

Company Number 575679

Xcel Power Systems Limited

Annual Report and Financial Statements

For the year ended 31st December 2012

Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2012

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Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2012

Company Information

Company registration number	575679
Registered office	XCEL Works Brunswick Road Cobbs Wood Ashford Kent TN23 1EH
Directors	C T Oliva G M J Jefferies R L Weller R W Moon
Secretary	G M J Jefferies
Bankers	Lloyds TSB Bank plc 24 Broad Street Reading Berkshire RG1 2BT
Auditors	BDO LLP Prospect Place 85 Great North Road Hatfield Hertfordshire AL9 5BS

Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2012

Report of the Directors

The directors present their report and audited financial statements of the company for the year ended 31st December 2012.

Principal Activities

The company is engaged in the design, development and manufacture of switch mode power supplies and electronic assemblies, primarily for the military and aerospace markets.

Business Review

Review of company's business

The directors report that the company had a stable trading year, with turnover for the year ending 31st December 2012 increasing by 28.4% to £4.51M from the previous year (2011: £3.52M). Operating profits rose as a result of the increased sales to £459,843 (2011: £21,178). Raw material Inventories increased during the year by 14.0% to £669K and work in progress at 31st December 2012 had increased by 47.7% to £431K.

A total of £3.71M orders were booked in 2012 (2011: £4.20M), with the order book ending the year at £3.45M (2011: £4.50M). The current order book and prospects give the directors confidence that the 2013 plan can be achieved and form the platform for growth in 2014.

Principal Risks

The current trend for defence markets is negative, and there is a clear likely hood of Government on going budgetary cuts for defence programmes both. The company constantly monitors the trends in the market and continues to broaden its addressed market to include industrial and other non-military harsh environment applications. Many of the programmes the company services are the subject of long-term purchase orders that would give the company time to respond to a market shift.

A further risk for the company's core business is considered to be the continuance of the company's ability to compete on price in a maturing global market, although the directors are confident that the company can stay at the forefront in its chosen market-place, and is perceived as doing so by its customers.

There is always a risk that Engineering programs, which we undertake on a fixed price basis, may not be delivered to cost or time with any resultant overspends affecting profit. To date all contracts undertaken by the company have always been completed with a satisfactory technical solution. These programs are reviewed regularly throughout the year and any overspend identified and expensed.

Research and Development

The Company engages in research and development activities (R & D) relating to the development of new products and processes and the improvement of existing ones.

Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2012 Key Performance Indicators

The company produces an annual business plan detailing forecast sales, profit and cashflow by month. The directors monitor the business internally against this plan with the use of a number of key performance indicators.

Results and Dividends

The company made an operating profit of £390,386 for the year ending 31st December 2012, with a profit for the financial year of £388,465, after finance charges and tax.

The directors have not recommended a dividend.

Financial Risk Management

The company sells the majority of its products in Sterling. Approximately 2% of total sales are denominated in foreign currency and therefore these sales are exposed to the risks and uncertainties associated with the movements of those currencies. The directors consider that whilst sales remain at the current levels and there remains relative stability between the Euro and Sterling it is prudent not to seek currency protection.

Directors

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

G M J Jefferies
R W Moon
C T Oliva
R L Weller

The company has arranged qualifying third party indemnity for all of its directors.

Statement of directors' responsibilities in respect of the Annual 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 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- 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.

Xcel Power Systems Limited

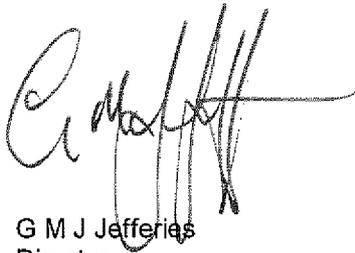
Annual Report and Financial Statements for the year ended 31 December 2012 Disclosure of information to auditors

All of the directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the board of directors



G M J Jefferies
Director

08 May 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF XCEL POWER SYSTEMS LIMITED

We have audited the financial statements of Xcel Power Systems Limited for the year ended 31 December 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 member 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 member 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 member, 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 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 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 31 December 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 directors' report 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.

BDO LLP

*Kieran Storan (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Hatfield*

Date 8 May 2013

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

Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2012

Profit and loss account

For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	4,512,112	3,515,589
Cost of sales		<u>(3,240,277)</u>	<u>(2,747,278)</u>
Gross profit		1,271,835	768,311
Distribution costs		(218,635)	(214,679)
Administrative expenses		(602,477)	(532,454)
Other operating income		9,120	-
		<u>(811,992)</u>	<u>(747,133)</u>
Operating Profit	3	459,843	21,178
Interest receivable	6	22,427	20,512
Interest payable and similar charges	7	<u>(4,890)</u>	<u>(4,591)</u>
Profit on ordinary activities before taxation		477,380	37,099
Tax on profit on ordinary activities	8	<u>(19,458)</u>	<u>40,691</u>
Profit for the financial year		<u>457,922</u>	<u>77,790</u>

All the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The accompanying accounting policies and notes form part of these financial statements.

Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2012

Balance Sheet

at 31 December 2012

Company number: 575679

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	11	<u>126,104</u>	<u>108,016</u>
		<u>126,104</u>	<u>108,016</u>
Current assets			
Stocks	13	1,099,936	878,939
Debtors	14	4,232,135	4,324,287
Cash at bank		458,419	46,672
		<u>5,790,490</u>	<u>5,249,898</u>
Creditors: Amounts falling due within one year	15	<u>(1,036,456)</u>	<u>(815,901)</u>
Net current assets		<u>4,754,034</u>	<u>4,433,997</u>
Total assets less current liabilities		<u>4,880,138</u>	<u>4,542,013</u>
Creditors: Amounts falling due after more than one year	16	<u>(55,904)</u>	<u>(78,806)</u>
		<u>4,824,234</u>	<u>4,463,207</u>
Capital and reserves			
Called up equity share capital	22	10,000	10,000
Profit and loss account	23	4,814,234	4,453,207
Shareholder's funds	24	<u>4,824,234</u>	<u>4,463,207</u>

The financial statements were approved and authorised for issue by the directors on 08 May 2013 and signed on their behalf by:



G M J Jefferies
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2012

Notes to the financial statements

1 Accounting Policies

Basis of accounting

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

Consolidation

The financial statements contain information about Xcel Power Systems Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Emrise Electronics Limited, a company registered in England and Wales.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

Turnover

Revenue recognition for products and services provided by the Company depends upon the type of contract involved. Engineering/design services contracts generally entail design and production of a prototype over a term of up to several years, with revenue recognised over the term of the contract on a percentage of completion basis. Production contracts provide for a specific quantity of products to be produced over a specific period of time. Customers issue binding purchase orders or enter into binding agreements for the products to be produced. The Company recognises revenues on these orders as the products are shipped. An estimate of warranty cost is recorded at the time revenue is recognised. The Company offers extended warranty contracts which usually incur an additional cost to its customers, which are recognised rateably over the term of the extended warranty contract.

Significant Estimation Techniques

The Company uses various estimation techniques in the following areas: (a) product warranty liabilities for which generally, the Company's products carry a standard one-year, limited parts and labour warranty. In certain circumstances, the Company provides a two-year limited parts and labour warranty. The Company offers extended warranty contracts which usually incur an additional cost to its customers, which are recognised rateably over the term of the extended warranty contract. Historically, the Company has not experienced significant warranty costs or returns. The Company records a liability for estimated costs that it expects to incur under the basic limited warranties when product revenue is recognised. Factors affecting the warranty liability include the number of units sold, historical and anticipated rates of claim and costs per claim. The Company periodically assesses the adequacy of its warranty liability accrual based on changes in these factors. (b) Engineering design contracts costs are derived on the basis of the costs incurred to-date and an estimate of the costs to complete on the overall program. Estimates are made on the basis of utilising the engineering management estimates and but also taking in to account prior experience of the development of similar technologies. Any losses associated with the total cost estimate versus revenue are provided for immediately. Any profits are reflected against the percentage complete of the overall program in conjunction with the same percentage reflected as revenue. (c) Inventory obsolescence is based on company policy that determines the provision relative to age and usage which are then subject to review for specific situations.

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Annual Report and Financial Statements for the year ended 31 December 2012

Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are charged to the profit and loss account unless individual projects satisfy all of the following criteria:

The project is clearly defined and related expenditure is separately identifiable; the project is technically feasible and commercially viable; current and future costs are expected to be exceeded by future sales; and adequate resources exist for the project to be completed.

In such circumstances, the costs are capitalised and amortised when commercial production occurs, on a systematic basis.

Goodwill

Goodwill arising on the acquisition of a trade is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	-	10 years straight line
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Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2012

1 Accounting Policies (continued)

Tangible fixed assets and depreciation

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

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their useful economic lives. Where there is evidence of impairment, fixed assets are written down to their recoverable amount.

The principal annual rates used are as follows:

Leasehold land and buildings	-	15% per annum straight line
Plant and machinery	-	15% per annum straight line
Fixtures and fittings	-	15% per annum straight line
Motor vehicles	-	25% per annum straight line
Office equipment	-	25% per annum straight line

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined by using a weighted average for which the stocks are consumed on a first in, first out basis. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads. The direct labour element of work in progress is estimated by determining the percentage complete of each of the works orders in process at the end of the accounting period. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Long-term contracts

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

Full provision is made for all known or expected losses on individual contracts.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the term lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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Annual Report and Financial Statements for the year ended 31 December 2012

1 Accounting Policies (continued)

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Valuation of investments

Investments held as fixed assets are stated at cost less any provisions for impairment in value and transfers to purchased goodwill.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2 Turnover

The turnover and profit on ordinary activities before taxation is attributable to the one principal activity of the company. An analysis of turnover is given below:

	2012 £	2011 £
United Kingdom	4,223,363	3,194,399
France	49,077	229,685
Other EC countries	80,816	59,730
North America	157,312	20,963
Rest of world	1,544	10,812
	<u>4,512,112</u>	<u>3,515,589</u>

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3 Operating profit

Operating profit is stated after charging / (crediting):

	2012 £	2011 £
Depreciation of own fixed assets	27,856	32,917
Depreciation of assets under finance leases and hire purchase agreements	13,151	6,526
Research and development	842,951	601,497
Operating lease rentals		
- plant and machinery	35,084	34,034
- land and buildings	155,000	155,000
Profit on disposal of fixed assets	(1,600)	-
Auditors' remuneration		
- audit fees	15,695	12,800
- other services	5,400	3,600
Net loss / (gain) on foreign currency translation	446	5,074

The group accounts contain the detailed disclosure on Auditor's remuneration.

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2012 No	2011 No
Number of production and ancillary staff	39	38
Number of distribution staff	5	4
Number of administrative staff (including directors)	5	5
	<u>49</u>	<u>47</u>

Staff costs (including directors) during the period were as follows:

	2012 £	2011 £
Wages and salaries	1,401,269	1,265,908
Social security costs	148,890	139,179
Other pension costs	61,782	46,094
	<u>1,611,941</u>	<u>1,451,181</u>

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5 Directors

Remuneration in respect of directors was as follows:

	2012 £	2011 £
Emoluments	53,737	58,206
Value of company pension contributions to money purchase schemes	16,222	8,125
	<u>69,959</u>	<u>66,331</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2012 No	2011 No
Money purchase schemes	<u>1</u>	<u>1</u>

6 Interest receivable

	2012 £	2011 £
Interest receivable from group undertakings	<u>22,427</u>	<u>20,512</u>

7 Interest payable and similar charges

	2012 £	2011 £
Bank interest payable	890	71
Other interest payable	1,136	2,412
Finance leases and hire purchase agreements	2,864	2,108
	<u>4,890</u>	<u>4,591</u>

Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2012

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2012 £	2011 £
Current tax:		
UK Corporation tax	29,174	-
Adjustment in respect of prior year	-	(27,616)
Total current tax	<u>29,174</u>	<u>(27,616)</u>
Deferred taxation:		
Origination and reversal of timing differences	(9,716)	(13,075)
Taxation on profit on ordinary activities	<u>19,458</u>	<u>(40,691)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%). The differences are explained as follows.

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>477,380</u>	<u>37,099</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%).	116,958	9,831
Effects of:		
Expenses not deductible for tax purposes	1,623	3,854
Differences between capital allowances and depreciation	4,566	2,170
Adjustment in respect of prior year	-	(27,616)
Other timing differences	(8,605)	13,082
Research and development tax credit	(79,252)	(73,354)
Group relief given / (received)	(6,116)	28,498
Loss carry back	-	15,919
Total current tax	<u>29,174</u>	<u>(27,616)</u>

9 Dividends

	2012 £	2011 £
Interim of £9.6895 (2011: £nil) per share	<u>96,895</u>	<u>-</u>

Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2012

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2012 and 31 December 2012	<u>950,000</u>
Amortisation	
At 1 January 2012 and 31 December 2012	<u>950,000</u>
Net book value	
At 31 December 2012 and 31 December 2011	<u>-</u>

11 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Fixtures & fittings £	Motor vehicles £	Office equipment £	Total £
Cost						
At 1 January 2012	85,101	328,065	54,099	66,211	38,788	572,264
Additions	-	39,838	-	16,900	2,357	59,095
Disposals	-	-	-	(15,790)	-	(15,790)
At 31 December 2012	<u>85,101</u>	<u>367,903</u>	<u>54,099</u>	<u>67,321</u>	<u>41,145</u>	<u>615,569</u>
Depreciation						
At 1 January 2012	75,734	270,391	49,414	30,248	38,461	464,248
Charge for the year	4,013	17,625	2,217	16,481	671	41,007
Disposals	-	-	-	(15,790)	-	(15,790)
At 31 December 2012	<u>79,747</u>	<u>288,016</u>	<u>51,631</u>	<u>30,939</u>	<u>39,132</u>	<u>489,465</u>
Net book value						
At 31 December 2012	<u>5,354</u>	<u>79,887</u>	<u>2,468</u>	<u>36,382</u>	<u>2,013</u>	<u>126,104</u>
At 31 December 2011	<u>9,367</u>	<u>57,763</u>	<u>4,685</u>	<u>35,964</u>	<u>327</u>	<u>108,016</u>

Included within the net book value of £126,104 is £37,758 (2011: £34,009) relating to plant and machinery assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £13,151 (2011: £6,526).

Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2012

12 Investments

Shares in group undertakings

£

Cost

At 1 January 2012 and 31 December 2012

256,952

Amounts written off

At 1 January 2012 and 31 December 2012

256,952

Net book value

At 31 December 2011 and 31 December 2012

-

The company owns 100% of the issued share capital of The Belix Company Limited, Belix Power Conversion Ltd and Belix Wound Components Limited. None of these subsidiaries traded in the year, and the aggregate share capital and reserves for these subsidiaries was nil at 31 December 2012.

13 Stocks

	2012 £	2011 £
Raw materials	669,442	587,367
Work in progress	430,494	291,572
	<u>1,099,936</u>	<u>878,939</u>

14 Debtors

	2012 £	2011 £
Trade debtors	868,023	1,126,528
Amounts owed by group undertakings	2,815,000	2,725,816
Other debtors	152,529	147,136
Prepayments and accrued income	83,588	119,111
Amounts recoverable on contracts	272,428	174,845
Deferred tax asset (see note 17)	40,567	30,851
	<u>4,232,135</u>	<u>4,324,287</u>

Other debtors includes a restricted cash deposit of £125,000 in an account held in escrow, which is repayable in within one year.

Included within trade debtors are £836,881 (2011: £1,095,599) which have been used as security for bank borrowings.

Xcel Power Systems Limited

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15 Creditors: amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts (see note 20)	-	14,893
Trade creditors	365,368	303,588
Amounts owed to group undertakings	7,138	11,392
Corporation tax	24,878	-
Other taxation and social security	208,153	167,096
Amounts due under finance leases and hire purchase agreements	17,924	14,203
Other creditors	18,581	7,958
Accruals and deferred income	394,414	296,771
	<u>1,036,456</u>	<u>815,901</u>

Included within bank loans and overdrafts are £nil (2011: £14,893) which are secured on specific trade debtors of the company.

16 Creditors: amounts falling due after more than one year

	2012 £	2011 £
Amounts due under finance leases and hire purchase agreements:		
payable within 1 to 2 years	8,911	14,360
Deferred income	46,993	64,446
	<u>55,904</u>	<u>78,806</u>

Amounts payable under finance leases and hire purchase agreements are secured on the assets to which they relate.

17 Deferred taxation

	Deferred tax asset £
At 1 January 2012	30,851
Credited to profit and loss account	9,716
	<u>40,567</u>

The deferred tax asset recognised in the financial statements is set out below:-

	2012 £	2011 £
Accelerated capital allowances	13,694	10,225
Other timing differences	26,873	20,626
	<u>40,567</u>	<u>30,851</u>

18 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. Included in other creditors at the year end is an outstanding pension contribution of £7,432 (2011: £6,579).

Xcel Power Systems Limited

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19 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2012		2011	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	155,000	7,610	-	6,160
Within 1 to 2 years	-	20,960	155,000	7,001
Within 2 to 5 years	-	9,623	-	20,037
	<u>155,000</u>	<u>38,193</u>	<u>155,000</u>	<u>33,198</u>

20 Guarantees and other commitments

The company together with other group undertakings, is party to a cross guarantee contingent liability given in respect of the bank loans and overdrafts of the participating companies. As at 31st December 2012 the total of the loans and overdrafts guaranteed by the company under this agreement amounted to £22,744 (2011: £227,804).

21 Related party transactions

The company has taken advantage of the exemption offered by FRS 8 not to disclose transactions with other group companies on the grounds that it is a wholly owned subsidiary and group accounts are publicly available from the registered office of the ultimate parent undertaking.

22 Share capital

	2012 £	2011 £
Allotted, called up and fully paid:		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

23 Profit and loss account

	2012 £	2011 £
Balance brought forward	4,453,207	4,375,417
Profit for the financial year	457,922	77,790
Dividends	(96,895)	-
Balance carried forward	<u>4,814,234</u>	<u>4,453,207</u>

24 Reconciliation of movements in shareholder's funds

	2012 £	2011 £
Profit for the financial year	457,922	77,790
Dividends	(96,895)	-
Net additions to shareholder's funds	<u>361,027</u>	<u>77,790</u>
Opening shareholder's funds	4,463,207	4,385,417
Closing shareholder's funds	<u>4,824,234</u>	<u>4,463,207</u>

Xcel Power Systems Limited

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25 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Emrise Electronics Limited. The ultimate parent undertaking of the company is Emrise Corporation, a company incorporated in the United States of America.

The largest group of undertakings for which group accounts are drawn up is that headed by Emrise Corporation. The smallest group of undertakings for which group accounts are prepared is headed by Emrise Electronics Limited whose accounts can be obtained from Companies House.

Copies of the consolidated financial statements of Emrise Corporation are available from:

Emrise Corporation
2530 Meridian Parkway
Durham
NC 37713
USA