

[REDACTED]

NORTH DEVON ELECTRONICS LIMITED
ABBREVIATED FINANCIAL STATEMENTS
31 MARCH 1999

[REDACTED]

COMPANY REGISTRATION NUMBER 1109299



NORTH DEVON ELECTRONICS LIMITED

ABBREVIATED FINANCIAL STATEMENTS

Year ended 31 March 1999

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NORTH DEVON ELECTRONICS LIMITED

ABBREVIATED FINANCIAL STATEMENTS

Year ended 31 March 1999

The Board of Directors

E G Cawthorne
M D Cawthorne
R R Cawthorne
R E Gordon
D J D Pugsley

Company Secretary

E G Cawthorne

Registered Office

Vellator Industrial Estate
BRAUNTON
Devon

Auditors

Glover Stanbury & Co
Chartered Accountants
& Registered Auditors
30 Bear Street
BARNSTAPLE
Devon
EX32 7DD

Bankers

HSBC plc
10 High Street
BARNSTAPLE
Devon
EX31 1BQ

Solicitors

Slee Blackwell
10 Cross Street
BARNSTAPLE
Devon

Glover Stanbury Co

CHARTERED ACCOUNTANTS

BARNSTAPLE

30 Bear Street
Barnstaple
Devon
EX32 7DD

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PARTNERS

M.J. Chance
S.D. Pearce
B.C. Ross
K.N. Salter

CONSULTANT

H.M.J. Glover



INVESTOR IN PEOPLE



Registered to carry on audit
work and authorised to carry
on investment business by
the Institute of Chartered

NORTH DEVON ELECTRONICS LIMITED

AUDITORS' REPORT TO THE COMPANY PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 15, together with the financial statements of the company for the year ended 31 March 1999 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 15 are properly prepared in accordance with those provisions.

30 Bear Street
BARNSTAPLE
Devon
EX32 7DD

15 November 1999

S. H. Stanbury & Co
GLOVER STANBURY & CO
Chartered Accountants
& Registered Auditors

NORTH DEVON ELECTRONICS LIMITED

THE DIRECTORS' REPORT

Year ended 31 March 1999

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company in the year under review was the manufacture and design of electronic components, windings and coils.

There were no significant changes in the operation of the company's business during the year.

In the opinion of the directors, the company was in a satisfactory position at the year end.

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:

	1999 £	1998 £
Dividends paid on ordinary shares	<u>327,761</u>	<u>118,574</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE PARENT COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the parent company were as follows:

	At 31 March 1999	in the parent company At 1 April 1998
E G Cawthorne	1	1
M D Cawthorne	1	1
R R Cawthorne	1	1
R E Gordon	-	-
D J D Pugsley	<u>1</u>	<u>1</u>

The ultimate holding company is N D Thornley Limited. Any holding of shares in North Devon Electronics Limited is held by the directors as nominees.

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 in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. A risk analysis has been performed to determine the impact of such issues on all of the company's activities. From this prioritised plans have been developed to address the key risks in advance of critical dates and to minimise disruption to the underlying business. These plans will include a requirement for the testing of systems changes, involving the participation of users.

Given the complexity of the problem it is not possible for any organisation to guarantee that no Year 2000 problems will remain because at least some level of failure may still occur. However the Directors believe that the company will achieve an acceptable state of readiness and has provided resources to deal promptly with any failures or issues that might arise.

NORTH DEVON ELECTRONICS LIMITED

THE DIRECTORS' REPORT *(continued)*

Year ended 31 March 1999

DIRECTORS' RESPONSIBILITIES

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, as described on page 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

AUDITORS

A resolution to re-appoint Glover Stanbury & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Vellator Industrial Estate
BRAUNTON
Devon

Signed by order of the directors



E G CAWTHORNE
Company Secretary

Approved by the directors on 14 November 1999

NORTH DEVON ELECTRONICS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 1999

	Note	1999 £	1998 £
GROSS PROFIT		1,453,042	1,474,917
Distribution costs		77,205	73,393
Administrative expenses		820,660	731,632
OPERATING PROFIT	2	555,177	669,892
Interest receivable	5	21,492	13,438
Interest payable	6	(13,886)	(14,165)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		562,783	669,165
Tax on profit on ordinary activities	7	87,777	161,069
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		475,006	508,096
Dividends	8	327,761	118,574
RETAINED PROFIT FOR THE FINANCIAL YEAR		147,245	389,522
Balance brought forward		1,078,301	688,779
Balance carried forward		1,225,546	1,078,301

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

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

The notes on pages 9 to 15 form part of these financial statements.

NORTH DEVON ELECTRONICS LIMITED

ABBREVIATED BALANCE SHEET 31 March 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Intangible assets	9	551	551
Tangible assets	10	352,191	357,724
		<u>352,742</u>	<u>358,275</u>
CURRENT ASSETS			
Stocks	11	329,759	279,321
Debtors	12	569,360	638,461
Cash at bank and in hand		494,345	439,595
		<u>1,393,464</u>	<u>1,357,377</u>
CREDITORS: Amounts falling due within one year	13	(462,182)	(564,474)
NET CURRENT ASSETS		<u>931,282</u>	<u>792,903</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,284,024</u>	<u>1,151,178</u>
CREDITORS: Amounts falling due after more than one year	14	-	(1,661)
		<u>1,284,024</u>	<u>1,149,517</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	15	(27,866)	(40,604)
		<u>1,256,158</u>	<u>1,108,913</u>
CAPITAL AND RESERVES			
Called-up equity share capital	18	30,612	30,612
Profit and loss account	19	1,225,546	1,078,301
SHAREHOLDERS' FUNDS	20	<u>1,256,158</u>	<u>1,108,913</u>

These accounts have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 14 November 1999, and are signed on their behalf by:



E G CAWTHORNE
DIRECTOR

The notes on pages 9 to 15 form part of these financial statements.

NORTH DEVON ELECTRONICS LIMITED

CASH FLOW STATEMENT

Year ended 31 March 1999

	1999	1998
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	623,441	544,412
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	21,492	13,438
Interest paid	(10,879)	(10,390)
Interest element of finance lease rental payments	(3,007)	(3,775)
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	7,606	(727)
TAXATION	(160,000)	(75,558)
CAPITAL EXPENDITURE		
Payments to acquire intangible fixed assets	-	(551)
Payments to acquire tangible fixed assets	(107,216)	(203,848)
Receipts from sale of fixed assets	19,466	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(87,750)	(204,399)
EQUITY DIVIDENDS PAID	(327,761)	(118,574)
CASH INFLOW BEFORE FINANCING	55,536	145,154
FINANCING		
Net outflow in respect of finance leases	(8,211)	(13,556)
Capital element of finance lease rental payments	(8,211)	(13,556)
NET CASH OUTFLOW FROM FINANCING	(16,422)	(27,112)
INCREASE IN CASH	39,114	118,042
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		

	1999	1998
	£	£
Operating profit	555,177	669,892
Depreciation	97,666	76,357
(Profit)/Loss on disposal of fixed assets	(4,383)	1,971
Increase in stocks	(50,438)	(14,389)
Decrease/(Increase) in debtors	69,101	(215,514)
(Decrease)/Increase in creditors	(43,682)	26,095
Net cash inflow from operating activities	623,441	544,412

The notes on pages 9 to 15 form part of these financial statements.

NORTH DEVON ELECTRONICS LIMITED

CASH FLOW STATEMENT (continued)

Year ended 31 March 1999

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	1999 £	1998 £
Increase in cash in the period	39,114	118,042
Net cash outflow in respect of finance leases	8,211	13,556
Change in net funds	47,325	131,598
Net funds at 1 April 1998	414,430	269,276
Net funds at 31 March 1999	469,966	414,430

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 1998 £	Cash flows £	At 31 Mar 1999 £
Net cash:			
Cash in hand and at bank	439,595	54,750	494,345
Overdrafts	(13,537)	(7,425)	(20,962)
	<u>426,058</u>	<u>47,325</u>	<u>473,383</u>
Debt:			
Finance leases	(11,628)	8,211	(3,417)
	<u>414,430</u>	<u>55,536</u>	<u>469,966</u>
Net funds			

NORTH DEVON ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

Year ended 31 March 1999

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Trademark

The trademark is not amortised as it is not considered to have a finite life.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property	The period of the lease
Plant and equipment	15% to 33% on the reducing balance
Fixtures and fittings	15% to 25% on the reducing balance
Motor vehicles	25% on the reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

NORTH DEVON ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

Year ended 31 March 1999

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	1999 £	1998 £
Depreciation	97,666	76,357
(Profit)/Loss on disposal of fixed assets	(4,383)	1,971
Auditors' remuneration - as auditors	2,500	2,500
Operating lease costs:		
Land and buildings	45,000	26,227
Plant and equipment	5,975	5,202
Net (profit)/loss on foreign currency translation	(42)	22

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	1999 No.	1998 No.
Number of production staff	81	68
Number of management and administrative staff	27	27
	<u>108</u>	<u>95</u>

The aggregate payroll costs of the above were:

	1999 £	1998 £
Wages and salaries	1,159,149	964,465
Social security costs	90,576	72,957
	<u>1,249,725</u>	<u>1,037,422</u>

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	1999 £	1998 £
Aggregate emoluments	<u>166,768</u>	<u>115,960</u>

Directors' emoluments includes benefits in kind but excludes employers' national insurance contributions.

NORTH DEVON ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

Year ended 31 March 1999

5. INTEREST RECEIVABLE

	1999 £	1998 £
Bank interest receivable	6	87
Griffin factors discount	21,486	13,351
	<u>21,492</u>	<u>13,438</u>

6. INTEREST PAYABLE

	1999 £	1998 £
Interest payable on bank borrowing	192	113
Finance charges	3,007	3,775
Other similar charges payable	10,687	10,277
	<u>13,886</u>	<u>14,165</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
In respect of the year:		
Corporation tax based on the results for the year at 27.03% (1998 - 27.56%)	90,360	150,167
(Decrease)/Increase in deferred tax provision (Note 15):		
Capital allowances	(12,738)	10,902
	<u>77,622</u>	<u>161,069</u>
Adjustment in respect of previous years:		
Corporation tax	10,155	-
	<u>87,777</u>	<u>161,069</u>

8. DIVIDENDS

The following dividends have been paid in respect of the year:

	1999 £	1998 £
Dividends paid on equity shares	<u>327,761</u>	<u>118,574</u>

NORTH DEVON ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

Year ended 31 March 1999

9. INTANGIBLE FIXED ASSETS

	Trademark £
COST	
At 1 April 1998 and 31 March 1999	<u>551</u>
AMORTISATION	<u>-</u>
NET BOOK VALUE	
At 31 March 1999	<u>551</u>
At 31 March 1998	<u>551</u>

10. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
COST					
At 1 April 1998	31,991	818,634	68,164	45,167	963,956
Additions	-	47,801	395	59,020	107,216
Disposals	-	-	-	(45,167)	(45,167)
At 31 March 1999	<u>31,991</u>	<u>866,435</u>	<u>68,559</u>	<u>59,020</u>	<u>1,026,005</u>
DEPRECIATION					
At 1 April 1998	31,991	502,328	43,250	28,663	606,232
Charge for the year	-	82,264	4,041	11,361	97,666
On disposals	-	-	-	(30,084)	(30,084)
At 31 March 1999	<u>31,991</u>	<u>584,592</u>	<u>47,291</u>	<u>9,940</u>	<u>673,814</u>
NET BOOK VALUE					
At 31 March 1999	<u>-</u>	<u>281,843</u>	<u>21,268</u>	<u>49,080</u>	<u>352,191</u>
At 31 March 1998	<u>-</u>	<u>316,306</u>	<u>24,914</u>	<u>16,504</u>	<u>357,724</u>

Hire purchase and finance lease agreements

Included within the net book value of £352,191 is £37,161 (1998 - £60,667) relating to assets held under hire purchase agreements, and £Nil (1998 - £Nil) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £8,675 (1998 - £15,837), and £Nil (1998 - £Nil) in respect of assets held under finance lease agreements.

11. STOCKS

	1999 £	1998 £
Raw materials	200,393	152,068
Work in progress	129,366	127,253
	<u>329,759</u>	<u>279,321</u>

NORTH DEVON ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

Year ended 31 March 1999

12. DEBTORS

	1999 £	1998 £
Trade debtors	561,484	617,340
Amounts owed by group undertakings	600	-
Prepayments and accrued income	7,276	21,121
	<u>569,360</u>	<u>638,461</u>

13. CREDITORS: Amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	20,962	13,537
Trade creditors	209,247	243,530
Amounts owed to group undertakings	-	4,246
Other creditors including taxation and social security:		
Corporation tax	90,682	150,167
PAYE and social security	25,166	30,934
VAT	68,844	73,122
Hire purchase agreements	3,417	9,967
Other Creditors	17,238	21,535
	<u>205,347</u>	<u>285,725</u>
Accruals and deferred income	26,626	17,436
	<u>462,182</u>	<u>564,474</u>

14. CREDITORS: Amounts falling due after more than one year

	1999 £	1998 £
Other creditors:		
Hire purchase agreements	-	1,661
	<u>-</u>	<u>1,661</u>

NORTH DEVON ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

Year ended 31 March 1999

15. DEFERRED TAXATION

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

	1999 £	1998 £
Provision brought forward	40,604	29,702
(Decrease)/Increase in provision	(12,738)	10,902
Provision carried forward	<u>27,866</u>	<u>40,604</u>

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

	1999 £	1998 £
Excess of taxation allowances over depreciation on fixed assets	<u>27,866</u>	<u>40,604</u>

16. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	1999 £	1998 £
Amounts payable within 1 year	3,698	12,785
Amounts payable between 2 to 5 years	-	2,130
	<u>3,698</u>	<u>14,915</u>
Less interest and finance charges relating to future periods	(281)	(3,287)
	<u>3,417</u>	<u>11,628</u>

17. RELATED PARTY TRANSACTIONS

The directors own the factory which North Devon Electronics occupy. Each director received £9,000 rent for the year ended 31 March 1999.

18. SHARE CAPITAL

Authorised share capital:

	1999 £	1998 £
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

NORTH DEVON ELECTRONICS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

Year ended 31 March 1999

18. SHARE CAPITAL *(continued)*

Allotted, called up and fully paid:

	1999 £	1998 £
Ordinary share capital	<u>30,612</u>	<u>30,612</u>

The Allotted, called up and fully paid share capital consists of 30,612 £1 ordinary shares.

19. PROFIT AND LOSS ACCOUNT

	1999 £	1998 £
Balance brought forward	1,078,301	688,779
Retained profit for the financial year	<u>147,245</u>	<u>389,522</u>
Balance carried forward	<u>1,225,546</u>	<u>1,078,301</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the financial year	475,006	508,096
Dividends	<u>(327,761)</u>	<u>(118,574)</u>
	147,245	389,522
Opening shareholders' equity funds	<u>1,108,913</u>	<u>719,391</u>
Closing shareholders' equity funds	<u>1,256,158</u>	<u>1,108,913</u>

21. ULTIMATE PARENT COMPANY

The ultimate holding company is N D Thornley Limited a company registered in England.