

**AB Electronic Products Group
Limited**

Strategic Report, Directors' report and
financial statements

Registered number 299275

For the year ended 31 December 2014

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Strategic report for the year ended 31 December 2014

The directors present their strategic report on the company and financial statements for the year ended 31 December 2014.

Review of the business

The principal activity is that of an intermediate holding company.

Results and performance

The profit for the year after taxation amounted to £11,538,000 (2013: £7,843,000). Details of dividends paid are detailed in note 8 to the financial statements.

Principal Risks and Uncertainties

Interest rate risk

The company finances its operations through a mixture of retained profits, inter-company accounts and bank overdrafts. The company's exposure to interest rate fluctuations is managed on a group basis.

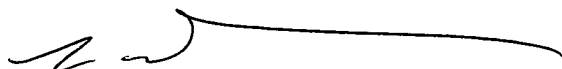
Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts and bank overdraft facilities.

Currency risk

The company is not exposed to currency risk.

By order of the Board



L D Boardman
Secretary
11 March 2015

Registered office:
Clive House
12 - 18 Queens Road
Weybridge
Surrey
KT13 9XB

Directors' report

The directors present their Directors' report and financial statements for the year ended 31 December 2014.

Principal activities

The principal activity is that of an intermediate holding company.

Business review

The profit for the year after taxation, amounted to £11,538,000 (2013: £7,843,000). Details of dividends paid are detailed in note 8 to the financial statements.

Directors

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

T H Roberts
L D Boardman
J Stynes (appointed on 1 July 2014)
M Hoad (appointed 1 January 2015)
S D Dasani (resigned on 31 December 2014)
G Anderson (resigned on 30 June 2014)

The company is a wholly owned subsidiary and the interests of the directors who are also directors of the ultimate parent company are disclosed in the financial statements of TT Electronics plc.

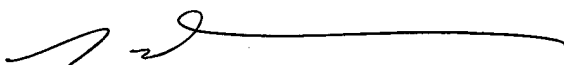
Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



L D Boardman
Secretary
11 March 2015

Registered office:
Clive House
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Statement of directors' responsibilities in respect of the strategic report, the Directors' report and the financial statements

The directors are responsible for preparing The Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of AB Electronic Products Group Limited

We have audited the financial statements of AB Electronic Products Group Limited for the year ended 31 December 2014 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, 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 members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 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.



Anthony Sykes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
11 March 2015

Profit and Loss Account
for the year ended 31 December 2014

£000	Note	2014	2013
Other operating income	2	19	48
Other operating charges	2	(127)	(10)
Reversal/(provision) against bad debt		119	(119)
Provision against fixed asset investments	9	<u>(1,931)</u>	<u>-</u>
Operating Loss		<u>(1,920)</u>	<u>(81)</u>
Income from shares in group undertakings	4	11,390	5,069
Profit on return of capital		28	500
Interest receivable	5	2,040	2,278
Interest payable and similar charges	6	<u>-</u>	<u>(6)</u>
Profit on ordinary activities before taxation		<u>11,538</u>	<u>7,760</u>
Tax on profit on ordinary activities	7	<u>-</u>	<u>83</u>
Profit for the financial year	18	<u>11,538</u>	<u>7,843</u>

All of 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 notes on pages 7 to 12 form part of the financial statements.

Balance Sheet
 at 31 December 2014

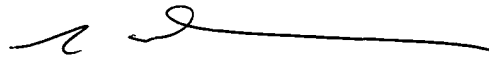
£000	Note	2014	2013
Fixed assets			
Investments	9	260,567	250,300
Current assets			
Debtors	10	12,570	18,439
Cash at bank and in hand		<u>300</u>	<u>397</u>
		12,870	18,836
Creditors: amounts falling due within one year	11	<u>(190,986)</u>	<u>(181,091)</u>
Net current liabilities		<u>(178,116)</u>	<u>(162,255)</u>
Creditors: amounts falling due after more than one year	12	<u>(677)</u>	<u>(6,477)</u>
Net assets		<u>81,774</u>	<u>81,568</u>
Capital and reserves			
Called up share capital	15	16,179	16,179
Share premium account	16	3,675	3,675
Other reserves	17	523	523
Profit and loss account	18	<u>61,397</u>	<u>61,191</u>
Shareholders' funds	19	<u>81,774</u>	<u>81,568</u>

The notes on pages 7 to 12 form part of the financial statements.

These financial statements were approved by the Board of directors on 11 March 2015 and were signed on its behalf by:



M Hoad
 Director



LD Boardman
 Director

Company registered number: 1518303

Notes

(forming part of the financial statements)

1 Basis of preparation

The financial statements have been prepared under the historical cost convention on a going concern basis and in accordance with applicable accounting standards.

The company has net current liabilities. The ultimate parent company, TT Electronics plc, has confirmed to the directors that it will continue to provide financial and other support to the company at least for the next twelve months to enable the company to continue to meet its liabilities as they fall due.

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

Cash flow statement

The company is a wholly owned subsidiary of TT Electronics plc and the cash flows of the company are included in the consolidated group cash flow statement of TT Electronics plc. Consequently, the company is exempt under the terms of FRS 1 'Cash Flow Statements' from publishing a cash flow statement.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using the rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

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

Consolidated financial statements

The company has taken advantage of the exemption permitted by Section 400 of the Companies Act 2006 and not produced consolidated financial statements as it is itself a wholly owned subsidiary.

Investments

Investments are included at cost less amounts written off.

Notes (continued)

2 Other operating income and charges

The auditor's remuneration was borne by the ultimate parent company in the current and prior period.

£000	2014	2013
Other operating income	19	48
Other operating charges	(127)	(10)
	(108)	38

3 Directors and employees

The directors received no emoluments in respect of their services to the company in either period. The company had no employees in either period.

4 Income from shares in group undertakings

£000	2014	2013
Dividends received from group undertakings	11,390	5,069

5 Interest receivable

£000	2014	2013
Interest from group undertakings	2,031	2,263
External interest	9	15
	2,040	2,278

6 Interest payable and similar charges

£000	2014	2013
External interest payable	-	6
	-	6

7 Taxation on ordinary activities

a) Analysis of charge in period

£000	2014	2013
Current Tax:		
UK Corporation tax based on the results for the year at 21.5 % (2013: 23.25%)	-	-
Adjustments in respect of prior periods	-	-
	-	-

Notes (continued)

7 Taxation on ordinary activities (continued)

b) Factors affecting the tax charge for the current period

The tax assessed on the profit on ordinary activities for the year is lower (2013: lower) than the weighted average standard rate of corporation tax in the UK of 21.5 % (2013: 23.25%).

£000	2014	2013
Profit on ordinary activities before tax	11,538	7,760
Current tax at 21.5 % (2013: 23.25%)	2,481	1,804
Effect of:		
Amounts not deductible for tax purposes	816	28
Group relief received for nil payment	(415)	(537)
Dividend income	(2,881)	(1,179)
Adjustments to tax - other	-	(116)
Adjustments to tax charge in respect of previous periods	-	(83)
Total current tax charge	-	(83)

8 Dividends

	2014 pence per share	2014 £'000	2013 pence per share	2013 £'000
Equity dividends				
Paid during the year	17.51	11,332	7.83	5,069
	17.51	11,332	7.83	5,069

9 Investments

Investment in subsidiary undertakings

£000	
<i>Cost</i>	
At 1 January 2014	310,908
Return of capital	(59,461)
Additions	22,550
At 31 December 2014	273,997
<i>Provisions against investments</i>	
At 1 January 2014	60,608
Charged during the year	1,931
Return of capital	(49,109)
At 31 December 2014	13,430
<i>Net book value</i>	
At 31 December 2014	260,567
At 31 December 2013	250,300

In the opinion of the directors the value of investments in subsidiaries is not less than the value at which they are included in the balance sheet.

Notes (continued)

9 Investments (continued)

The directly and wholly owned trading subsidiaries of the company are:

	Country of incorporation and operation	Holding	Proportion held	Nature of business
AB Connectors Limited	England and Wales	Ordinary Shares	100 %	Telecommunication application
ABtest Limited	England and Wales	Ordinary Shares	100 %	Test Services
Midland Electronics Limited	England and Wales	Ordinary Shares	100 %	Intermediate holding company
TT Electronics Holdings GmbH	Federal Republic of Germany	Ordinary Shares	100 %	Intermediate holding company
TT Electronics Technology Limited	England and Wales	Ordinary Shares	100 %	Electronics research
AB Electronics (Suzhou) Co Limited	China	Ordinary Shares	100 %	Automotive Systems
AB Electronic Components Limited	England and Wales	Ordinary Shares	100 %	Property management
Commendshaw Limited	England and Wales	Ordinary Shares	100 %	Vehicle leasing
New Chapel Electronics Limited	England and Wales	Ordinary Shares	100 %	Electronic interconnection equipment
Controls Direct Limited	England and Wales	Ordinary Shares	100 %	Electronic components
Semelab Limited	England and Wales	Ordinary Shares	100 %	Electronic components
TT Asia Holdings Limited	England and Wales	Ordinary Shares	100 %	Intermediate holding company
TT Electronics Integrated Manufacturing Services Limited	England and Wales	Ordinary Shares	100 %	Electronic integrated manufacturing systems
Welwyn Components Limited	England and Wales	Ordinary Shares	100 %	Electronic components and micro circuits

During the period, the company was part of an overall restructuring of entities within the TT Electronics group. As part of this restructuring the company's subsidiaries; Magnet Developments Limited, New Chapel Electronic Holdings Limited, Semelab Holdings, Crystalate Services Limited, Qualfin Limited, EGAD Limited and Welwyn Electronics Holdings returned their capital invested by the Company. A gain of £28,000 was realised on the transactions relating to Magnet Developments Limited, being the difference between the gross consideration received of £28,000 and the carrying value of the related investments of nil. No gain or loss was realised on the transactions relating to the other entities as the gross consideration received was £8,340,000 and the carrying value of the related investments was £8,340,000. Commendshaw Limited returned capital of £2,012,000.

Notes (continued)

10 Debtors

£000	2014	2013
Amounts owed by group undertakings	12,570	18,356
Other debtors	-	83
	12,570	18,439

11 Creditors: amounts falling due within one year

£000	2014	2013
Amounts owed to group undertakings	187,590	180,091
Other Non-Operating Payables	2,396	-
Warranty provision (see note 13)	1,000	1,000
	190,986	181,091

12 Creditors: amounts falling due after more than one year

£000	2014	2013
Amounts owed to group undertakings	677	6,477
	677	6,477

13 Contingent liabilities

There was a cross guarantee between certain companies in the group on all bank overdrafts with Barclays Bank plc. At 31 December 2014, the total borrowings which the company is a cross-guarantor to amounted to £450,500 (2013: £435,800).

The company has given an indemnity for any warranty costs arising from the disposal of the Group's Ottomotores businesses which were disposed of in December 2012.

The company had previously provided a guarantee to AB Elektronik GmbH, an indirectly held subsidiary, for an amount of €4.0 million in relation to a commercial agreement that AB Elektronik GmbH has with a supplier. This guarantee terminated on 31 December 2014.

The company is a cross-guarantor together with certain other companies within the TT Electronics plc Group on the Group's main debt facilities. At 31 December 2014, the total facilities which the company is a cross-guarantor to amounted to £49.6 million (2013: £23.3 million).

14 Related party transactions

The company has taken advantage of the exemption available under FRS 8 and not disclosed transactions with companies that are wholly owned TT Electronics subsidiaries.

15 Share capital

£000	2014	2013
Allotted Called up and fully paid:		
64,714,806 Ordinary shares of £0.25 each	16,179	16,179

Notes (continued)

16 Share premium account

£000	2014	2013
Share Premium	3,675	3,675

17 Other reserves

£000	2014	2013
Capital redemption reserve	523	523

18 Profit and loss account

£000	2014	2013
Balance brought forward	61,191	58,417
Profit for the financial year	11,538	7,843
Equity dividends	(11,332)	(5,069)
Balance carried forward	61,397	61,191

19 Reconciliation of movement in shareholders' funds

£000	2014	2013
Profit for the financial year	11,538	7,843
Equity dividends	(11,332)	(5,069)
Net addition to shareholders' funds	206	2,774
Opening shareholders' funds	81,568	78,794
Closing shareholders' funds	81,774	81,568

20 Ultimate parent company

TT Electronics plc is the company's controlling related party by virtue of its 100 per cent beneficial interest in the company.

The largest and the smallest group in which the results of the company are consolidated is that headed by TT Electronics plc.

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

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