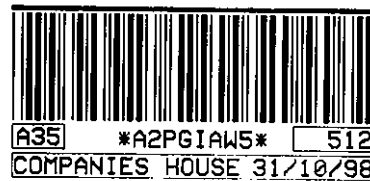


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# Vishay Ltd

## Report and Accounts

31 December 1997



# Vishay Ltd

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Registered No: 886870

## **DIRECTORS**

J J Holmberg  
J W Wheeler  
R Freece  
G W Paul  
P N Jeffreys  
L Bell  
J G Deller

## **SECRETARY**

J J Holmberg

## **AUDITORS**

Ernst & Young  
Norham House  
12 New Bridge Street West  
Newcastle upon Tyne  
NE1 8AD

## **BANKERS**

Barclays Bank Plc  
53 Fawcett Street  
Sunderland  
Tyne & Wear

## **SOLICITORS**

Browne Jacobson  
Aldwych House  
81 Aldwych  
London  
WC2B 3HN

## **REGISTERED OFFICE**

Pallion Industrial Estate  
Sunderland  
Tyne & Wear  
SR4 6SU

## DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1997.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The activities of the company consist of the manufacture and sale of electronic components, predominantly resistors, thermistors and capacitors.

The company operates from four locations. Attleborough near Norwich, Maryport, High Wycombe and Sunderland with the latter being the Head office of the company's business in the United Kingdom.

Whilst the business continued to show satisfactory growth in 1997 the significant increase in turnover (26%) compared to 1996 was in part the result of further consolidation of shipments to customers in the UK and Eire from other Vishay companies around the world through the UK organisation.

The expectation is that the business will continue to develop in line with the market and through increased penetration of the customer base.

Profit for the year showed substantial improvement compared to 1996 due to the increased sales and close control of costs.

### RESULTS AND DIVIDENDS

The profit for the year attributable to shareholders amounts to £1,876,729 (1996: £1,205,456) and is dealt with as shown in the profit and loss account. The directors do not propose the payment of a dividend.

### FIXED ASSETS

The changes in fixed assets during the year are summarised in note 11 to the accounts.

### DIRECTORS

The directors during the year were as follows:

J J Holmberg  
J W Wheeler  
R Freece  
F M Welfare (resigned 30 April 1997)  
G W Paul  
J G Deller  
P N Jeffreys  
L Bell (appointed 2 April 1997)

### DIRECTORS' INTERESTS

According to the register maintained as required under the Companies Act 1985, the director's interest in the share capital of the company was as follows:

	<i>31 December 1997 Ordinary</i>	<i>31 December 1996 Ordinary</i>
J J Holmberg	1	1

### DISABLED EMPLOYEES

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

DIRECTORS' REPORT

**EMPLOYEE INVOLVEMENT**

It is policy to provide employees with information about the Group. Consultative procedures enable management and other employees to discuss matters of mutual interest, including health and safety.

**YEAR 2000 COMPLIANCE**


As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond.

The directors are reviewing systems critical to the Company's ongoing operation and preparation and financial information to establish the impact, if any, that year 2000 will have on the Company. There are plans being developed, which, when implemented, should ensure that the impact of the year 2000 issue will not create significant errors in accounting records or adversely affect operations.

**AUDITORS**

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board

 ASSISTANT SECRETARY

J J Holmberg  
Secretary

14 October 1998

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, 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 accounts; and
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

**REPORT OF THE AUDITORS**  
**to the members of Vishay Ltd**

We have audited the accounts on pages 7 to 17, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

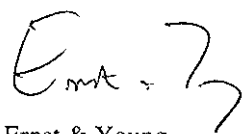
**Basis of opinion**

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Ernst & Young' followed by a stylized flourish.

Ernst & Young  
Registered Auditor  
Newcastle upon Tyne

14 October 1998

# Vishay Ltd

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 1997

	Notes	1997 £000	1996 £000
<b>TURNOVER</b>	2	29,880	23,748
Operating costs	3	(26,553)	(21,453)
		<u>3,327</u>	<u>2,295</u>
Other operating expense	7	(611)	(496)
<b>OPERATING PROFIT</b>	4	<u>2,716</u>	<u>1,799</u>
Interest receivable and similar income	8	49	34
Interest payable and similar charges	9	(6)	(16)
		<u>2,759</u>	<u>1,817</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			
Tax on profit on ordinary activities	10	(882)	(612)
		<u>1,877</u>	<u>1,205</u>
<b>RETAINED PROFIT FOR THE YEAR TRANSFERRED TO RESERVES</b>	25	<u>1,877</u>	<u>1,205</u>
<b>STATEMENT OF MOVEMENTS ON RESERVES</b>			
Balance at 1 January 1997		1,847	578
Retained profit for the year		1,877	1,205
Movement on exchange		(21)	64
		<u>3,703</u>	<u>1,847</u>
Balance at 31 December 1997		<u>3,703</u>	<u>1,847</u>
<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>			
		1997 £000	1996 £000
Profit for the year		1,877	1,205
Movement on exchange arising on Intercompany loan		(21)	64
		<u>1,856</u>	<u>1,269</u>

# Vishay Ltd

## BALANCE SHEET at 31 December 1997

	Notes	1997 £000	1996 £000
<b>FIXED ASSETS</b>			
Tangible assets	11	2,224	2,584
Investments	12	8,021	8,021
		<u>10,245</u>	<u>10,605</u>
<b>CURRENT ASSETS</b>			
Stock	13	7,593	4,973
Debtors (see note below)	14	10,220	9,937
Cash at bank and in hand		1,199	1,149
		<u>19,012</u>	<u>16,059</u>
<b>CREDITORS: amounts falling due within one year</b>			
Obligations under finance leases	15	4	25
Trade and other creditors	16	4,779	3,843
		<u>4,783</u>	<u>3,868</u>
<b>NET CURRENT ASSETS</b>		<u>14,229</u>	<u>12,191</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>24,474</u>	<u>22,796</u>
<b>CREDITORS: amounts falling due after more than one year</b>	17	20,621	20,621
<b>PROVISIONS</b>	18	140	318
		<u>3,713</u>	<u>1,857</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	10	10
Profit and loss account	25	3,703	1,847
Shareholders funds	25	<u>3,713</u>	<u>1,857</u>

Debtors and net current assets include amounts recoverable after more than one year of £4,529,873 (1996: £4,549,874).



J W Wheeler

Director

14 October 1998



## NOTES TO THE ACCOUNTS

at 31 December 1997

### 1. ACCOUNTING POLICIES

#### *Accounting policies*

The accounts are prepared under the historical cost convention.

#### *Group accounts*

The company is exempt from the requirements to prepare group accounts by virtue of Section 228 of the Companies Act 1985.

#### *Leased assets*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

#### *Depreciation*

Depreciation is provided on all tangible fixed assets at rates calculated to write-off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Improvements to leasehold property	-	over 50 years
Plant and machinery	-	over 8 to 10 years
Fixtures and fittings	-	over 5 to 7 years
Tools and equipment	-	over 3 years
Computer	-	over 4 years
Motor vehicles	-	over 3 years

#### *Stocks and work in progress*

Stocks are stated at the lower of cost and net realisable value as follows:

Raw materials and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### *Deferred taxation*

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that taxation will be payable.

#### *Foreign currencies*

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

#### *Government grants*

Government grants on capital expenditure are credited to a deferred income account and are released over the expected useful lives of the assets.

## NOTES TO THE ACCOUNTS

at 31 December 1997

## 1. ACCOUNTING POLICIES (continued)

*Pension costs*

The company operates two pension schemes. A defined contribution pension scheme is operated for certain employees of the Vitramon division of the company. Contributions are charged in the profit and loss account as they become payable.

The company also operates a defined benefit pension scheme. Contributions to the fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuation, are amortised over the expected remaining working lives of the employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

## 2. TURNOVER

Turnover comprises the invoice value of goods and services supplied by the company exclusive of VAT. All turnover arises in respect of the company's principal activity.

A geographical analysis of turnover is as follows:

	1997 £000	1996 £000
United Kingdom	23,400	16,754
Europe	5,798	4,977
Rest of World	682	2,017
	<u>29,880</u>	<u>23,748</u>

## 3. OPERATING COSTS

	1997 £000	1996 £000
Increase in stocks	(2,619)	(1,130)
Raw materials and consumables	22,086	14,340
Staff costs:		
- Wages and salaries	3,905	4,060
- Social security costs	323	367
- Pensions	215	213
Depreciation and other amounts written off tangible and intangible fixed assets (including depreciation of assets held under finance leases £19,884 (1996: £40,643))	616	699
Other operating charges	2,027	2,904
	<u>26,553</u>	<u>21,453</u>

## NOTES TO THE ACCOUNTS

at 31 December 1997

## 4. OPERATING PROFIT

Operating profit is stated after charging:

	1997 £000	1996 £000
Leasehold property rent	129	138
Auditors' remuneration	21	22
Hire of plant and machinery - rentals payable under operating leases	107	111

Non audit fees paid to Ernst &amp; Young amounted to £15,000 (1996: £10,000).

## 5. EMOLUMENTS OF DIRECTORS

	Highest paid director			All directors
	1997 £000	1996 £000	1997 £000	1996 £000
Directors' fees and remuneration	81	76	257	235
Company contributions paid to money purchase pension schemes	Nil	Nil	12	11

No director has any shares or share options in the company (1996: Nil).

At 31 December 1997 two directors were eligible for defined benefit pension schemes (1996: two directors).

The accrued pension benefit payable to the highest paid director is £25,339. This is based upon the director not receiving a lump sum on retirement. Accrued pension benefits can be converted into a lump sum payment, which would reduce the accrued benefit stated above.

## 6. STAFF NUMBERS

The average number of persons employed by the company during the year, including directors was as follows:

	1997 No.	1996 No.
Factory	224	262
Selling	54	51
Administration	18	18
	296	331

# Vishay Ltd

## NOTES TO THE ACCOUNTS at 31 December 1997

### 7. OTHER OPERATING (EXPENSES)/INCOME

	1997 £000	1996 £000
Royalty expense	(768)	(527)
Sale of fixed assets	-	(4)
Commission receivable	153	371
Reorganisation costs	-	(195)
Exchange differences	46	(92)
Miscellaneous	-	114
Commission payable	(42)	(163)
	<u>(611)</u>	<u>(496)</u>

### 8. INTEREST RECEIVABLE AND SIMILAR INCOME

	1997 £000	1996 £000
Bank interest	49	34
	<u>49</u>	<u>34</u>

### 9. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £000	1996 £000
Bank interest	5	11
Interest payable in respect of finance leases	1	5
	<u>6</u>	<u>16</u>

### 10. TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge/(credit) based on the profit for the year:

	1997 £000	1996 £000
Corporation tax at 31.5% (1996: 33%)	852	583
Adjustment in respect of prior year	4	36
Transfer to/(from) deferred taxation	26	(7)
	<u>882</u>	<u>612</u>

# Vishay Ltd

## NOTES TO THE ACCOUNTS at 31 December 1997

### 11. TANGIBLE FIXED ASSETS

	<i>Land and buildings £000</i>	<i>Plant, machinery &amp; equipment £000</i>	<i>Total £000</i>
Cost:			
At 1 January 1997	1,345	7,479	8,824
Additions	-	256	256
Disposals	-	(80)	(80)
At 31 December 1997	1,345	7,655	9,000
Depreciation:			
At 1 January 1997	585	5,655	6,240
Charge for year	40	576	616
Disposals	-	(80)	(80)
At 31 December 1997	625	6,151	6,776
Net book amount at 31 December 1997	720	1,504	2,224
Net book amount at 31 December 1996	760	1,824	2,584

Included in tangible fixed assets are assets held under finance leases with net book value of £9,587 (1996: £29,471).

### 12. INVESTMENTS

£000

Cost at 1 January 1996 and 31 December 1997	8,021
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The company has a 100% interest in the following Companies:

<i>Name of company</i>	<i>Country of registration</i>	<i>Nature of business</i>
ACI Components Ltd	England	Dormant
Gro Con Inc	USA	Investment company
Grued Inc	USA	Investment company
Heavy barter	England	Dormant

NOTES TO THE ACCOUNTS  
at 31 December 1997

13. STOCKS

	1997 £000	1996 £000
Raw materials and consumables	1,304	1,126
Work in progress	596	574
Finished goods and goods for resale	5,693	3,273
	<u>7,593</u>	<u>4,973</u>

The replacement cost of stock is not materially different from the balance sheet values.

14. DEBTORS

	1997 £000	1996 £000
Trade debtors	5,330	4,750
Prepayments and accrued income	244	619
Group company balances	4,646	4,568
	<u>10,220</u>	<u>9,937</u>

Included in group company balances are amounts totalling £4,529,873 which are due after more than one year (1996: £4,549,874).

15. OBLIGATIONS UNDER FINANCE LEASES

Finance leases and hire purchase contracts are analysed as follows:

	1997 £000	1996 £000
Current obligations	4	25
Non-current obligations	3	3
	<u>7</u>	<u>28</u>

16. TRADE AND OTHER CREDITORS

	1997 £000	1996 £000
Trade creditors	738	607
Other taxation and Social Security costs	116	122
Accruals and deferred income	540	794
Amounts owed to group companies	2,543	1,737
Corporation tax	842	583
	<u>4,779</u>	<u>3,843</u>

NOTES TO THE ACCOUNTS  
at 31 December 1997

## 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £000	1996 £000
Finance lease commitments	3	3
Amounts owed to group companies	18,617	18,617
Amounts owed to holding company	2,001	2,001
	<u>20,621</u>	<u>20,621</u>

## 18. PROVISIONS

	1997 £000	1996 £000
Provision for reorganisation and restructuring	114	318
Deferred taxation	26	-
	<u>140</u>	<u>318</u>

## 19. DEFERRED TAXATION

	1997 £000	1996 £000
At 1 January 1997	-	(82)
Transfer from group company	-	90
Release for the year	-	(8)
Provided in year	26	-
At 31 December 1997	<u>26</u>	<u>-</u>

Full provision for deferred taxation has been made in these accounts as follows:

	1997 £000	1996 £000
Accelerated capital allowances	52	92
Short term timing differences	(26)	(92)
	<u>26</u>	<u>-</u>

## 20. CALLED UP SHARE CAPITAL

	1997 No.	Allotted 1996 No.	Authorised, issued and fully paid 1997 £000	1996 £000
Ordinary 'A' shares of 5p each	100,000	100,000	5	5
Ordinary 'B' shares of 5p each	100,000	100,000	5	5
	<u>200,000</u>	<u>200,000</u>	<u>10</u>	<u>10</u>

## NOTES TO THE ACCOUNTS

at 31 December 1997

**21. FINANCIAL COMMITMENTS**

a) At 31 December 1997 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>1997</i>	<i>Other</i>
	<i>1997</i>	<i>1996</i>		
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Leases expiring:				
Within one year	76	-	26	20
Within two to five years	17	3	48	71
Over five years	30	151	-	-
	<u>123</u>	<u>154</u>	<u>74</u>	<u>91</u>

b) Capital commitments

	<i>1997</i>	<i>1996</i>
	<i>£000</i>	<i>£000</i>
Contracted	134	26
Authorised by the directors but not contracted	110	Nil

**22. COMMITMENTS TO PENSION FUND**

The company operates a defined benefit pension scheme and a defined contribution pension scheme, both of which are funded by payment of contributions to separately administered funds. The contributions to the defined benefit scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method of funding. The most recent valuation was carried out as at 6 April 1995. The valuation showed the market value of the assets to be £1,116,476. The level of funding after allowing for future salary increases is 108 percent. The principal assumptions used were that investment returns would be 8.5% per annum and that salaries would increase by 6.5% per annum. The surplus is being used to reduce contributions from 14.1% to 13.8% for 21 years. The contribution rate would be 13.6% if the surplus were spread over the average remaining service life of the employees.

**23. CONTINGENT LIABILITIES**

There were no outstanding contingent liabilities at the year end (1996: £Nil).

**24. ULTIMATE HOLDING COMPANY**

In the opinion of the directors the company's ultimate holding company is Vishay Intertechnology Inc which is a company incorporated in the United States of America. The company's immediate holding company is E-Sil Components Limited, a company incorporated in England and Wales, Registered Number 2177694.



# Vishay Ltd

## NOTES TO THE ACCOUNTS at 31 December 1997

### 25. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i> £000	<i>Profit and loss account</i> £000	<i>Total Shareholders funds</i> £000
At 1 January 1996	10	578	588
Profit for the year	-	1,205	1,205
Movement on exchange	-	64	64
At 31 December 1996	10	1,847	1,857
Profit for the year	-	1,877	1,877
Movement on exchange	-	(21)	(21)
At 31 December 1997	10	3,703	3,713