



**AB ELECTRONIC LIMITED**

COMPANY NUMBER 542914

DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2000

# **AB ELECTRONIC LIMITED**

## **REPORT OF THE DIRECTORS**

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The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

### **Results and dividends**

The loss for the year after taxation amounted to £483,000 (1999: £133,000).

The directors do not recommend the payment of a dividend and the loss has therefore been transferred from reserves.

### **Activities**

The principal activity of the company is the design and manufacture of precision potentiometers and proximity switches.

### **Review of the business**

The results for the year are shown in the profit and loss account on page 7.

### **Future developments**

The directors have taken appropriate measures to improve the company's profitability.

### **Directors**

The directors of the company, all of whom served throughout the year except where stated, were:

F H Dietrich  
M A Ennever  
P L Joyce  
N A Rodgers  
H J Zegula  
D L Thomas (resigned 25 August 2000)

None of the directors had any interest in the shares of the company.

# AB ELECTRONIC LIMITED

## REPORT OF THE DIRECTORS

The beneficial interests of each director in the shares and share options of the ultimate parent undertaking are noted below.

	25p ordinary shares			
	31 December 2000		1 January 2000 (or date of appointment)	
	Shares	Options	Shares	Options
F H Dietrich	-	19,556	-	10,704
M A Ennever	5,816	14,514	5,816	8,777
P L Joyce	2,716	16,749	2,716	13,374
N A Rodgers	-	111,647	-	70,471
H J Zegula	-	33,501	-	26,751
	<u>8,532</u>	<u>195,967</u>	<u>8,532</u>	<u>130,077</u>

Share options are exercisable on or after	Number of options
9 November 1997 at 232.000 pence	11,175
15 April 1999 at 319.000 pence	8,300
6 June 1999 at 353.000 pence	15,750
22 April 2000 at 359.000 pence	19,500
24 March 2001 at 300.000 pence	23,486
31 March 2002 at 177.500 pence	40,054
28 March 2003 at 91.500 pence	77,702
	<u>195,967</u>

### Statement of directors' responsibilities for preparing the financial statements

The directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31 December 2000. The directors also confirm that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and that the financial statements have been prepared on the going concern basis.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

**AB ELECTRONIC LIMITED**

**REPORT OF THE DIRECTORS**

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**Auditors**

PricewaterhouseCoopers have expressed their willingness to continue in office and in accordance with Section 385 of the Companies Act 1985 a resolution proposing their re-appointment will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



M G Leigh  
SECRETARY

23 March 2001

Registered office:

Spring Gardens  
Romford  
Essex  
RM7 9LP

## REPORT OF THE AUDITORS TO THE MEMBERS OF

### AB ELECTRONIC LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on pages 5 and 6.

#### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

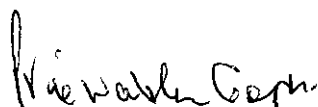
#### Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
**REGISTERED AUDITORS**  
**CHARTERED ACCOUNTANTS**  
**LONDON**

23 March 2001

# **AB ELECTRONIC LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **ACCOUNTING CONVENTION**

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

The company is a wholly owned subsidiary of TT Group PLC and the cash flows of the company are included in the consolidated group cash flow statement of TT Group PLC. Consequently, the company is exempt under the terms of Financial Reporting Standard 1 (Revised 1996) from publishing a cash flow statement.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

### **TURNOVER**

Turnover is the invoice value of goods and services supplied excluding VAT.

### **DEPRECIATION**

Depreciation is calculated to write down the cost less estimated residual value of all tangible assets other than freehold land by equal annual instalments over their expected useful lives. The periods generally applicable are:

Freehold buildings	50 years
Plant, equipment and vehicles	Between 3 years and 10 years on cost according to type of asset

Freehold land is not depreciated.

### **FIXED ASSETS**

Following the implementation of FRS 15 "Tangible Fixed Assets" the Group has adopted a policy of not revaluing fixed assets. The carrying amount of tangible fixed assets previously revalued have been retained at their book amount in accordance with the transitional provisions of FRS 15.

### **STOCKS**

Stocks and work in progress are stated at the lower of cost, including related overheads, and net realisable value.

Long term contracts are valued at cost, including related overheads, less provision for foreseeable losses and after deduction of applicable payments on account.

### **DEFERRED TAXATION**

Deferred taxation is the taxation attributable to timing differences between results computed for taxation purposes and the results as stated in the financial statements. Provision for deferred taxation is made where it is probable that a liability will crystallise at the rates estimated to be effective in the future.

Unprovided deferred taxation is disclosed as a contingent liability. Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

### **FOREIGN CURRENCIES**

Monetary assets and liabilities in foreign currency are translated at the rates ruling at the balance sheet date. Transactions during the year are translated at rates ruling at the time of transactions. Exchange differences which arise from normal trading activities are dealt with through the profit and loss account.

## **AB ELECTRONIC LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **PENSION COSTS**

The company operates a defined benefit scheme.

The pension costs charged against profits are based on an actuarial method and actuarial assumptions designed to provide the anticipated pension costs over the service lives of the employees in the scheme, in a way which seeks to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll in the light of current actuarial assumptions. Variations from regular cost are spread over the remaining service lives of current employees in the scheme.

**AB ELECTRONIC LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2000

	Note	2000 £'000	1999 £'000
Turnover	1	5,978	5,749
Cost of sales		(5,372)	(4,865)
Gross profit		606	884
Distribution costs		(623)	(573)
Administrative expenses		(461)	(370)
<b>Operating loss</b>		<b>(478)</b>	<b>(59)</b>
Net interest	2	(166)	(142)
<b>Loss on ordinary activities before taxation</b>	1	<b>(644)</b>	<b>(201)</b>
Taxation	3	161	68
<b>Loss on ordinary activities after taxation</b>	14	<b>(483)</b>	<b>(133)</b>
Dividends			
Interim of nil p per share (1999: 1.7p)		-	(48)
<b>Loss retained</b>	13	<b>(483)</b>	<b>(181)</b>

The above results all arise from continuing activities.

The company has no recognised gains or losses other than those included in the loss above and therefore no separate statement of total recognised gains and losses has been presented.

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




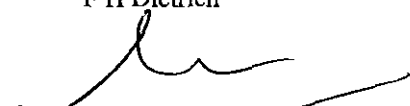
**AB ELECTRONIC LIMITED**

**BALANCE SHEET AT 31 DECEMBER 2000**

	Note	2000 £'000	1999 £'000
<b>Fixed assets</b>			
Tangible assets	5	2,484	2,227
<b>Current assets</b>			
Stocks	6	1,091	1,538
Debtors	7	1,850	1,473
Cash at bank and in hand		54	351
		<b>2,995</b>	<b>3,362</b>
<b>Creditors: amounts falling due within one year</b>	8	<b>(3,622)</b>	<b>(3,233)</b>
<b>Net current liabilities</b>		<b>(627)</b>	<b>129</b>
<b>Total assets less current liabilities</b>		<b>1,857</b>	<b>2,356</b>
<b>Creditors: amounts falling due after more than one year</b>	9	<b>(1,065)</b>	<b>(1,065)</b>
<b>Provisions for liabilities and charges</b>	10	<b>(44)</b>	<b>(60)</b>
		<b>748</b>	<b>1,231</b>
<b>Capital and reserves</b>			
Called up share capital	12	713	713
Profit and loss account	13	35	518
<b>Shareholders' funds</b>	14	<b>748</b>	<b>1,231</b>

The financial statements were approved by the Board of Directors on 23 March 2001.

  
F H Dietrich

  
N A Rodgers

**Directors**

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

# AB ELECTRONIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is derived from the design and manufacture of precision potentiometers and proximity switches as analysed below:

	2000 £'000	1999 £'000
By destination:		
United Kingdom	2,206	2,143
Rest of Europe	2,699	2,293
North America	1,044	1,273
Rest of the World	29	40
	<u>5,978</u>	<u>5,749</u>

The whole of the turnover and loss on ordinary activities before taxation, originated in the United Kingdom.

Operating loss is stated after:

	2000 £'000	1999 £'000
Fees to auditors		
- audit services	12	11
Depreciation		
- tangible fixed assets, owned	617	579
	<u>617</u>	<u>579</u>

### 2 NET INTEREST

	2000 £'000	1999 £'000
Interest payable:		
On bank loans and overdrafts	166	142
	<u>166</u>	<u>142</u>

### 3 TAXATION

	2000 £'000	1999 £'000
UK corporation tax credit at 30% (1999: 30.25%)	(160)	(34)
Deferred taxation	(16)	(49)
Adjustments in respect of prior years - corporation tax	15	15
	<u>(161)</u>	<u>(68)</u>

# AB ELECTRONIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 4 DIRECTORS AND EMPLOYEES

The aggregate emoluments, including directors, for the year were:

	2000 £'000	1999 £'000
Wages and salaries	2,709	2,256
Social security costs	190	168
Other pension costs	115	108
	<u>3,014</u>	<u>2,532</u>

The average number of employees of the company, including directors, during the year was:

	2000 Number	1999 Number
Production	142	144
Sales and distribution	10	9
Administration	6	6
	<u>158</u>	<u>159</u>

Remuneration in respect of directors was:

	£'000	£'000
Emoluments	<u>190</u>	<u>196</u>

During the year 6 directors (1999: 4 directors) participated in defined benefit schemes.

**AB ELECTRONIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2000

**5 TANGIBLE FIXED ASSETS**

	Freehold land and buildings £'000	Plant, equipment and vehicles £'000	Total £'000
<b>Cost</b>			
At 1 January 2000	800	5,810	6,610
Additions	-	908	908
Transfers to group undertakings	-	(42)	(42)
At 31 December 2000	800	6,676	7,476
<b>Depreciation</b>			
At 1 January 2000	108	4,275	4,383
Charge for the year	12	605	617
Transfers to group undertakings	-	(8)	(8)
At 31 December 2000	120	4,872	4,992
Net book amount at 31 December 2000	<b>680</b>	<b>1,804</b>	<b>2,484</b>
Net book amount at 31 December 1999	692	1,535	2,227

The net book amount of freehold land and buildings included £200,000 (1999: £200,000) in respect of land.

**6 STOCKS**

	2000 £'000	1999 £'000
Raw materials and consumables	553	863
Work in progress	189	311
Finished goods	349	364
	<b>1,091</b>	<b>1,538</b>

**AB ELECTRONIC LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2000

**7 DEBTORS**

	2000 £'000	1999 £'000
Amounts falling due within one year:		
Trade debtors	1,398	1,107
Amounts owed by group undertakings	241	215
Other debtors	157	67
Prepayments	54	84
	<u>1,850</u>	<u>1,473</u>
Included in the above are the following amounts, which are due after more than one year:		
Other debtors	<u>145</u>	<u>-</u>

**8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2000 £'000	1999 £'000
Bank loans and overdrafts	2,624	2,545
Trade creditors	718	558
Amounts owed to group undertakings	76	39
Taxation and social security	31	60
Accruals and deferred income	173	31
	<u>3,622</u>	<u>3,233</u>

**9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2000 £'000	1999 £'000
Amounts owed to group undertakings	<u>1,065</u>	<u>1,065</u>

Amounts owed to group undertakings are repayable after more than one year. No interest is payable on this amount.

**AB ELECTRONIC LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2000

**10 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Deferred taxation £'000</b>
At 1 January 2000	60
Profit and loss account	(16)
At 31 December 2000	<u>44</u>

**11 DEFERRED TAXATION**

Deferred taxation is analysed as follows:

	<b>Amount provided</b>		<b>Amount unprovided</b>	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Accelerated capital allowances	46	62	66	64
Other short term timing differences	(2)	(2)	-	-
	<u>44</u>	<u>60</u>	<u>66</u>	<u>64</u>

The amount unprovided represents a contingent liability at 31 December 2000.

**12 SHARE CAPITAL**

	2000 £'000	1999 £'000
Authorised 2,852,500 ordinary shares of 25p each	<u>713</u>	<u>713</u>
Issued and fully paid 2,852,500 ordinary shares of 25p each	<u>713</u>	<u>713</u>

# AB ELECTRONIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

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### 17 CONTINGENT LIABILITIES

There was a cross guarantee between certain companies in the group on all bank overdrafts with the HSBC Bank plc. At 31 December 2000 the amount thus guaranteed by the company was £10,488,000 (1999: £nil).

### 18 PENSION SCHEME

The company participates in a group pension scheme to provide benefits to directors and employees. The scheme is set up under trust and its assets are therefore independent of those of the company.

Pension costs are based on the advice of a qualified actuary and are taken to the profit and loss account over the average working lives of the members. The last actuarial valuation of the scheme was as in April 1997 at which time, using the projected unit cost method, the assets of the scheme showed an actuarial valuation of £42.71m representing 116% of the benefits accrued to the members. The principal assumptions used by the actuary were that the investment returns would be 2% higher than the growth in annual salaries and that pensions in the course of payment could increase by up to 4.25% per annum.

The total contributions charged by the company in respect of the year ended 31 December 2000 were £115,000 (1999: £108,000). The difference between the accumulated charge and payments made to the scheme is dealt with in debtors and creditors as appropriate.

### 19 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption available under FRS 8 and has not disclosed transactions with companies that are part of the TT group of companies.

### 20 CONTROLLING RELATED PARTIES

Crystalate Electronics Limited is the company's controlling related party by virtue of its 100 per cent interest in the company.

The company's ultimate controlling related party and ultimate parent undertaking is TT Group PLC which is registered in England and Wales.

Copies of TT Group PLC financial statements can be obtained from the registered office at Clive House, 12-18 Queens Road, Weybridge, Surrey, KT13 9XB.