Huber + Suhner (UK) Limited

Report and Accounts

31 December 2000

Company Registration No. 902205

HUBER AND SUHNER (UK) LIMITED

Report and Financial Statements

31 December 2000

Deloitte & Touche
Verulam Point
Station Way
St Albans AL1 5HE
United Kingdom

Registered No. 902205

DIRECTORS

M Cappis	Chairman (Swiss)
P Harris	Managing Director
P N Taylor	

SECRETARY

C Bygrave

AUDITORS

Deloitte & Touche
Verulam Point
Station Way
St Albans
Hertfordshire
AL1 5HE

BANKERS

Lloyds Bank Plc
56 High Street
Marlow
Buckinghamshire
SL7 1AJ

SOLICITORS

Bristows Coke & Carpmael
10 Lincoln's Inn Fields
London

REGISTERED OFFICE

Telford Road
Bicester
Oxfordshire
OX6 0LA

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 2000.

RESULTS AND DIVIDENDS
The profit for the year, after taxation, amounted to £2,200,000 (1999 - £1,648,000). The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS
The company's principal activity during the year continued to be that of importing, manufacturing and selling of components and accessories for the electronics and telecommunications industry. Total turnover in the year increased by 23% reflecting expansion in the business. The rate of growth in the UK sales has slowed down to 15.6% (1999:25.9%), however the growth in the export sales has increased significantly to 27.6% (1999:11%). Further profitable growth for 2001 is anticipated as the company continues to increase its manufacturing facilities as well as continuing to diversify out into different markets.

DIRECTORS AND THEIR INTERESTS
The directors, all of whom served throughout the year, are as follows:

M Cappis
P Harris
P N Taylor

There are no interests of directors requiring disclosure under the Companies Act 1985.

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 company'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.

EMPLOYEE INVOLVEMENT
During the year, the policy of providing employees with information about the company has been continued through the newsletter "Teamtalk" in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

AUDITORS
A resolution to re-appoint Deloitte & Touche as auditors will be put to the members at the Annual General Meeting.

By order of the Board.

Secretary

15 March 2001

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, 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.

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Deloitte & Touche

HUBER + SUHNER (UK)LIMITED
AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 15 which have been prepared under the accounting policies set out on pages 8 & 9.

Respective responsibilities of directors and auditors
As described on page 4, the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors

25-4-01

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2000

	Notes	2000 £000	1999 £000
TURNOVER – continuing activities	2	56,896	46,038
Cost of sales		45,939	37,178
GROSS PROFIT		10,957	8,860
Distribution costs		744	537
Administrative expenses		6,324	5,424
		7,068	5,961
OPERATING PROFIT – continuing activities	3	3,889	2,899
Interest receivable		(5)	-
Interest payable	6	587	451
		582	451
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,307	2,448
Tax on profit on ordinary activities	7	1,107	800
RETAINED PROFIT FOR THE FINANCIAL YEAR		2,200	1,648
Retained profit brought forward		6,236	4,588
RETAINED PROFIT CARRIED FORWARD		8,436	6,236

There are no recognised gains or losses other than the profit for the year.
Accordingly no Statement of Total Recognised Gains and Losses has been prepared.

BALANCE SHEET
at 31 December 2000

	Notes	*2000* *£000*	*1999* *£000*
FIXED ASSETS			
Tangible assets	*8*	8,505	8,162
CURRENT ASSETS			
Stocks	*9*	9,937	7,518
Debtors	*10*	11,594	9,258
		21,531	16,776
CREDITORS: amounts falling due within one year	*11*	12,286	13,842
NET CURRENT ASSETS		9,245	2.934
TOTAL ASSETS LESS CURRENT LIABILITIES		17,750	11,096
CREDITORS: amounts falling due after more than one year	*12*	5,192	620
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	*15*	122	240
		12,436	10,236
CAPITAL AND RESERVES			
Called up share capital	*16*	4,000	4,000
Profit and loss account	*17*	8,436	6,236
EQUITY SHAREHOLDERS' FUNDS		12,436	10,236

These accounts were approved on behalf of the Board on
And signed by

P Harris
Director 15 March 2001

NOTES TO THE ACCOUNTS
at 31 December 2000

1 ACCOUNTING POLICIES

Accounting convention
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation
Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Land	-	Nil
Freehold buildings	-	2%
Plant and equipment	-	10% - 20%
Motor vehicles	-	25%

Stocks
Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to it's present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on 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 expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that tax will be payable.

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

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

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments
Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, 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 the capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

NOTES TO THE ACCOUNTS
at 31 December 2000

ACCOUNTING POLICIES (continued)

Pensions
The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Cashflow statement
The company has taken advantage of the exemption not to prepare a cashflow statement under FRS1 (Revised).

2 TURNOVER

Turnover, which is stated net of Value Added Tax, represents amounts invoiced to third parties.

The turnover and pre-tax profits are attributable to one continuing activity, the importing, manufacturing and selling of components and accessories for the electronics and telecommunications industry.

An analysis of turnover by destination is as follows:

	2000 *£000*	*1999* *£000*
United Kingdom	40,341	34,060
Switzerland	10,535	9,317
Rest of the world	6,020	2,661
	56,896	46,038

3 OPERATING PROFIT

	2000 *£000*	*1999* *£000*
This is stated after charging / (crediting):		
Auditors' remuneration - audit services	26	25
- non audit services	18	18
Depreciation of owned tangible fixed assets	1420	1,283
Depreciation of fixed assets held under finance leases	241	230
Exchange gain	(100)	(4)
Operating lease rentals -		
Land and buildings	50	101

NOTES TO THE ACCOUNTS
at 31 December 2000

4 DIRECTORS' EMOLUMENTS

	2000 *£000*	*1999* *£000*
Emoluments	177	167
Pension contributions in respect of one director (1999 : 1)	12	12
	189	179

5 STAFF COSTS

	2000 *£000*	*1999* *£000*
Wages and salaries	10,153	7,893
Social security costs	916	741
Other pension costs	227	198
	11,296	8,832

The average monthly number of employees during the year was as follows:

	2000 *No.*	*1999* *No.*
Manufacturing	489	293
Office and management	125	173
	614	466

6 INTEREST PAYABLE

	2000 *£000*	*1999* *£000*
Bank loans and overdraft	316	190
Interest charged by parent company	245	236
Finance charges payable under finance leases	26	25
	587	451

NOTES TO THE ACCOUNTS
at 31 December 2000

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 *£000*	*1999* *£000*
Based on the profit for the year:		
Corporation tax at 33.5% (1999:32.7%)	1,204	921
Corporation tax under provided in respect of prior year	21	18
Deferred taxation	(118)	(139)
	1107	800

8 TANGIBLE FIXED ASSETS

	Land *£000*	*Freehold buildings* *£000*	*Plant and equipment* *£000*	*Motor vehicles* *£000*	*Total* *£000*
Cost:					
At 1 January 2000	398	4,788	6,989	1,031	13,206
Additions	-	687	1,298	23	2,008
Disposals	-	-	(2)	(41)	(43)
At 31 December 2000	398	5,475	8,285	1,013	15,171
Depreciation:					
At 1 January 2000	-	461	4,154	429	5,044
Provided during the year	-	103	1,317	241	1,661
Disposals	-	-	(2)	(37)	(39)
At 31 December 2000	-	564	5,469	633	6,666
Net book value:					
At 31 December 2000	398	4,911	2,816	380	8,505
At 31 December 1999	398	4,327	2,835	602	8,162

At 31 December 2000 motor vehicles with a net book value of £380,000 (1999 : £602,000) were held under finance leases.

9 STOCKS

	2000 *£000*	*1999* *£000*
Raw materials and work in progress	5,384	3,045
Finished goods	4,553	4,473
	9,937	7,518

NOTES TO THE ACCOUNTS
at 31 December 2000

10 DEBTORS

	2000 *£000*	*1999* *£000*
Trade debtors	8,532	7,996
Amounts owed by parent and fellow subsidiary undertakings	2,673	903
Other debtors	12	24
Prepayments and accrued income	377	335
	11,594	9,258

11 CREDITORS: amounts falling due within one year

	2000 *£000*	*1999* *£000*
Bank overdraft	4,602	2,150
Current instalments due on bank loans (note 13)	1,078	1,347
Obligations under finance leases and hire purchase contracts (note 14)	166	207
Trade creditors	1,479	1,044
Amounts owed to parent and fellow subsidiary undertakings	2,432	2,786
Loan from parent company falling due within one year	-	3,500
Current corporation tax	1017	824
Other taxes and social security costs	291	275
Other creditors	8	317
Accruals	1,213	1,392
	12,286	13,842

The bank overdraft is secured by a legal charge over the freehold factory and land and buildings.

12 CREDITORS: amounts falling due after more than one year

	2000 *£000*	*1999* *£000*
Bank loans (note 13)	1,641	410
Obligations under finance leases and hire purchase contracts (note 14)	51	210
Amounts owed to parent and fellow subsidiary undertakings	3,500	-
	5,192	620

NOTES TO THE ACCOUNTS
at 31 December 2000

13 LOANS

	2000 *£000*	*1999* *£000*
Bank loans not wholly repayable within five years	1,381	505
Other loans wholly repayable within five years	1,338	1,252
	2,719	1,757

Amounts repayable by instalments:

Within one year	1,078	1347
Within one and two years	156	96
Within two to five years	404	288
In more than five years	1081	26
	2,719	1,757

The bank loan is secured by a legal charge over the freehold factory and land and buildings. The loan is repayable by monthly instalments and carries interest at 1.0% above Lloyds Bank Plc base rate.

14 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	2000 *£000*	*1999* *£000*
Amounts payable:		
Within one year	185	233
Within one and two years	61	181
Within two to five years	1	57
	247	471
Less: finance charges allocated to future periods	30	54
	217	417

Finance leases and hire purchase contracts are analysed as follows:

	1999 *£000*	*1998* *£000*
Current obligations	166	207
Non-current obligations	51	210
	217	417

NOTES TO THE ACCOUNTS
at 31 December 2000

15 DEFERRED TAXATION

Deferred taxation has been fully provided for as follows:

	2000 *£000*	*1999* *£000*
Capital allowances in advance of depreciation	122	240

16 SHARE CAPITAL

	Authorised		*Allotted, called up and fully paid*	
	2000 *No. (000)*	*1999* *No. (000)*	*2000* *£000*	*1999* *£000*
4,000,000 Ordinary shares of £1 each	4,000	4,000	4,000	4,000

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital *£000*	*Profit & loss* *£000*	*Total* *£000*
Balance at 31 December 1998	4,000	4,588	8,588
Profit for the year	-	1,648	1,648
Balance at 31 December 1999	4,000	6,236	10,236
Profit for the year	-	2,200	2,200
Balance at 31 December 2000	4,000	8,436	12,436

18 CAPITAL COMMITMENTS

	2000 *£000*	*1999* *£000*
Contracted	721	-

NOTES TO THE ACCOUNTS
at 31 December 2000

19 OTHER FINANCIAL COMMITMENTS

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings	
	2000	*1999*
	£000	*£000*
Operating leases which expire:		
Within two to five years	50	76
Within more than five years	-	50

20 PENSION COMMITMENTS

The company operates a defined contribution pension scheme for its employees.
The assets of the scheme are held separately from those of the company in an independently administered fund.

	2000	*1999*
	£000	*£000*
Premiums paid to this scheme amounted to	227	198

21 RELATED PARTY TRANSACTIONS

In accordance with the exemption permitted by FRS8, the company does not report details of transactions with other group companies.

22 PARENT UNDERTAKING

The parent undertaking and controlling entity of the group of undertakings for which group accounts are drawn up and of which the company is a member is Huber + Suhner AG, a company incorporated in Switzerland. Copies of Huber + Suhner AG's accounts can be obtained from CH.9100 Herisau, Switzerland.