

COMPANIES HOUSE

Grant Thornton 



**CRYSTALATE HOLDINGS
LIMITED**

COMPANY NUMBER 608030

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

31 DECEMBER 2001

CRYSTALATE HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Results and dividends

The profit for the year after taxation was £2,492,000 (2000: £14,727,000).

Dividends amounting to £24,699,000 (2000: £14,000,000) representing 78.2p (2000: 44.3p) per share have been declared and paid in the year leaving a loss of £22,207,000 (2000: profit £727,000) to be transferred from reserves.

Under section 135 (1) of the Companies Act 1985 the company's share capital was reduced by £22,647,000 through cancellation of the share premium account. This amount was transferred to the credit of the profit and loss account reserve. This transaction was approved by the Court and by special resolution of the shareholders.

Activities

The company is an intermediate holding company.

Review of the business

The results for the year are shown in the profit and loss account on page 6.

Future developments

The company is trading profitably and the directors expect to maintain present activity levels.

Directors

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

J W Newman
R W Weaver
P Felbeck
M G Leigh

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

CRYSTALATE HOLDINGS LIMITED

REPORT OF THE DIRECTORS

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

	31 December 2001		25p ordinary shares	
	Shares	Options	Shares	1 January 2001 Options
P Felbeck	-	10,125	-	-
M G Leigh	103,257	59,695	103,257	50,665
	<u>103,257</u>	<u>69,820</u>	<u>103,257</u>	<u>50,665</u>

Share options are exercisable on or after	Number of options
4 April 1998 at 241.000 pence	6,198
6 June 1999 at 353.000 pence	4,700
22 April 2000 at 359.000 pence	4,178
24 March 2001 at 300.000 pence	5,033
31 March 2002 at 177.500 pence	8,873
28 March 2003 at 91.500 pence	17,213
18 April 2004 at 163.000 pence	23,625
	<u>69,820</u>

The beneficial interests of J W Newman and R W Weaver are disclosed in the financial statements of TT electronics plc since they are also directors of that company.

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 2001. 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.

CRYSTALATE HOLDINGS LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton 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

25 March 2002

Registered office:

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CRYSTALATE HOLDINGS LIMITED**

We have audited the financial statements of Crystalate Holdings Limited for the year ended 31 December 2001 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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 Companies Act 1985. 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 with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
SHEFFIELD**

25 March 2002

CRYSTALATE HOLDINGS LIMITED

PRINCIPAL ACCOUNTING POLICIES

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 group has implemented FRS 18 "Accounting Policies".

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 (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.

CONSOLIDATED FINANCIAL STATEMENTS

The company has taken advantage of the exemption permitted by Section 228 of the Companies Act 1985 and not produced consolidated financial statements as it is itself a wholly owned subsidiary.

INVESTMENTS

Investments are included at cost less amounts written off.

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.

FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies are translated at the 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 activities are dealt with through the profit and loss account.

RETIREMENT BENEFITS

The company operates a Defined Benefit Pension 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.

CRYSTALATE HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Administrative expenses		435	875
Operating profit		435	875
Income from shares in group undertakings		2,052	14,000
Net interest	2	160	158
Profit on ordinary activities before taxation	1	2,647	15,033
Taxation	3	(155)	(306)
Profit on ordinary activities after taxation	13	2,492	14,727
Dividends			
Interim of 78.2p per share (2000: 44.3p)		(24,699)	(14,000)
Loss retained	12	(22,207)	727

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.

CRYSTALATE HOLDINGS LIMITED

BALANCE SHEET AT 31 DECEMBER 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Investments	4	15,208	15,208
Current assets			
Debtors	5	867	22,087
Investments	6	3	3
Cash at bank and in hand		2,641	3,762
		3,511	25,852
Creditors: amounts falling due within one year	7	(778)	(887)
Net current assets		2,733	24,965
Total assets less current liabilities		17,941	40,173
Creditors: amounts falling due after more than one year	8	(9,352)	(9,352)
Provisions for liabilities and charges	9	(270)	(295)
		8,319	30,526
Capital and reserves			
Called up share capital	11	1,655	1,655
Share premium account	12	-	22,647
Profit and loss account	12	6,664	6,224
Shareholders' funds	13	8,319	30,526
Comprising			
Equity shareholders' funds		8,244	30,451
Non-equity shareholders' funds		75	75
		8,319	30,526

The financial statements were approved by the Board of Directors on 25 March 2002.

R W Weaver



Directors

M G Leigh



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

CRYSTALATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

1 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Operating profit is stated after:

	2001 £'000	2000 £'000
Group pension scheme surplus released	449	875

2 NET INTEREST

	2001 £'000	2000 £'000
Interest receivable: From group undertakings	(160)	(158)

3 TAXATION

	2001 £'000	2000 £'000
United Kingdom corporation tax charge at 30% (2000: 30%)	210	369
Deferred taxation	(25)	(42)
Adjustments in respect of prior years - corporation tax	(30)	(21)
	155	306

4 FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings

	Shares in group undertakings £'000
Cost At 31 December 2000 and 31 December 2001	15,208

CRYSTALATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

The directly and wholly owned trading subsidiary undertakings of the company are:

Subsidiary undertaking	Nature of business	Class of share capital	Proportion held	Country of incorporation and operation
Crystalate Electronics Limited	Electronic products	Ordinary	100%	England and Wales
Crystalate Services Limited	Holding Company	Ordinary	100%	England and Wales
BI Technologies Limited	Electronic Products	Ordinary	100%	England and Wales

5 DEBTORS

	2001 £'000	2000 £'000
Amounts owed by group undertakings	15	21,018
Other debtors	716	900
Prepayments	136	169
	<u>867</u>	<u>22,087</u>

Included in the above are the following amounts, which are due after more than one year:

Amounts owed by group undertakings	-	21,000
Pensions prepayment	708	892
	<u>708</u>	<u>21,892</u>

6 CURRENT ASSET INVESTMENTS

	2001 £'000	2000 £'000
Overseas listed investments	<u>3</u>	<u>3</u>

CRYSTALATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £'000	2000 £'000
Trade creditors	2	-
Amounts owed to group undertakings	84	84
Corporation tax	565	696
Accruals and deferred income	127	107
	<u>778</u>	<u>887</u>

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £'000	2000 £'000
8 1/4% convertible unsecured loan stock 2003	<u>9,352</u>	<u>9,352</u>

9 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000
At 1 January 2001	295
Profit and loss account	(25)
At 31 December 2001	<u>270</u>

10 DEFERRED TAXATION

Deferred taxation is analysed as follows:

	Amount provided		Amount unprovided	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Other short term timing differences	<u>270</u>	<u>295</u>	-	-

CRYSTALATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

11 SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised		
44,000,000 ordinary shares of 5p each	2,200	2,200
150,000 5.6% non cumulative preference shares of 50p each	75	75
	<u>2,275</u>	<u>2,275</u>
Issued and fully paid:		
31,598,859 ordinary shares of 5p each	1,580	1,580
150,000 5.6% non cumulative preference shares of 50p each	75	75
	<u>1,655</u>	<u>1,655</u>

The 8 1/4% convertible unsecured loan stock 2003 may be converted into ordinary shares at the rate of one ordinary share for every 180p of stock, in the month of February until 2003. If the whole of the stock were to be converted, an additional 5,196,000 ordinary shares would be issued.

12 RESERVES

	Share premium account £'000	Profit and loss account £'000
At 1 January 2001	22,647	6,224
Loss for the year	-	(22,207)
Transfer between share premium and profit and loss	(22,647)	22,647
At 31 December 2001	<u>-</u>	<u>6,664</u>

The share premium account was cancelled and transferred to the profit and loss account reserve following authorisation by the Court and approval at an Extraordinary General Meeting on 19 January 2001.

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £'000	2000 £'000
Profit for the financial year	2,492	14,727
Dividends	(24,699)	(14,000)
Net movement in shareholders' funds	<u>(22,207)</u>	<u>727</u>
Shareholders' funds at 1 January 2001	30,526	29,799
Shareholders' funds at 31 December 2001	<u>8,319</u>	<u>30,526</u>

CRYSTALATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

14 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 2001 the amount thus guaranteed by the company was £2,827,000 (2000: £16,819,000).

15 RETIREMENT BENEFITS

The company operates a defined benefit scheme for both its own employees and employees of certain subsidiary companies. The scheme is set up under trust and its assets are therefore independent of those of the company and the group.

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 in April 2000 at which time, using the projected unit cost method, the assets of the scheme showed an actuarial valuation of £51.5m representing 102% 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 3% per annum.

Transitional FRS17 disclosures for defined benefit schemes

The defined benefit scheme operated by the company is a multi-employer pension scheme. The company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the company has taken advantage of the exemption in FRS17 and accounted for the scheme as if it were a defined contribution scheme.

The most recent valuation of the scheme has been updated by an independent qualified actuary, taking account of the requirements of FRS17 to assess the liabilities of the scheme at 31 December 2001. The market value of the scheme assets at the year end was £56,878,000 and the present value of the scheme liabilities was £60,638,000.

16 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 electronics group of companies.

17 CONTROLLING RELATED PARTIES

TT electronics plc 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 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.