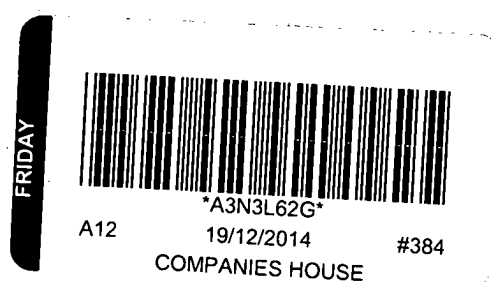


**MARDIX HOLDINGS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**



# **MARDIX HOLDINGS LIMITED**

## **COMPANY INFORMATION**

### **Directors**

G A Dixon  
H E Dixon  
D A Gardner  
D Bradshaw  
W Lewis

### **Company secretary**

H E Dixon

### **Registered number**

05805292

### **Registered office**

Westmorland Business Park  
Gilthwaiterigg Lane  
Kendal  
LA9 6NS

### **Independent auditor**

BDO LLP  
5 Temple Square  
Temple Street  
Liverpool  
L2 5RH

# **MARDIX HOLDINGS LIMITED**

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## **MARDIX HOLDINGS LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014**

#### **Business review**

All three divisions of the group – Switchgear, Power Management and Service – have had another successful year. Whilst the group's turnover for the year has been adversely affected by a number of larger projects being delayed from 2013/14 to 2014/15 this is only a timing issue. Turnover is expected to increase again in 2014/15. In the last 12 months the group has also made a significant investment in its IBAR and Rail businesses. We expect to be in a position next year to report significant growth in these two new businesses. The group continues to expand its manufacturing capacity with investment in people and new premises.

There is a very healthy forward order book going forward into 2014, it is anticipated that margins will remain at or around the same level in the next 12 months.

#### **Principal risks and uncertainties**

The principal risks and uncertainties to the business come with the larger projects undertaken and the relatively long time frame between commencement of a project and the point at which final retention element is paid over by customer. Projects can last a number of months and final retention is often then due 1 year after practical completion. This means the business carries some debts that are a number of months old and this could increase the bad debt risk. To mitigate this, the business takes out credit insurance, where it can, on customers.

#### **Financial key performance indicators**

The main KPI's used by the business are monitoring of the order book, and monitoring of bids currently out to tender with clients, allowing forward sales and factory production planning. Additionally, daily cash balance and rolling monthly cash flow forecasts aid working capital management.

#### **Future developments**

The proportion of overseas turnover has continued to grow, and is expected to do so in future.

There has been further significant capital investment in production facilities in Kendal in 2013-14, and further investment is planned for 2014-15.

#### **Research and development activities**

The group has continued to invest in Power Management and the ASTA Testing programme, in order to maintain its position in the marketplace. The group has also developed and is manufacturing its own bus-bar system – IBAR with significant orders being received for this product. The group has also developed an offering for the Rail industry with Parts and Drawing System Approvals (PADs) being obtained for a number of products.

There has also been significant investment in software systems.

#### **Financial instruments**

##### **Financial Risk Management Objectives and Policies**

The group's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. Its policy is to finance working capital through retained earnings and through borrowings at prevailing market interest rates.

##### **Exposures to Price Credit and Liquidity Cash Flow Risks**

The group is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. Its cash flow risk in respect of forward currency purchases is also minimal as it aims to pay suppliers in accordance with their stated terms.

The group's exposure to the price risk of financial instruments is therefore minimal and the directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

**MARDIX HOLDINGS LIMITED**

**GROUP STRATEGIC REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2014**

This report was approved by the board on 3 December 2014 and signed on its behalf.



**H E Dixon**  
**Director**

## **MARDIX HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014**

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

#### **Principal activities**

The principal activity of the company was that of a parent undertaking.

The principal activity of the group continued to be that of the design and manufacture of electrical switchgear and the associated on site installation works.

#### **Results**

The profit for the year, after taxation, amounted to £1,195,989 (2013 - £4,184,282).

#### **Directors**

The directors who served during the year were:

G A Dixon  
H E Dixon  
D A Gardner  
D Bradshaw  
W Lewis

#### **Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

#### **Auditor**

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 3 December 2014 and signed on its behalf.



**H E Dixon**  
Director

## **MARDIX HOLDINGS LIMITED**

### **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 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 group and company and of the profit or loss of the group and 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy at any time the financial position of the company and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **MARDIX HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARDIX HOLDINGS LIMITED**

We have audited the financial statements of Mardix Holdings Limited for the year ended 31 March 2014 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement 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 auditor**

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2014 and of the group's 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 matter prescribed by the Companies Act 2006**

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



## MARDIX HOLDINGS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARDIX HOLDINGS LIMITED

#### 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

*BDO LLP*

**Brian Ricketts** (Senior statutory auditor)  
for and on behalf of BDO LLP, Statutory auditor  
Liverpool  
United Kingdom

*3 December 2014*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**MARDIX HOLDINGS LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
<b>TURNOVER</b>	1,2	<b>43,017,340</b>	50,501,197
Cost of sales		<u>(35,210,317)</u>	<u>(37,750,891)</u>
<b>GROSS PROFIT</b>	3	<b>7,807,023</b>	12,750,306
Administrative expenses		<u>(5,973,395)</u>	<u>(7,714,294)</u>
<b>OPERATING PROFIT</b>	3	<b>1,833,628</b>	5,036,012
Income from other fixed asset investments		<b>75,968</b>	44,438
Interest receivable and similar income		<b>29,361</b>	31,570
Interest payable and similar charges	7	<u>(102,367)</u>	<u>(102,738)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,836,590</b>	5,009,282
Tax on profit on ordinary activities	8	<u>(640,601)</u>	<u>(825,000)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>1,195,989</b></u>	<u><b>4,184,282</b></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 11 to 24 form part of these financial statements.

**MARDIX HOLDINGS LIMITED**  
**REGISTERED NUMBER: 05805292**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Intangible assets	9		5,748,343		6,215,343
Tangible assets	10		2,784,162		2,506,952
Investments	11		440,090		663,135
			<u>8,972,595</u>		<u>9,385,430</u>
<b>CURRENT ASSETS</b>					
Stocks	12	2,256,724		4,471,805	
Debtors	13	11,532,767		15,327,869	
Cash at bank and in hand		4,336,920		1,414,210	
		<u>18,126,411</u>		<u>21,213,884</u>	
<b>CREDITORS:</b> amounts falling due within one year	14	(8,947,752)		(11,024,463)	
<b>NET CURRENT ASSETS</b>			<u>9,178,659</u>		<u>10,189,421</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>18,151,254</u>		<u>19,574,851</u>
<b>CREDITORS:</b> amounts falling due after more than one year	15		(635,878)		(2,675,734)
<b>NET ASSETS</b>			<u><u>17,515,376</u></u>		<u><u>16,899,117</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		1,062		1,062
Capital redemption reserve	17		9,758,000		9,758,000
Profit and loss account	17		7,756,314		7,140,055
<b>SHAREHOLDERS' FUNDS</b>	18		<u><u>17,515,376</u></u>		<u><u>16,899,117</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 December 2014.



**H E Dixon**  
Director

The notes on pages 11 to 24 form part of these financial statements.

**MARDIX HOLDINGS LIMITED**  
**REGISTERED NUMBER: 05805292**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Investments	11		15,255,926		15,255,926
<b>CURRENT ASSETS</b>					
Debtors		5,369		5,369	
<b>CREDITORS: amounts falling due within one year</b>	14	<b>(3,369,730)</b>		<b>(1,369,730)</b>	
<b>NET CURRENT LIABILITIES</b>			<b>(3,364,361)</b>		<b>(1,364,361)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>11,891,565</b>		<b>13,891,565</b>
<b>CREDITORS: amounts falling due after more than one year</b>	15	<b>(2,000,000)</b>		<b>(4,000,000)</b>	
<b>NET ASSETS</b>			<b>9,891,565</b>		<b>9,891,565</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		1,062		1,062
Capital redemption reserve	17		9,758,000		9,758,000
Profit and loss account	17		132,503		132,503
<b>SHAREHOLDERS' FUNDS</b>	18		<b>9,891,565</b>		<b>9,891,565</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 December 2014.



**H E Dixon**  
Director

The notes on pages 11 to 24 form part of these financial statements.

**MARDIX HOLDINGS LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	20	6,474,011	1,327,083
Returns on investments and servicing of finance	21	2,962	(26,730)
Taxation	21	(623,772)	(689,591)
Capital expenditure and financial investment	21	(511,335)	(701,139)
<b>CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>		<b>5,341,866</b>	<b>(90,377)</b>
Management of liquid resources	21	(462,000)	-
Financing	21	(2,419,156)	(2,624,444)
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>2,460,710</b>	<b>(2,714,821)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 MARCH 2014**

	2014 £	2013 £
Increase/(Decrease) in cash in the year	2,460,710	(2,714,821)
Cash outflow from decrease in liquid resources	462,000	-
Cash outflow from decrease in debt and lease financing	2,419,156	2,534,076
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>5,341,866</b>	<b>(180,745)</b>
Other non-cash changes	(919,463)	(389,688)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>4,422,403</b>	<b>(570,433)</b>
Net debt at 1 April 2013	(3,947,112)	(5,550,349)
<b>NET FUNDS/(DEBT) AT 31 MARCH 2014</b>	<b>475,291</b>	<b>(3,947,112)</b>

The notes on pages 11 to 24 form part of these financial statements.

## MARDIX HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

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

##### 1.2 Basis of consolidation

The financial statements consolidate the accounts of Mardix Holdings Limited and all of its subsidiary undertakings ('subsidiaries').

##### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

##### 1.4 Research and development

Research expenditure is written off to the profit and loss account in the year it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the group is expected to benefit.

##### 1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

##### 1.6 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

##### 1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold property	-	10% straight line
Plant and machinery	-	10-33% straight line
Motor vehicles	-	20% straight line
Fixtures and fittings	-	10-50% straight line

##### 1.8 Investments

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**  
Investments held as fixed assets are shown at cost less provision for impairment.

## MARDIX HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

#### 1. ACCOUNTING POLICIES (continued)

##### 1.9 Finance leases and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account on a straight line basis.

##### 1.10 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

##### 1.11 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

##### 1.12 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

##### 1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

#### 2. TURNOVER

Turnover is attributable to one class of business.

A geographical analysis of turnover is as follows:

	2014 £	2013 £
United Kingdom	40,789,665	44,939,535
Rest of world	2,227,675	5,561,662
	<u>43,017,340</u>	<u>50,501,197</u>

**MARDIX HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2014 £	2013 £
Amortisation - intangible fixed assets	467,000	467,000
Depreciation of tangible fixed assets:		
- owned by the group	264,184	252,275
- held under finance leases	486,794	426,766
Operating lease rentals:		
- plant and machinery	12,445	22,841
- other operating leases	414,184	371,610
Difference on foreign exchange	24,185	1,652
Research and development expenditure written off	308,968	-
Research and development	-	330,258
Profit on disposal of fixed assets	(47,390)	(25,417)
	<u>                    </u>	<u>                    </u>

**4. AUDITOR'S REMUNERATION**

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	3,000	2,750
Fees payable to the company's auditor and its associates in respect of:		
The auditing of accounts of associates of the company	36,000	30,200
Taxation compliance services	8,900	8,900
All other non-audit services not included above	6,515	6,515
	<u>                    </u>	<u>                    </u>

**5. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	12,090,368	14,044,151
Social security costs	1,378,693	1,549,832
Other pension costs	30,138	27,700
	<u>                    </u>	<u>                    </u>
	<u>13,499,199</u>	<u>15,621,683</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Office and management	120	105
Manufacturing	202	202
	<u>                    </u>	<u>                    </u>
	<u>322</u>	<u>307</u>



**MARDIX HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**6. DIRECTORS' REMUNERATION**

	2014 £	2013 £
Remuneration	<u>1,210,487</u>	<u>3,041,917</u>
Company pension contributions to defined contribution pension schemes	<u>-</u>	<u>25,000</u>

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £621,700 (2013 - £2,384,250).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2013 - £25,000).

**7. INTEREST PAYABLE**

	2014 £	2013 £
On bank loans and overdrafts	64	648
On other loans	55,000	55,000
On finance leases and hire purchase contracts	47,303	47,090
	<u>102,367</u>	<u>102,738</u>

**8. TAXATION**

	2014 £	2013 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profit for the year	626,000	825,000
Adjustments in respect of prior periods	14,601	-
<b>Tax on profit on ordinary activities</b>	<u>640,601</u>	<u>825,000</u>

**MARDIX HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**8. TAXATION (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2013 - lower than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>1,836,590</u>	<u>5,009,282</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	422,416	1,202,228
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	107,410	112,080
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	98,744	124,373
Depreciation in excess of capital allowances	3,901	40,310
Research and development tax credits	(88,928)	(99,078)
Adjustments to tax charge in respect of prior periods	14,601	-
Unrelieved loss on foreign subsidiaries	82,457	-
Share of partnership losses	-	(554,913)
<b>Current tax charge for the year (see note above)</b>	<u><u>640,601</u></u>	<u><u>825,000</u></u>

**9. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>Group</b>	
<b>Cost</b>	
At 1 April 2013 and 31 March 2014	<u>9,342,343</u>
<b>Amortisation</b>	
At 1 April 2013	3,127,000
Charge for the year	467,000
At 31 March 2014	<u>3,594,000</u>
<b>Net book value</b>	
At 31 March 2014	<u><u>5,748,343</u></u>
At 31 March 2013	<u><u>6,215,343</u></u>

MARDIX HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

10. TANGIBLE FIXED ASSETS

Group	Long term leasehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £
<b>Cost</b>				
At 1 April 2013	88,459	2,527,020	2,106,105	706,609
Additions	74,535	467,808	539,251	58,203
Disposals	-	-	(309,500)	-
At 31 March 2014	162,994	2,994,828	2,335,856	764,812
<b>Depreciation</b>				
At 1 April 2013	22,642	1,043,227	1,246,258	609,114
Charge for the year	16,300	217,353	445,378	71,947
On disposals	-	-	(197,891)	-
At 31 March 2014	38,942	1,260,580	1,493,745	681,061
<b>Net book value</b>				
At 31 March 2014	124,052	1,734,248	842,111	83,751
At 31 March 2013	65,817	1,483,793	859,847	97,495

Group	Total £
<b>Cost</b>	
At 1 April 2013	5,428,193
Additions	1,139,797
Disposals	(309,500)
At 31 March 2014	6,258,490
<b>Depreciation</b>	
At 1 April 2013	2,921,241
Charge for the year	750,978
On disposals	(197,891)
At 31 March 2014	3,474,328
<b>Net book value</b>	
At 31 March 2014	2,784,162
At 31 March 2013	2,506,952

**MARDIX HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**10. TANGIBLE FIXED ASSETS (continued)**

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2014 £	2013 £
<b>Group</b>		
Plant and machinery	1,143,269	1,050,470
Motor vehicles	625,847	761,487
	<u>1,769,116</u>	<u>1,811,957</u>

**11. FIXED ASSET INVESTMENTS**

	Unlisted investments £
<b>Group</b>	
<b>Cost or valuation</b>	
At 1 April 2013 and 31 March 2014	<u>663,135</u>
<b>Impairment</b>	
Charge for the year	<u>223,045</u>
At 31 March 2014	<u>223,045</u>
<b>Net book value</b>	
At 31 March 2014	<u>440,090</u>
At 31 March 2013	<u>663,135</u>
<b>Company</b>	
<b>Cost or valuation</b>	
At 1 April 2013 and 31 March 2014	<u>15,255,926</u>

Details of the principal subsidiaries can be found under note number 27.

**MARDIX HOLDINGS LIMITED**

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**12. STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Raw materials	1,083,664	830,205	-	-
Work in progress	1,173,060	3,641,600	-	-
	<b>2,256,724</b>	<b>4,471,805</b>	<b>-</b>	<b>-</b>

**13. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Due after more than one year</b>				
Trade debtors	418,849	401,065	-	-
Other debtors	244,573	240,000	-	-
<b>Due within one year</b>				
Trade debtors	9,512,464	13,082,971	-	-
Amounts owed by group undertakings	-	-	5,369	5,369
Other debtors	1,019,244	1,029,774	-	-
Prepayments and accrued income	337,637	574,059	-	-
	<b>11,532,767</b>	<b>15,327,869</b>	<b>5,369</b>	<b>5,369</b>

**14. CREDITORS:  
Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other loans	2,000,000	-	2,000,000	-
Net obligations under finance leases and hire purchase contracts	460,833	504,450	-	-
Trade creditors	2,359,904	4,087,988	-	-
Amounts owed to group undertakings	-	-	1,362,894	1,358,328
Corporation tax	396,811	375,409	-	-
Other taxation and social security	985,283	597,155	-	-
Other creditors	906,050	2,267,829	-	-
Accruals and deferred income	1,838,871	3,191,632	6,836	11,402
	<b>8,947,752</b>	<b>11,024,463</b>	<b>3,369,730</b>	<b>1,369,730</b>

Hire purchase creditors are secured on the assets concerned.

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**15. CREDITORS:**  
**Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Guaranteed unsecured variable rate loan notes	-	2,000,000	-	2,000,000
Net obligations under finance leases and hire purchase contracts	<b>635,878</b>	675,734	-	-
Amounts owed to group undertakings	-	-	<b>2,000,000</b>	2,000,000
	<b>635,878</b>	<b>2,675,734</b>	<b>2,000,000</b>	<b>4,000,000</b>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Between one and five years	<b>635,878</b>	675,734	-	-

Hire purchase creditors are secured on the assets concerned.

**16. SHARE CAPITAL**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
48 D ordinary shares shares of £1 each	<b>48</b>	48
414 A ordinary shares of £1 each	<b>414</b>	414
219 B ordinary shares of £1 each	<b>219</b>	219
221 C ordinary shares of £1 each	<b>221</b>	221
48 E ordinary shares shares of £1 each	<b>48</b>	48
112 F ordinary shares shares of £1 each	<b>112</b>	112
	<b>1,062</b>	1,062

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**17. RESERVES**

<b>Group</b>	<b>Capital redemption reserve £</b>	<b>Profit and loss account £</b>
At 1 April 2013	9,758,000	7,140,055
Profit for the year	-	1,195,989
Dividends: Equity capital	-	(579,730)
	<u>9,758,000</u>	<u>7,756,314</u>
At 31 March 2014		

<b>Company</b>	<b>Capital redemption reserve £</b>	<b>Profit and loss account £</b>
At 1 April 2013	9,758,000	132,503
Profit for the year	-	579,730
Dividends: Equity capital	-	(579,730)
	<u>9,758,000</u>	<u>132,503</u>
At 31 March 2014		

**18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

<b>Group</b>	<b>2014 £</b>	<b>2013 £</b>
Opening shareholders' funds	16,899,117	12,714,725
Profit for the financial year	1,195,989	4,184,282
Dividends (Note 19)	(579,730)	-
Shares issued during the year	-	110
	<u>17,515,376</u>	<u>16,899,117</u>
Closing shareholders' funds		

<b>Company</b>	<b>2014 £</b>	<b>2013 £</b>
Opening shareholders' funds	9,891,565	9,885,578
Profit for the financial year	579,730	5,875
Dividends (Note 19)	(579,730)	-
Shares issued during the year	-	112
	<u>9,891,565</u>	<u>9,891,565</u>
Closing shareholders' funds		

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year dealt with in the accounts of the company was £579,730 (2013 - £5,875).

**MARDIX HOLDINGS LIMITED**

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**19. DIVIDENDS**

	2014 £	2013 £
Dividends paid on equity capital	<u>579,730</u>	<u>-</u>

On 5 September 2014 the directors declared a total dividend of £1,500,000 on the "C" Ordinary shares.

**20. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2014 £	2013 £
Operating profit	1,833,628	5,036,012
Amortisation of intangible fixed assets	467,000	467,000
Depreciation of tangible fixed assets	750,978	679,000
Impairments of fixed asset investments	223,045	258,000
Profit on disposal of tangible fixed assets	(47,390)	-
Decrease/(increase) in stocks	2,215,081	(947,229)
Decrease/(increase) in debtors	3,799,675	(3,331,114)
Decrease in creditors	(2,768,006)	(834,586)
<b>Net cash inflow from operating activities</b>	<u><u>6,474,011</u></u>	<u><u>1,327,083</u></u>

**21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	29,361	31,570
Interest paid	(55,064)	(55,648)
Hire purchase interest	(47,303)	(47,090)
Income from investments	75,968	44,438
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>	<u><u>2,962</u></u>	<u><u>(26,730)</u></u>
	2014 £	2013 £
<b>Taxation</b>		
Corporation tax paid	<u>(623,772)</u>	<u>(689,591)</u>
	2014 £	2013 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(670,334)	(294,004)
Sale of tangible fixed assets	158,999	-
Purchase of unlisted and other investments	-	(407,135)
<b>Net cash outflow from capital expenditure</b>	<u><u>(511,335)</u></u>	<u><u>(701,139)</u></u>



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NOTES TO THE FINANCIAL STATEMENTS  
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21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2014 £	2013 £
<b>Management of liquid resources</b>		
Cash placed as a performance bond	(561,000)	-
Repayment of performance bond	99,000	-
<b>Net cash outflow from management of liquid resources</b>	<b>(462,000)</b>	<b>-</b>

The Group considers cash held as performance bonds at the bank as liquid resources.

	2014 £	2013 £
<b>Financing</b>		
Repayment of finance leases	(552,936)	(594,939)
Loans repaid to directors	(1,866,220)	(2,029,505)
<b>Net cash outflow from financing</b>	<b>(2,419,156)</b>	<b>(2,624,444)</b>

22. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2013 £	Cash flow £	Other non-cash changes £	31 March 2014 £
Cash at bank and in hand	1,414,210	2,922,710	-	4,336,920
Less: deposits treated as liquid resources	-	(462,000)	-	(462,000)
<b>Liquid resources:</b>				
Deposits included in cash	-	462,000	-	462,000
<b>Debt:</b>				
Finance leases	(1,180,184)	552,936	(469,463)	(1,096,711)
Debts due within one year	(2,181,138)	1,866,220	(2,450,000)	(2,764,918)
Debts falling due after more than one year	(2,000,000)	-	2,000,000	-
<b>Net debt</b>	<b>(3,947,112)</b>	<b>5,341,866</b>	<b>(919,463)</b>	<b>475,291</b>

23. PENSION COMMITMENTS

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £25,000 (2012 - £27,700)

**MARDIX HOLDINGS LIMITED**

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**24. OPERATING LEASE COMMITMENTS**

At 31 March 2014 the group had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2014</b>	<b>2013</b>
<b>Group</b>	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Between 1 and 2 years	-	283,700
Between 2 and 5 years	<b>321,950</b>	<b>89,100</b>

**25. RELATED PARTY TRANSACTIONS**

During the year the company paid rent in respect of property leased from Mardix Pension Scheme of £296,856 (2013: £303,700).

As at 31 March 2014 an amount of £764,918 (2013: £2,181,138 ) was due to the directors and £839,727 (2013: £959,442) was due from the directors.

The company has taken advantage of the exemption under FRS 8 not to disclose intra group transactions.

**26. CONTINGENT LIABILITIES**

The group has made certain investments and has previously received tax relief in respect of these. HMRC is currently considering the status of these investments.

Depending on the outcome of HMRCs review it is possible that the group could receive a notice to pay an amount of tax.

**27. PRINCIPAL SUBSIDIARIES**

<b>Company name</b>	<b>Country</b>	<b>Percentage Shareholding</b>	<b>Principal activity</b>
Mardix Limited	England	100	Design and manufacture of electrical switchgear
Mardix Critical Power Services Limited	England	100	Sales of electrical switchgear
IBAR (EMEA) Limited	England	100	Design and manufacture of electrical switchgear
Mardix Asia Pte. Ltd	Singapore	90	Design and manufacture of electrical switchgear

## **MARDIX HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

#### **28. SHARE OPTIONS**

On 07 April 2008 the company granted share options over 60 "C" ordinary shares to certain employees of Mardix Limited, a subsidiary undertaking, at an option price of £1. The options are dependent upon future performance criteria and exercisable upon meeting these criteria. The options expire on 07 April 2018. None of the share options had been exercised at 31 March 2014

The directors have not charged the profit and loss account in the year with the fair value of the services received as the amounts involved are not considered material.