Portland Lighting Limited

Annual report and financial statements

for the year ended 30 June 2013

Registered number 2826511

Portland Lighting Limited

Annual report and financial statements for the year ended 30 June 2013

Portland Lighting Limited

Directors' report
for the year ended 30 June 2013

The directors present their report and the audited financial statements of the company for the year ended 30 June 2013

Principal activities

The company's principal activity during the year was the manufacture, distribution and sale of specialist lighting equipment

Review of business and future developments

The level of business and the financial position at 30 June 2013 were satisfactory and the directors expect this to continue into the coming year

The most significant uncertainties for the business arise from fluctuations in the macro-economic cycle and the competitive market In particular, the company's revenue and profit could be affected by spending reductions and inflationary pressures Wherever possible the company seeks to minimise these risks by diversification and risk management strategies Competition within the market is strong with evolving technologies, products and pricing The company seeks to minimise these risks by offering innovative solutions and working closely with customers to satisfy their requirements

The key performance indicators for the business are turnover and operating profit The turnover increased by 16% (eighteen months ended 30 June 2012 11 8% increase) and operating profit by 12% (eighteen months ended 30 June 2012 79 5%) on a pro-rata basis The directors monitor non-financial areas of the business relating to energy saving and environmental responsibility, market and product development, customer service and support on a regular basis Objectives are set including financial and non-financial targets and these are monitored by the board

Management reviews prices at least annually to take into account fluctuations in costs in order to minimise the risk of reduction in gross margin, or loss of market share from lack of competitiveness

Financial risk management

The company's operations expose it to a variety of financial risks which include credit risk and liquidity risk The company seeks to minimise and manage these by setting policies and incorporating controls into key functions which are implemented by management as part of the normal business operation

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made The amount of exposure to any individual counterparty is subject to a limit, which is reassessed at least annually by the management of the company Management reviews the debt profile regularly to minimise the impact of bad debt exposure and the risk of slow-payment by customers

The company's cash resources are managed centrally by the parent company in accordance with their treasury policy apart from a small amount of physical cash which is held securely and is subject to agreed internal control procedures The parent company manages the risks associated with cash and deposits

Liquidity risk

The company primarily uses its own resources from operating cash flows to ensure that the company has sufficient funds available for its operations The company has access to intergroup borrowings, if necessary, to fund any one-off liquidity requirements

Portland Lighting Limited

Directors' report for the year ended 30 June 2013(continued)

Results and dividends

The profit for the financial year amounted to £789,000 (eighteen months ended 30 June 2012 £755,000), and was transferred directly to reserves A £500,000 dividend was paid during the financial year (eighteen months ended 30 June 2012 £nil) The directors recommend payment of a dividend of £500,000 (eighteen months ended 30 June 2012 £500,000) for the year

Directors

The directors who held office during the financial year and up to the date of signing the financial statements were

D J Harrison
C Muncaster
D Taylor
A R Truelove

Development activities

The company is committed to development activities in order to maintain its market share in the lighting components market These activities encompass constant development of products to ensure that a leading position in the lighting components market is maintained

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006 The indemnity has been in force since the date of acquisition by F W Thorpe Plc and is currently in force The parent Company, F W Thorpe Plc also purchased and maintained from the date of acquisition Directors' and Officers' liability insurance in respect of itself and its directors

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 prepared 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 year 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

Portland Lighting Limited

Directors' report for the year ended 30 June 2013(continued)

Statement of disclosure of information to auditors

The directors confirm that

a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

b) the directors has 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

Independent auditors

Following the acquisition the board appointed PricewaterhouseCoopers LLP to act as auditors to the company

The auditors have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

On behalf of the Board

C Muncaster
Director

12 December 2013

Independent auditors' report to the members of Portland Lighting Limited

We have audited the financial statements of Portland Lighting Limited for the year ended 30 June 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)

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 3 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 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

Scope of the audit of the financial statements

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 annual report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 30 June 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 matter 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

Independent auditors' report to the members of Portland Lighting Limited (continued)

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

Andrew Hammond (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Birmingham

12 December 2013

Portland Lighting Limited

Profit and loss account for the year ended 30 June 2013

	Note	Year to 30 June 2013 £'000	Eighteen months to 30 June 2012 £'000
Turnover	2	**2,694**	3,487
Cost of sales		**(1,508)**	(1,936)
Gross profit		**1,186**	1,551
Distribution costs		**(151)**	(33)
Administrative expenses		**(293)**	(527)
Operating profit		**742**	991
Interest receivable and similar income	4	**2**	1
Profit on ordinary activities before taxation	2	**744**	992
Income tax expense	5	**45**	(237)
Profit for the financial year	14	**789**	755

All operations in both the current year and prior period relate to continuing operations

There is no difference between the profit as disclosed in the profit and loss account and the profit on a historical cost basis Accordingly a note of historical cost profits and losses is not given

The profit on ordinary activities after taxation is the only recognised gain and loss for both the current and prior period A separate statement of total recognised gains and losses has therefore not been presented

Portland Lighting Limited

Balance sheet as at 30 June 2013

	Note	30 June 2013 £'000	30 June 2012 £'000
Fixed assets			
Tangible assets	7	**44**	64
Current assets			
Stocks	8	**139**	145
Debtors	9	**1,409**	1,130
Cash at bank and in hand		**-**	4
		1,548	1,279
Creditors amounts falling due within one year	10	**(364)**	(400)
Net current assets		**1,184**	879
Total assets less current liabilities		**1,228**	943
Provision for liabilities	11	**-**	(5)
Net assets		**1,228**	938
Capital and reserves			
Called up share capital	12	**-**	-
Capital redemption reserve	13	**-**	-
Profit and loss account	14	**1,228**	938
Total shareholders' funds	15	**1,228**	938

The financial statements on pages 6 to 20 were approved by the board of directors on the date below and were signed on its behalf by

C Muncaster
Director

Registered number 2826511

12 December 2013

Portland Lighting Limited

Notes to the financial statements for the year ended 30 June 2013

1 Principal accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principal accounting policies, which have been applied consistently, are set out below

Turnover recognition

Turnover is recognised upon delivery and acceptance by customers of products in the period Turnover is shown net of value added tax and discounts

Development costs

Development expenditure is recognised as an expense when incurred

Dividend distribution

Dividend distributions to the company's shareholder are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholder

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation Cost includes the original purchase price together with the costs attributable to bringing the asset to its working condition for its intended use

Depreciation is calculated on a straight line basis to write off the cost of assets over their useful lives as shown below

Leasehold improvements	10 years
Plant and machinery	10 years
Office furniture and equipment	3 to 10 years
Motor vehicles	4 to 6 years

Stocks

Stocks are valued at the lower of cost and net realisable value Cost is determined by the first-in first-out (FIFO) method The cost of work in progress and finished goods comprises the cost of raw materials, direct labour and other direct and related production overheads, relating to the normal level of activity

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses Provision is made against the cost of slow moving, obsolete stock lines based on the estimated recoverable amounts

Debtors

Trade debtors are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the period end Bad debts are written off when identified

Portland Lighting Limited

Notes to the financial statements for the year ended 30 June 2013(continued)

1 Principal accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

Leases

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases Payments made under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Rectification costs

The company recognises, as an accrual, the estimated cost to repair or replace products still under warranty at the balance sheet date The accrual is calculated based on past history of the level of repairs and replacements

Pension scheme arrangements

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independent administered fund The pension cost charge disclosed in note 3 represents contributions payable by the company to the fund

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the balance sheet date Exchange differences arising on translation and/or settlement are charged to the profit and loss account where incurred

Cash flow statement

The Company is a wholly owned subsidiary of F W Thorpe Plc, and the cash flows of the Company are included in the consolidated cash flow statement of F W Thorpe Plc Consequently the Company is exempt under the terms of Financial Reporting Standard No 1 (revised 1996) from publishing a cash flow statement

Notes to the financial statements for the year ended 30 June 2013(continued)

2 Turnover and profit on ordinary activities before taxation

Turnover is attributable to the sale of specialist lighting equipment predominantly in the UK

The profit on ordinary activities before taxation is stated after charging

	Year to 30 June 2013 £'000	Eighteen months to 30 June 2012 £'000
Auditors' remuneration for audit services (inclusive of out of pocket expenses)	8	7
Depreciation – owned tangible fixed assets	35	43
Development costs	96	127
Operating lease charges – land and buildings	72	108

3 Directors and employees

	Year to 30 June 2013 £'000	Eighteen months to 30 June 2012 £'000
Staff costs		
Wages and salaries	499	646
Social security costs	54	69
Other pension and related costs	10	12
	563	727

3 Directors and employees (continued)

The monthly average number of directors and employees employed by the company during the financial year is set out below

By activity	2013 Number	2012 Number
Production	9	9
Selling and distribution	1	2
Administration	5	4
	15	15

Directors' emoluments

Remuneration in respect of the directors was payable as follows

	Year to 30 June 2013 £'000	Eighteen months to 30 June 2012 £'000
Aggregate emoluments	151	207

Retirement benefits are accruing to two (eighteen months ended 30 June 2012 two) directors under money purchase arrangements At 30 June 2013 an amount of £1,000 (eighteen months ended 30 June 2012 £4,000) was prepaid in respect of contributions to the money purchase pension scheme

The emoluments of the highest paid director were £76,000 (eighteen months ended 30 June 2012 £103,000) with £3,000 (eighteen months ended 30 June 2012 £3,000) being contributed to a personal pension scheme

The other directors of the company are also directors of FW Thorpe Plc and received emoluments from that company and did not receive any emoluments in respect of their services to the company (eighteen months ended 30 June 2012 n/a) Disclosure of the total emoluments of the directors of FW Thorpe Plc are made in the financial statements of FW Thorpe Plc It is not possible to allocate the emoluments attributable to the company of those directors

Notes to the financial statements for the year ended 30 June 2013 (continued)

4 Interest receivable and similar income

	Year to 30 June 2013	Eighteen months to 30 June 2012
	£'000	£'000
Group interest receivable	2	1

5 Income tax expense

The tax (credit)/charge is based on the profit for the financial period	Year to 30 June 2013	Eighteen months to 30 June 2012
	£'000	£'000
Current tax		
UK Corporation tax on profits for the period	2	237
Adjustments in respect of previous period	(37)	
Total current tax	(35)	237
Deferred tax		
Origination and reversal of timing differences (note 11)	(10)	-
Total deferred tax	(10)	-
Tax on profit on ordinary activities	(45)	237

Portland Lighting Limited

Notes to the financial statements for the year ended 30 June 2013 (continued)

5 Tax on profit on ordinary activities (continued)

The tax assessed for the year is lower (eighteen months ended 30 June 2012 lower) than the standard rate of corporation tax in the UK 23 75% (eighteen months ended 30 June 2012 26%) The differences are explained below

	Year to 30 June 2013 £'000	Eighteen months to 30 June 2012 £'000
Profit on ordinary activities before taxation	**744**	992
Profit on ordinary activities multiplied by standard rate in the UK 23 75% (eighteen months ended 30 June 2012 26%)	**177**	258
Depreciation in excess of accelerated capital allowances	**7**	24
Permanent differences	**(22)**	(12)
Adjustments in respect of previous period	**(37)**	-
Group relief	**(160)**	(33)
Profits taxed at small company rate	**-**	-
Current tax (credit)/charge for the year/period	**(35)**	237

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013 Accordingly, the company's profits for this accounting period are taxed at an effective rate of 23 75%

On 2 July 2013 a new Finance Act was enacted which reduced the main rate of Corporation Tax from 23% to 21% with effect from 1 April 2014 The reduction of the rate to 21% will have an impact on the deferred tax assets and liabilities, although it is neither material nor significant Further changes to the UK Corporation tax system were announced in the Autumn statement 2013 and the March 2013 Budget statement These changes include a further reduction to the main rate to reduce the rate to 20% from 1 April 2015 These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements The overall effect of these further changes are not material to the financial statements

Notes to the financial statements for the year ended 30 June 2013 (continued)

6 Dividends

Dividends paid	Year to 30 June 2013	Eighteen months to 30 June 2012
	£'000	£'000
Dividends paid for the year £1,488 10 per share (eighteen months ended 30 June 2012 £nil per share)	500	-

Dividends proposed	2013	2012
	£'000	£'000
Proposed dividend for the year of £1,488 10 per share (eighteen months ended 30 June 2012 £1,488 10 per share)	500	500

Proposed dividends are not paid or formally approved at the period end and hence have not been recognised within the 2013 balance sheet or reserves

Notes to the financial statements for the year ended 30 June 2013(continued)

7 Tangible fixed assets

	Leasehold improve-ments	Plant and machinery	Office furniture and equipment	Motor vehicles	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 1 July 2012	31	306	47	32	416
Additions	-	-	2	13	15
At 30 June 2013	**31**	**306**	**49**	**45**	**431**
Accumulated depreciation					
At 1 July 2012	29	266	26	31	352
Charge for the period	2	21	9	3	35
At 30 June 2013	**31**	**287**	**35**	**34**	**387**
Net book value					
At 30 June 2013	-	**19**	**14**	**11**	**44**
At 30 June 2012	2	40	21	1	64

Notes to the financial statements for the year ended 30 June 2013(continued)

8 Stocks

	Year to 30 June 2013 £'000	Eighteen months to 30 June 2012 £'000
Raw materials and consumables	109	113
Work in progress	30	32
	139	145

9 Debtors

	Year to 30 June 2013 £'000	Eighteen months to 30 June 2012 £'000
Trade debtors	478	363
Amounts owed by group undertakings	795	738
Corporation tax	119	-
Deferred tax	5	-
Prepayments and accrued income	12	29
	1,409	1,130

Amounts owed by group undertakings are unsecured, interest free and repayable on demand Amounts owed by the parent company in relation to working capital balances generate interest in-line with the group's deposit facilities

Notes to the financial statements for the year ended 30 June 2013(continued)

10 Creditors: amounts falling due within one year

	Year to 30 June 2013 £'000	Eighteen months to 30 June 2012 £'000
Trade creditors	**230**	59
Corporation tax	**-**	238
Other taxation and social security	**91**	70
Other creditors	**14**	16
Accruals and deferred income	**29**	17
	364	400

11 Provision for liabilities

Deferred tax

The deferred tax (asset)/liability relating to accelerated capital allowances is

	Year to 30 June 2013 £'000	Eighteen months to 30 June 2012 £'000
At 1 July 2012	**5**	5
Credited to profit and loss account (note 5)	**(10)**	-
At 30 June 2013	**(5)**	5

Portland Lighting Limited

Notes to the financial statements for the year ended 30 June 2013(continued)

12 Called up share capital

	30 June 2013	30 June 2012
	£	£
Allotted and fully paid		
336 ordinary shares (eighteen months ended 30 June 2012 336) of 20 pence each	**67**	67

13 Capital redemption reserve

	30 June 2013	30 June 2012
	£	£
At 30 June 2013 and 30 June 2012	33	33

14 Profit and loss account

	2013
	£'000
At 1 July 2012	938
Retained profit for the financial period (note 15)	290
At 30 June 2013	**1,228**

Notes to the financial statements for the year ended 30 June 2013 (continued)

15 Reconciliation of movements in shareholders' funds

	30 June 2013	30 June 2012
	£'000	£'000
Profit for the financial year/period	790	755
Dividends	(500)	-
Retained profit for the financial year/period	290	755
Opening shareholders' funds	938	183
Closing shareholders' funds	**1,228**	938

16 Operating leases

	2013	2012
	£'000	£'000
Annual commitments on non-cancellable operating leases, which all relate to land and buildings, expire		
In one to five years	-	-
In more than five years	72	72
	72	72

17 Capital Commitments

There were no commitments for future capital expenditure at 30 June 2013 (eighteen months ended 30 June 2012 nil)

Notes to the financial statements for the year ended 30 June 2013 (continued)

18 Related party transactions and balances

The company is included in the consolidated financial statements of F W Thorpe Plc and the financial statements of the group are publicly available

The company has taken advantage of the exemption allowed by paragraph 3(c) of Financial Reporting Standard No 8, 'Related Party Disclosures' not to disclose transactions and balances with fellow wholly owned group undertakings of FW Thorpe Plc in these financial statements

Expo Floors Limited is a related company because A R Truelove is a director and major shareholder Portland Alloys Limited is a related company because A R Truelove and D J Harrison are directors and major shareholders The transactions and balances at 30 June 2013 are as follows

	Purchases	Sales	Net Recharges	Balance due to Portland at 30 June 2013	Balance due from Portland at 30 June 2013
	£	£	£	£	£
Expo Floors Limited	-	1	2	1	1
Portland Alloys Limited	182	-	17	3	33

Purchases and sales are made on normal trading terms

During the financial period the company occupied premises owned by A R Truelove, S C Crutchley, P Owen and the Standard Life Trustee Company for which rent of £71,784 was paid The rental is comparable to similar units in the local area

19 Ultimate parent undertaking

The directors consider F W Thorpe Plc, a company registered in England and Wales to be the ultimate parent undertaking and controlling party by virtue of its interest in the share capital of the company

Copies of the parent's consolidated financial statements being the smallest and largest financial statements to contain the company's numbers may be obtained from The Secretary, FW Thorpe Plc, Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH