

Company Number 575679

# **Xcel Power Systems Limited**

**Annual Report and Financial Statements**

**For the year ended 31 December 2013**

# Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2013

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# Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2013

## 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
Secretary	G M J Jefferies
Bankers	Lloyds TSB Bank plc 24 Broad Street Reading Berkshire RG1 2BT
Auditors	BDO LLP 55 Baker Street London W1U 7EU

# Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2013

## Strategic Report

The directors present their strategic report for the year ended 31 December 2013.

### 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.

### Review of company's business

The directors report that the company had a stable trading year, with turnover for the year ending 31 December 2013 decreasing by 2.0% to £4.42M from the previous year (2012: £4.51M). Operating profits decreased as a result of the decreased sales to £184,681 (2012: £459,843). Raw material inventories increased during the year by 3.2% to £691K and work in progress at 31 December 2013 had decreased by 34.2% to £283K.

A total of £4.55M orders were booked in 2013 (2012: £3.71M), with the order book ending the year at £4.06M (2012: £3.45M). The current order book and prospects give the directors confidence that the 2014 plan can be achieved and form the platform for growth in 2015.

### Principal Risks

The current trend for defence markets is improving over previous years, but there is still a clearly perceived likelihood of Government budgetary cuts for defence programmes. 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 are undertaken 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 been completed with a satisfactory technical solution. These programs are reviewed regularly throughout the year and any overspend identified and expensed.

### 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.

# Xcel Power Systems Limited

Annual Report and Financial Statements for the year ended 31 December 2013

## Report of the Directors

The directors present their report and audited financial statements of the company for the year ended 31 December 2013.

### Information included in the Strategic Report

The following information is included in the Strategic Report

- A statement of the principal activities of the company
- A review of the business, including its performance during the past year and prospects for the coming year
- A summary of the principal risks and uncertainties affecting the future position, and
- Information relating to KPI's monitored by the Company

### Results and Dividends

The company made an operating profit of £184,681 for the year ending 31 December 2013, with a profit for the financial year of £181,245 after finance charges and tax.

A final dividend in respect of 2012 of £17.0961 per share was paid in August 2013  
An interim dividend of £5.00 per share, in respect of 2013, was paid in December 2013

### Financial Risk Management

The company sells the majority of its products in Sterling. Approximately 3.4% of total sales are denominated in foreign currencies 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 Sterling, the Euro and the US Dollar it is prudent not to seek currency protection.

### 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.

### 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

R W Moon resigned as director on 31 March 2013

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

# Xcel Power Systems Limited

## Annual Report and Financial Statements for the year ended 31 December 2013

### 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.

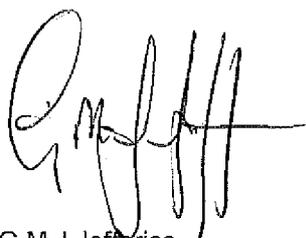
### Disclosure of information to auditors

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 has 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

29 May 2014

## **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 2013 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 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 APB'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 company's affairs as at 31 December 2013 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 strategic report and 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.



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

*29 May 2014*

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 2013

## Profit and loss account

For the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	2	4,416,496	4,512,112
Cost of sales		<u>(3,343,773)</u>	<u>(3,240,277)</u>
<b>Gross profit</b>		<b>1,072,723</b>	1,271,835
Distribution costs		<u>(198,121)</u>	(218,635)
Administrative expenses		<u>(701,041)</u>	(602,477)
Other operating income		<u>11,120</u>	9,120
		<u>(888,042)</u>	<u>(811,992)</u>
<b>Operating Profit</b>	3	<b>184,681</b>	459,843
Interest receivable	6	<b>23,380</b>	22,427
Interest payable and similar charges	7	<u>(5,025)</u>	<u>(4,890)</u>
<b>Profit on ordinary activities before taxation</b>		<b>203,036</b>	477,380
Tax on profit on ordinary activities	8	<u>(21,791)</u>	<u>(19,458)</u>
<b>Profit for the financial year</b>		<u><b>181,245</b></u>	<u>457,922</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 2013

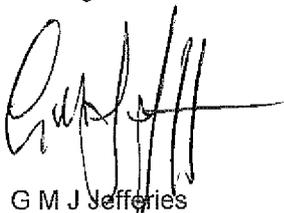
## Balance Sheet

at 31 December 2013

Company number: 575679

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Tangible assets	11	<u>419,222</u>	<u>126,104</u>
		<u>419,222</u>	<u>126,104</u>
<b>Current assets</b>			
Stocks	12	974,071	1,099,936
Debtors	13	4,435,222	4,232,135
Cash at bank		<u>261,927</u>	<u>458,419</u>
		<u>5,671,220</u>	<u>5,790,490</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>(1,182,259)</u>	<u>(1,036,456)</u>
<b>Net current assets</b>		<u>4,488,961</u>	<u>4,754,034</u>
<b>Total assets less current liabilities</b>		<u>4,908,183</u>	<u>4,880,138</u>
<b>Creditors: Amounts falling due after more than one year</b>	15	<u>(123,665)</u>	<u>(55,904)</u>
		<u>4,784,518</u>	<u>4,824,234</u>
<b>Capital and reserves</b>			
Called up equity share capital	22	10,000	10,000
Profit and loss account	23	<u>4,774,518</u>	<u>4,814,234</u>
<b>Shareholder's funds</b>	24	<u>4,784,518</u>	<u>4,824,234</u>

The financial statements were approved and authorised for issue by the directors on 29 May 2014 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 2013

## 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.

# Xcel Power Systems Limited

## Annual Report and Financial Statements for the year ended 31 December 2013

### 1 Accounting Policies (continued)

#### 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

#### 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.

# Xcel Power Systems Limited

## Annual Report and Financial Statements for the year ended 31 December 2013

### 1 Accounting Policies (continued)

#### 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.

#### 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.

# Xcel Power Systems Limited

## Annual Report and Financial Statements for the year ended 31 December 2013

### 1 Accounting Policies (continued)

#### 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:

	2013 £	2012 £
United Kingdom	4,098,777	4,223,363
France	103,973	49,077
Other EC countries	100,510	80,816
North America	96,815	157,312
Rest of world	16,421	1,544
	<u>4,416,496</u>	<u>4,512,112</u>

### 3 Operating profit

Operating profit is stated after charging / (crediting):

	2013 £	2012 £
Depreciation of own fixed assets	29,987	27,856
Depreciation of assets under finance leases and hire purchase agreements	13,572	13,151
Research and development	823,910	842,951
Operating lease rentals		
- plant and machinery	40,130	35,084
- land and buildings	155,000	155,000
Profit on disposal of fixed assets	(5,459)	(1,600)
Auditors' remuneration		
- audit fees	15,320	15,695
- other services	4,515	5,400
Net loss / (gain) on foreign currency translation	4,462	446

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

# Xcel Power Systems Limited

## Annual Report and Financial Statements for the year ended 31 December 2013

### 4 Particulars of employees

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

	2013 No	2012 No
Number of production and ancillary staff	40	39
Number of distribution staff	3	5
Number of administrative staff (including directors)	6	5
	<u>49</u>	<u>49</u>

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

	2013 £	2012 £
Wages and salaries	1,481,188	1,401,269
Social security costs	164,583	148,890
Other pension costs	111,988	61,782
	<u>1,757,759</u>	<u>1,611,941</u>

### 5 Directors

Remuneration in respect of directors was as follows:

	2013 £	2012 £
Emoluments	92,347	53,737
Value of company pension contributions to money purchase schemes	47,810	16,222
	<u>140,157</u>	<u>69,959</u>

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

	2013 No	2012 No
Money purchase schemes	<u>2</u>	<u>1</u>

### 6 Interest receivable

	2013 £	2012 £
Interest receivable from group undertakings	23,256	22,427
Bank interest receivable	95	-
Other interest receivable	29	-
	<u>23,380</u>	<u>22,427</u>

# Xcel Power Systems Limited

## Annual Report and Financial Statements for the year ended 31 December 2013

### 7 Interest payable and similar charges

	2013 £	2012 £
Bank interest payable	917	890
Other interest payable	1,085	1,136
Finance leases and hire purchase agreements	3,023	2,864
	<u>5,025</u>	<u>4,890</u>

### 8 Taxation on ordinary activities

#### (a) Analysis of charge in the year

	2013 £	2012 £
Current tax:		
UK Corporation tax	(11,355)	29,174
Adjustment in respect of prior year	(17,819)	-
Total current tax	<u>(29,174)</u>	29,174
Deferred taxation:		
Origination and reversal of timing differences	50,965	(9,716)
Taxation on profit on ordinary activities	<u>21,791</u>	<u>19,458</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 23.25% (2012: 24.5%). The differences are explained as follows.

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>203,036</u>	<u>477,380</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%).	47,200	116,958
Effects of:		
Expenses not deductible for tax purposes	627	1,623
Differences between capital allowances and depreciation	(33,773)	4,566
Adjustment in respect of prior year	(17,819)	-
Other timing differences	(35,102)	(8,605)
Research and development tax credit	(80,373)	(79,252)
Group relief given / (received)	44,342	(6,116)
Fixed Asset disposal	(1,269)	-
Loss carry back	44,589	-
Effect of tax rate change on loss carry back	2,404	-
Total current tax	<u>(29,174)</u>	<u>29,174</u>

# Xcel Power Systems Limited

## Annual Report and Financial Statements for the year ended 31 December 2013

### 9 Dividends

	2013 £	2012 £
Final of £17,0961 for 2012	170,961	-
Interim of £5.00 (2012: £9.6895) per share	50,000	96,895
	<u>220,961</u>	<u>96,895</u>

### 10 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2013 and 31 December 2013	<u>950,000</u>
Amortisation	
At 1 January 2013 and 31 December 2013	<u>950,000</u>
Net book value	
At 31 December 2013 and 31 December 2012	<u>-</u>

### 11 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Fixtures & fittings £	Motor vehicles £	Office equipment £	Total £
<b>Cost</b>						
At 1 January 2013	85,101	367,903	54,099	67,321	41,145	615,569
Additions	43,311	293,289	-	-	18,858	355,458
Disposals	-	(60,660)	-	(48,845)	-	(109,505)
At 31 December 2013	<u>128,412</u>	<u>600,532</u>	<u>54,099</u>	<u>18,476</u>	<u>60,003</u>	<u>861,522</u>
<b>Depreciation</b>						
At 1 January 2013	79,747	288,016	51,631	30,939	39,132	489,465
Charge for the year	4,676	20,117	1,346	16,829	589	43,557
Disposals	-	(60,660)	-	(30,062)	-	(90,722)
At 31 December 2013	<u>84,423</u>	<u>247,473</u>	<u>52,977</u>	<u>17,706</u>	<u>39,721</u>	<u>442,300</u>
<b>Net book value</b>						
At 31 December 2013	<u>43,989</u>	<u>353,059</u>	<u>1,122</u>	<u>770</u>	<u>20,282</u>	<u>419,222</u>
At 31 December 2012	<u>5,354</u>	<u>79,877</u>	<u>2,468</u>	<u>36,382</u>	<u>2,013</u>	<u>126,104</u>

Included within the net book value of £419,222 is £13,572 (2012: £37,758) relating to plant and machinery assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,163 (2012: £13,151).

# Xcel Power Systems Limited

## Annual Report and Financial Statements for the year ended 31 December 2013

### 12 Stocks

	2013 £	2012 £
Raw materials	690,898	669,442
Work in progress	283,173	430,494
	<u>974,071</u>	<u>1,099,936</u>

### 13 Debtors

	2013 £	2012 £
Trade debtors	1,003,856	868,023
Amounts owed by group undertakings	3,125,000	2,815,000
Other debtors	47,195	152,529
Prepayments and accrued income	96,720	83,588
Amounts recoverable on contracts	162,451	272,428
Deferred tax asset (see note 17)	-	40,567
	<u>4,435,222</u>	<u>4,232,135</u>

Included within trade debtors are £826,434 (2011: £836,881) which have been used as security for bank borrowings.

### 14 Creditors: amounts falling due within one year

	2013 £	2012 £
Bank loans and overdrafts (see note 20)	-	-
Trade creditors	724,477	365,368
Amounts owed to group undertakings	17,764	7,138
Corporation tax	-	24,878
Other taxation and social security	154,068	208,153
Amounts due under finance leases and hire purchase agreements	7,349	17,924
Other creditors	7,496	18,581
Accruals and deferred income	260,707	394,414
Deferred taxation	10,398	-
	<u>1,182,259</u>	<u>1,036,456</u>

Included within bank loans and overdrafts are £nil (2012: £nil) which are secured on specific trade debtors of the company.

### 15 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Amounts due under finance leases and hire purchase agreements:		
payable within 1 to 2 years	643	8,911
Deferred income	123,022	46,993
	<u>123,665</u>	<u>55,904</u>

Amounts payable under finance leases are secured on the assets to which they relate.

# Xcel Power Systems Limited

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### 16 Deferred taxation

	Deferred tax asset / (liability) £
At 1 January 2013	40,567
Charged to profit and loss account	<u>(50,965)</u>
	<u>(10,398)</u>

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

	2013 £	2012 £
Accelerated capital allowances	(21,397)	13,694
Other timing differences	<u>10,999</u>	<u>26,873</u>
	<u>(10,398)</u>	<u>40,567</u>

### 17 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 £6,735 (2012: £7,432).

### 18 Commitments under operating leases

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

	2013		2012	
	Land and buildings £	Other items £	Land and buildings £	Other items £
<b>Operating leases which expire:</b>				
Within 1 year	-	5,045	155,000	7,610
In 1 to 5 years	-	34,293	-	30,583
After 5 years	<u>155,000</u>	-	-	-
	<u>155,000</u>	<u>39,338</u>	<u>155,000</u>	<u>38,193</u>

### 19 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 31 December 2013 the total of the loans and overdrafts guaranteed by the company under this agreement amounted to £268,421 (2012: £22,744).

### 20 Significant Post Balance Sheet event

On 17 February 2014, the company entered into a Finance Lease Agreement with Lombard North Central for the purchase of Machinery delivered at the end of 2013. The capital sum advanced was £248,474. The term of the Agreement is 5 years, and the effective interest rate is 5.02%.

# Xcel Power Systems Limited

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### 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

	2013 £	2012 £
<b>Allotted, called up and fully paid:</b>		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

### 23 Profit and loss account

	2013 £	2012 £
Balance brought forward	4,814,234	4,453,207
Profit for the financial year	181,245	457,922
Dividends	(220,961)	(96,895)
Balance carried forward	<u>4,774,518</u>	<u>4,814,234</u>

### 24 Reconciliation of movements in shareholder's funds

	2013 £	2012 £
Profit for the financial year	181,245	457,922
Dividends	(220,961)	(96,895)
Net additions to shareholder's funds	<u>(39,716)</u>	<u>361,027</u>
Opening shareholder's funds	4,824,234	4,463,207
Closing shareholder's funds	<u>4,784,518</u>	<u>4,824,234</u>

### 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