

Registered Number 07876035

SMITHS INTERCONNECT CONNECTORS UK

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2014

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SMITHS INTERCONNECT CONNECTORS UK
REPORT AND ACCOUNTS 2014

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SMITHS INTERCONNECT CONNECTORS UK

STRATEGIC REPORT

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company is an investment holding company and a wholly-owned subsidiary of Smiths Group Plc.

Its primary asset is the carrying value of the investment in its subsidiaries, totaling \$131.5 million.

The Company has \$134.0 million of loans payable to Smiths Interconnect Connectors Inc, included in its Balance Sheet.

The Company received aggregate dividends from its subsidiaries Hypertronics Corp. and Interconnect Devices, Inc. of \$1.8m on 17 December 2013; of \$0.9m on 27 January 2014; of \$0.9m on 19 March 2014; and of \$1.8m on 18 June 2014. The Company's loss for the financial year is \$41.1m.

FUTURE OUTLOOK

It is not envisaged that the Company will initiate any plans to restructure its principal activity in the forthcoming year. The Company's principal source of income will be dividends from investments and its future performance will depend on the timing of this income.

PRINCIPAL RISKS AND UNCERTAINTIES

All assets and liabilities are intra-group. As a result risk is managed on a consolidated basis as part of the overall Smiths' risk management process.

The directors of Smiths Group plc manage risks at a Group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a disclosure of the Company's risk profile would not be appropriate for an understanding of the activities of the Company. See the Smiths Group Plc Report and accounts and Account pages 60 to 65 for a description of the Smiths Group Plc risk management and key risks.

KEY PERFORMANCE INDICATORS

The directors of Smiths Group plc manage the Group's operations on a consolidated basis using divisional KPIs. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate. The development, performance and position of Smiths Group plc is discussed in the Business Review section of the Group's Report and accounts which does not form part of this report.

The company had no employees in the current or previous year.

By order of the Board



Roland Carter
Director

4th. February, 2015

SMITHS INTERCONNECT CONNECTORS UK

DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 31 July 2014.

GOING CONCERN

The Company has made losses of \$41.1m (2013: \$20.5m). The directors have reviewed the projected performance of the Company and the value of its investments and consider that the Company is a going concern. In reaching this opinion, the directors have relied upon the support provided by an intermediate parent company Smiths Interconnect Group Limited.

FINANCIAL RISK MANAGEMENT

Financial risks are managed on a Group basis. See the financial instruments note in the Report and accounts of Smiths Group plc for details of how the Group manages foreign exchange rate risks, interest rate risks, credit risks and liquidity risks.

DIRECTORS

The directors who held office during the year are given below:

Roland Carter
Andrew Eaton

INDEPENDENT AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

Each person who is a director at the date of approval of this report confirms that:

(a) so far as the directors are aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and

(b) the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By order of the Board



Roland Carter
Director
4th February, 2015

SMITHS INTERCONNECT CONNECTORS UK

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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.

SMITHS INTERCONNECT CONNECTORS UK

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITHS INTERCONNECT CONNECTORS UK

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 31 July 2014 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 Smiths Interconnect Connectors UK, comprise:

- the balance sheet as at 31 July 2014;
- the profit and loss account for the year then ended;
- 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.

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 Report and Accounts 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 Directors' Report and Strategic Report for the financial year for which the financial statements are prepared are 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.

SMITHS INTERCONNECT CONNECTORS UK

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITHS INTERCONNECT CONNECTORS UK

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.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

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 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.



Sotiris Kroustis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4th. February, 2015

SMITHS INTERCONNECT CONNECTORS UK

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2014

	Notes	Year ended 31 July 2014 \$'000	Year ended 31 July 2013 \$'000
Operating result	2	-	-
Amounts written off investments	8	(40,250)	(25,344)
Income from shares in group undertakings	5	<u>5,455</u>	<u>12,750</u>
Profit/(Loss) on ordinary activities before interest and taxation		(34,795)	(12,594)
Interest payable and similar charges	6	<u>(6,350)</u>	<u>(7,859)</u>
Loss on ordinary activities before taxation		(41,145)	(20,453)
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
Loss for the financial year	12	<u><u>(41,145)</u></u>	<u><u>(20,453)</u></u>

The losses for the years ended 31 July 2014 and 31 July 2013 arose from continuing activities.

There is no material difference between the losses for the financial years ended 31 July 2014 and 31 July 2013 stated above and the losses calculated on a historical cost basis.

The company has no recognised gains and losses other than those included in the results above for the years ended 31 July 2014 and 31 July 2013, and therefore no separate statement of recognised gains and losses has been presented.

BALANCE SHEET AS AT 31 JULY 2014

	Notes	31 July 2014 \$'000	31 July 2013 \$'000
Fixed assets			
Investments	8	131,520	171,770
Current assets			
Cash at bank		-	1,831
Creditors (amounts falling due within one year)	9	<u>(2,137)</u>	<u>(3,869)</u>
Net current assets		<u>(2,137)</u>	<u>(2,038)</u>
Total assets less current liabilities		129,383	169,732
Creditors (amounts falling due after one year)	9	<u>(134,796)</u>	<u>(134,000)</u>
Net assets/(liabilities)		<u><u>(5,413)</u></u>	<u><u>35,732</u></u>
Capital and reserves			
Called up share capital	10	-	-
Share premium	12	54,602	54,602
Profit and loss account	12	<u>(60,015)</u>	<u>(18,870)</u>
Total shareholders' funds		<u><u>(5,413)</u></u>	<u><u>35,732</u></u>

The financial statements on pages 6 to 12 were approved by the board of directors on 4th. February, 2015 and were signed on its behalf by:



Roland Carter
Director

SMITHS INTERCONNECT CONNECTORS UK

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2014

1. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared in accordance with the Companies Act 2006 and all applicable accounting standards in the United Kingdom (UK GAAP).

The accounting policies have been applied consistently.

These accounts have been prepared on a going concern basis and under the historical cost convention.

The Company has made a loss of \$41,145,000 (2013: \$20,453,000). The directors have reviewed the projected performance of the Company and the value of its investments and consider that the Company is a going concern. In reaching this opinion, the directors have relied upon the support provided by an intermediate parent company Smiths Interconnect Group Limited.

These financial statements are presented in US dollars because that is the currency of the primary economic environment in which the Company operates.

Consolidation

As the Company is a wholly owned subsidiary of Smiths Group plc which prepares publicly available consolidated group accounts, the Company has not prepared consolidated accounts as permitted by section 400 of the Companies Act 2006. These financial statements present information about the Company as an individual undertaking, and not about its group.

Cash flow statement

A statement of cash flows in accordance with "FRS 1 (Revised 1996) Cash flow statements" has not been prepared because all the voting rights of the Company are ultimately controlled by Smiths Group plc, which presents a cash flow for the Group within its consolidated financial statements.

Investments

The Company's investment in shares in group companies are stated at cost less provision for impairment. Any impairment is charged to the profit and loss account as it arises.

Taxation

Deferred tax is recognised in respect of timing differences that have originated but not reversed as at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as disclosed in the accounts, arising from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts. Deferred assets are recognised only when their recovery is considered probable. Deferred tax is not discounted.

2. OPERATING RESULT

The audit fee in respect of this Company has been borne by another Smiths Group Company. Auditors' remuneration for non-audit services was \$nil (2013: \$nil).

3. DIRECTORS' REMUNERATION

None of the directors of the Company received any remuneration in respect of their services as directors of the Company (2013: \$nil).

SMITHS INTERCONNECT CONNECTORS UK

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2014

4. EMPLOYEE INFORMATION

The Company has no active employees (2013: none). Employees of other Smiths Group companies perform all administration of the Company's affairs. No charge for these services has been levied upon the Company in the current year.

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 31 July 2014 \$'000	Year ended 31 July 2013 \$'000
Hypertronics Corp.	2,727	9,000
Sabritec, Inc.	-	1,500
Interconnect Devices, Inc.	2,728	2,250
	<u>5,455</u>	<u>12,750</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 July 2014 \$'000	Year ended 31 July 2013 \$'000
Interest payable to group undertakings	<u>6,350</u>	<u>7,859</u>

7. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 July 2014 \$'000	Year ended 31 July 2013 \$'000
Loss on ordinary activities before taxation	(41,145)	(20,453)
UK corporate tax at 22.33% (2013: 23.67%)	(9,188)	4,840
Effects of:		
Expenses not deductible for tax purposes	-	(45)
Amounts written off investments not tax deductible	8,988	(5,998)
Income not subject to UK taxation	(1,218)	3,018
Group relief surrendered for no payment – current year	<u>1,418</u>	<u>(1,815)</u>
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

There is no tax payable or receivable in the current year.

In the prior year, Smiths Group decided that UK companies were no longer required to compensate the surrendering company for the receipt of group relief. As a result, the Company released the accrual for group relief charged in previous years, and no payments or receipts in respect of group relief were accrued in the prior year.

SMITHS INTERCONNECT CONNECTORS UK

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2014

8. INVESTMENTS

	Shares in group undertakings \$'000
Cost or valuation	
At 31 July 2013	244,352
Additions	-
At 31 July 2014	244,352
Provision for permanent diminution in value	
At 31 July 2013	72,582
Impairment charge	40,250
At 31 July 2014	112,832
Net book value	
At 31 July 2014	131,520
At 31 July 2013	171,770

The subsidiaries held by the Company are tested for impairment if changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Value in use calculations have been used to determine the recoverable amount of the asset. Value in use is calculated as the net present value of the projected risk-adjusted post-tax cash-flows of the subsidiary which are based on approved budgets and represent the best estimate for future performance. A discount factor of 9.4% has been applied to the model and appropriate growth rates have been used to extrapolate beyond the most recent forecast, which represents the view of the long term average growth rate for the industries in which the subsidiaries operate.

In the current year, following a review of the investments held by the Company, an impairment of \$34.6 million was recognised on the Company's investment in IDI, and an impairment of \$5.6 million was recognised on the Company's investment in Sabritec.

Shares in group undertakings

In the opinion of the directors, the value of investments in the subsidiary undertakings is not less than the aggregate amount at which they are shown in the Company's balance sheet.

The principal subsidiaries at 31 July 2014, which all operate in their country of incorporation, are listed below:

	Country of incorporation	Interest directly held	Class of capital	Principal activity
Foreign subsidiary undertakings				
Hypertronics Corp.	USA	75%	Ordinary	Manufacturing and distribution
Sabritec, Inc.	USA	75%	Ordinary	Manufacturing and distribution
Interconnect Devices, Inc. (IDI)	USA	75%	Ordinary	Manufacturing and distribution

SMITHS INTERCONNECT CONNECTORS UK

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2014

9. CREDITORS

	31 July 2014 \$'000	31 July 2013 \$'000
Amounts falling due within one year		
Amounts due to group undertakings	<u>(2,137)</u>	<u>(3,869)</u>
Amounts falling due after one year		
Amounts due to group undertakings	<u>(134,796)</u>	<u>(134,000)</u>

Amounts falling due within one year are interest on intercompany loans.

Amounts falling due after one year are primarily an intercompany loan payable with the following terms:

Interest rate	Maturity date	Amount payable at 31 July 2014 \$'000
3 month LIBOR + 5.125%	16-Dec-16	134,000

10. CALLED UP SHARE CAPITAL

The issued share capital of the company at 31 July 2014 is £1 (2013: £1) ordinary share.

11. DIVIDENDS

	Year ended 31 July 2014 \$'000	Year ended 31 July 2013 \$'000
Equity Ordinary:		
Interim dividend following capital reduction: nil (2013: \$6,000,000) per £1 share	-	6,000
Total dividends	<u>-</u>	<u>6,000</u>

SMITHS INTERCONNECT CONNECTORS UK

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2014

12. RESERVES

	Share premium account \$'000	Profit and loss account \$'000	Total \$'000
At 31 July 2013	54,602	(18,870)	35,732
Loss for the financial year	-	(41,145)	(41,145)
At 31 July 2014	54,602	(60,015)	(5,413)

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Notes	31 July 2014 \$'000	31 July 2013 \$'000
Loss for the financial year		(41,145)	(20,453)
Dividend paid	11	-	(6,000)
Net increase/(reduction) in shareholders' funds		(41,145)	(26,453)
Opening shareholders' funds		35,732	62,185
Closing shareholders' funds		(5,413)	35,732

14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption provided by Paragraph 3(c) of 'FRS 8: Related party disclosures' not to disclose transactions with entities that are part of Smiths Group plc.

15. ULTIMATE PARENT UNDERTAKING

For the year ended 31 July 2014, Smiths Interconnect Connectors UK was a wholly owned subsidiary of Smiths Interconnect Connectors, Inc.

The ultimate parent undertaking and controlling party is Smiths Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Smiths Group plc is incorporated in the United Kingdom and is registered in England and Wales.

The annual financial statements of Smiths Group plc may be obtained from the Company Secretary, Smiths Group plc, Cardinal Place, 80 Victoria Street, London, SW1E 5JL.