6 Taxation

	2008 £000	2007 £000
<i>Current tax:</i>		
UK corporation tax on losses of the year	-	-
Adjustments in respect of previous periods	-	-
	<u>-</u>	<u>-</u>
Total current tax	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Total deferred tax (note 11)	-	-
	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>

Notes (continued)

6 Taxation (continued)

Factors affecting credit for the year

The taxation rate for the year is higher (2007: higher) than the standard rate of UK corporation tax. The differences are explained below:

	2008 £000	2007 £000
Loss on ordinary activities before tax	(157)	(173)
Current tax at 28% (2007: 30%)	(44)	(52)
Effects of:		
Expenses not deductible for tax purposes	1	3
Differences between capital allowances and depreciation	(10)	8
Tax losses not utilised	42	20
Short term timing differences	-	12
Group losses not paid for	11	9
Current tax for period	-	-

7 Tangible assets

	Leasehold property improvements £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 1 January 2008	40	261	104	405
Additions	-	-	-	-
At 31 December 2008	40	261	104	405
Depreciation				
At 1 January 2008	16	232	86	334
Charge for the year	5	11	3	19
At 31 December 2008	21	243	89	353
Net book value				
At 31 December 2008	19	18	15	52
At 31 December 2007	24	29	18	71

Notes (continued)

8 Stocks

	2008 £000	2007 £000
Raw materials and consumables	62	70
Work in progress	7	14
Finished goods and goods for resale	25	26
	<u>94</u>	<u>110</u>

9 Debtors

	2008 £000	2007 £000
Trade debtors	1	25
Amounts owed by group undertakings	103	133
Other debtors	64	35
Prepayments and accrued income	34	36
	<u>202</u>	<u>229</u>

10 Creditors - amounts falling due within one year

	2008 £000	2007 £000
Bank loans and overdrafts	794	586
Trade creditors	118	174
Amounts owed to group undertakings	783	829
Other creditors	14	24
Accruals and deferred income	6	7
	<u>1,715</u>	<u>1,620</u>

11 Deferred tax asset

	2008 £000	2007 £000
Accelerated capital allowances	41	51
Other timing differences	-	15
Trading losses	173	113
	<u>214</u>	<u>179</u>

The deferred tax asset has not been provided given that the directors consider that it will not reverse in the foreseeable future.

The amount of tax losses carried forward at the end of the period are approximately £600,000 (2007: £468,989).

Notes (continued)

12 Share capital

	2008 £000	2007 £000
<i>Authorised, allotted, called up and fully paid</i> Equity: 10,000 ordinary shares of £1 each	10	10
<i>Allotted, called up and fully paid</i> 1,000 ordinary shares of £1 each	1	1

13 Profit and loss account

	2008 £000	2007 £000
At beginning of the year	(1,211)	(1,038)
Loss for the financial year	(157)	(173)
At end of the year	(1,368)	(1,211)

14 Financial commitments

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008 Land and buildings £000	2007 Other £000	2008 Land and buildings £000	2007 Other £000
Expiring within one year	68	-	-	-
Expiring between two and five years	-	14	68	14
Expiring in over five years	-	-	-	-
	68	14	68	14

15 Related party disclosures

Under Financial Reporting Standard 8 the company is exempt from the requirements to disclose related party transactions with the HL Display group, on the grounds that it is a wholly owned subsidiary of HL Display (UK) Limited.

16 Ultimate parent company

The company's parent company is HL Display (UK) Limited, a company incorporated in the United Kingdom. HL Display (UK) Limited is a subsidiary of HL Display AB, based in Sweden, therefore the ultimate parent company of HL Display Shipley Limited is HL Display AB.

A Copy of the ultimate parent company's consolidated financial statements can be obtained from, HL Display AB, Horistonvagen 26, 128-34 Skarpnack, Sweden