

COMPANIES HOUSE

Crystalate Holdings Limited

Financial statements

For the year ended 31 December 2004

Grant Thornton 



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Company No. 608030

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2004.

Principal activities and business review

The company is an intermediate holding company.

The profit for the year after taxation amounted to £2,951,000 (2003 - £3,478,000).

Future developments

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

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2004	2003
	£000	£000
Dividends paid on ordinary shares	3,302	3,052

Dividends amounting to £3,302,000 (2003 - £3,052,000) representing 8.9p (2003 - 8.3p) per share have been declared and paid in the year leaving a loss of £351,000 (2003 - profit £426,000) to be transferred to reserves.

Directors

The directors who served the company during the year were as follows:

J W Newman
R W Weaver
P Felbeck
M G Leigh

The company is a wholly owned subsidiary of TT electronics plc and the interests of the group directors are disclosed in the financial statements of the parent company.

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

The beneficial interests of each director in the shares of the ultimate parent undertaking are noted below:

	25p ordinary shares			
	31 December 2004		1 January 2004	
	Shares	Options	Shares	Options
M G Leigh	103,257	119,323	103,257	102,703
P Felbeck	—	54,716	—	42,303
	<u>103,257</u>	<u>174,039</u>	<u>103,257</u>	<u>145,006</u>

Share options are exercisable on or after:

	Number of options
4 April 1998 at 241.000p	6,198
6 June 1999 at 353.000p	4,700
22 April 2000 at 359.0900p	4,178
24 March 2001 at 300.000p	5,033
31 March 2002 at 177.500p	8,873
28 March 2003 at 91.500p	17,213
18 April 2004 at 163.000p	23,625
3 April 2005 at 165.000p	24,061
26 March 2006 at 80.000p	51,125
25 May 2007 at 145.000p	29,033
	<u>174,039</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.

No director exercised share options during the year.

Directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. 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 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 proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

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

BY ORDER OF THE BOARD



M G Leigh
Secretary
18 March 2005

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 2004 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The directors' responsibilities for preparing the report of the directors 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 report of the directors 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 report of the directors 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.

Report of the independent auditors to the members of Crystalate Holdings Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

SHEFFIELD
18 March 2005

Principal accounting policies

Accounting convention

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

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.

Investments

Investments are included at cost less amounts written off.

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.

Profit and loss account

	Note	2004 £000	2003 £000
Other operating charges	1	(608)	521
Operating (loss)/profit		(608)	521
Income from shares in group undertakings		3,302	3,052
Interest receivable	3	107	89
Profit on ordinary activities before taxation		2,801	3,662
Tax on profit on ordinary activities	4	150	(184)
Profit on ordinary activities after taxation		2,951	3,478
Dividends	5	(3,302)	(3,052)
(Loss)/retained profit for the financial year	14	(351)	426

All of the activities of the company are classed as continuing.

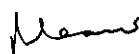
The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2004 £000	2003 £000
Fixed assets			
Investments	6	15,208	15,208
Current assets			
Debtors	7	1,451	1,424
Investments	8	3	3
Cash at bank		2,860	3,288
		4,314	4,715
Creditors: amounts falling due within one year	9	(1,037)	(1,037)
Net current assets		3,277	3,678
Total assets less current liabilities		18,485	18,886
Provisions for liabilities and charges			
Deferred taxation	10	(327)	(377)
		18,158	18,509
Capital and reserves			
Called-up equity share capital	13	1,915	1,915
Share premium account	14	9,092	9,092
Profit and loss account	14	7,151	7,502
Shareholders' funds	15	18,158	18,509

These financial statements were approved by the directors on 18 March 2005 and are signed on their behalf by:

R W Weaver



M G Leigh



Notes to the financial statements

1 Other operating income and charges

	2004 £000	2003 £000
Administrative expenses	<u>608</u>	<u>(521)</u>

2 Directors and employees

No salaries or wages have been paid to employees, including the directors, during the year.

3 Interest receivable

	2004 £000	2003 £000
Interest from group undertakings	<u>107</u>	<u>89</u>

4 Taxation on ordinary activities

(a) Analysis of charge in the year

	2004 £000	2003 £000
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	<u>(100)</u>	<u>58</u>
Total current tax	<u>(100)</u>	<u>58</u>
Deferred tax:		
Origination and reversal of timing differences	<u>(50)</u>	<u>126</u>
Tax on profit on ordinary activities	<u>(150)</u>	<u>184</u>

4 Taxation on ordinary activities (continued)

(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 30% (2003 - 30%).

	2004 £000	2003 £000
Profit on ordinary activities before taxation	<u>2,801</u>	<u>3,662</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2003 - 30%)	840	1,099
Short term timing differences	50	(125)
Dividend income	(990)	(916)
Total current tax (note 4(a))	<u>(100)</u>	<u>58</u>

5 Dividends

	2004 £000	2003 £000
Equity dividends:		
Dividend paid on ordinary shares	<u>3,302</u>	<u>3,052</u>

6 Investments

Investments in subsidiary undertakings

	Shares in group undertakings £000
Cost and net book value At 1 January 2004 and 31 December 2004	<u>15,208</u>

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

	Country of incorporation and operation	Holding	Proportion held	Nature of business
Crystalate Electronics Limited	England and Wales	Ordinary shares	100%	Electronic products
Crystalate Services Limited	England and Wales	Ordinary shares	100%	Holding company
BI Technologies Limited	England and Wales	Ordinary shares	100%	Electronic products

7 Debtors

	2004 £000	2003 £000
Amounts owed by group undertakings	100	16
Corporation tax repayable	41	—
Other debtors (including pension prepayment)	1,157	1,265
Prepayments and accrued income	153	143
	<u>1,451</u>	<u>1,424</u>

The debtors above include the following amounts falling due after more than one year:

	2004 £000	2003 £000
Pensions prepayment	<u>1,150</u>	<u>1,253</u>

8 Investments

	2004 £000	2003 £000
Overseas listed investments	<u>3</u>	<u>3</u>

9 Creditors: amounts falling due within one year

	2004 £000	2003 £000
Amounts owed to group undertakings	795	409
Corporation tax	—	454
Accruals and deferred income	242	174
	<u>1,037</u>	<u>1,037</u>

10 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2004 £000	2003 £000
Provision brought forward	377	251
Profit and loss account movement arising during the year	(50)	126
Provision carried forward	<u>327</u>	<u>377</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2004 £000	2003 £000
Excess of taxation allowances over depreciation on fixed assets	<u>327</u>	<u>377</u>

11 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 2004 the amount thus guaranteed by the company was £9,499,000 (2003: £8,246,000).

12 Related party transactions

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.

13 Share capital

Authorised share capital:

	2004 £000	2003 £000
44,000,000 Ordinary shares of £0.05 each	2,200	2,200
150,000 5.6% non-cumulative preference shares of £0.50 each	<u>75</u>	<u>75</u>
	<u>2,275</u>	<u>2,275</u>

Allotted, called up and fully paid:

	2004 No	£000	2003 No	£000
Ordinary shares of £0.05 each	36,794,567	1,840	36,794,567	1,840
5.6% non-cumulative preference shares of £0.50 each	<u>150,000</u>	<u>75</u>	<u>150,000</u>	<u>75</u>
	<u>36,944,567</u>	<u>1,915</u>	<u>36,944,567</u>	<u>1,915</u>

14 Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2004	9,092	7,502
Loss for the year	—	(351)
At 31 December 2004	<u>9,092</u>	<u>7,151</u>

15 Reconciliation of movements in shareholders' funds

	2004 £000	2003 £000
Profit for the financial year	2,951	3,478
Dividends	(3,302)	(3,052)
	<u>(351)</u>	<u>426</u>
Conversion of 8 ¼% convertible loan stock	—	260
Premium on conversion of 8 ¼% convertible loan stock	—	9,092
	<u>—</u>	<u>9,352</u>
Net (reduction)/addition to shareholders' equity funds	<u>(351)</u>	<u>9,778</u>
Opening shareholders' equity funds	18,509	8,731
Closing shareholders' equity funds	<u>18,158</u>	<u>18,509</u>

16 Pension commitments

The company participates in a defined benefit 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 an independent qualified actuary and are taken to the profit and loss account over the average working lives of the members. The latest actuarial valuation of the scheme was as in April 2003 at which time, using the projected unit cost method, the assets of the scheme showed an actuarial valuation of £45.0m representing 72% of the benefits accrued to members. The principal assumptions used by the actuary were that the investment returns would be 3.9% higher than the growth in annual salaries and that pensions in the course of payment could increase by up to 3.0% per annum.

The total contributions charged by the company in respect of the year ended 31 December 2004 were £608,000 (2003 - £521,000). The difference between the accumulated charge and the payments made to the scheme is dealt with in debtors and creditors as appropriate.

Transitional FRS17 disclosures for defined benefit schemes

The defined benefit scheme participated in 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 to assess the liabilities of the scheme at 31 December 2004.

The market value of the scheme assets at the year end was £58,459,000 and the present value of the scheme liabilities was £77,519,000.

17 Ultimate parent company

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.