

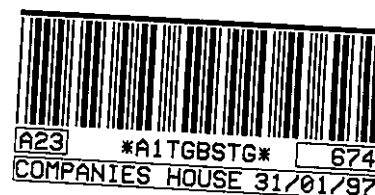
1954084.

# **Interconnection Systems (Holdings) Limited**

## **Report and Accounts**

29 March 1996

 **ERNST & YOUNG**



# Interconnection Systems (Holdings) Limited

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Registered No. 1954084

## **DIRECTORS**

I H Bradbury (Chairman)

T P Robinson

## **SECRETARY**

T P Robinson

## **AUDITORS**

Ernst & Young

Norham House

12 New Bridge Street West

Newcastle upon Tyne

NE1 8AD

## **BANKERS**

Barclays Bank plc

7 Market Street

Newcastle upon Tyne

NE1 6JB

Bank of Scotland

41/51 Grey Street

Newcastle upon Tyne

NE1 6EE

## **REGISTERED OFFICE**

49 South Lodge

Kensington

London

SW7

# Interconnection Systems (Holdings) Limited

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## DIRECTORS' REPORT

The directors present their report and the group accounts for the period ended 29 March 1996.

### RESULTS AND DIVIDENDS

The group profit for the period, after taxation, amounted to £1,151,000.

Interim ordinary dividends of £500,000 have been paid during the period. The directors recommend that no final ordinary dividend be paid leaving a profit of £651,000 to be retained.

### PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of management services to Interconnection Systems Limited. The principal activity of Interconnection Systems Limited is the manufacture of printed circuit boards for the electronics industry.

### FUTURE DEVELOPMENTS

The directors believe that the group is ideally placed for further strong growth in the next financial year.

To meet the needs of its customers, Interconnection Systems Limited is building a new circuit board manufacturing facility at Balliol Business Park, North Tyneside. The new plant will be a sister operation to its South Tyneside factory. The factory will allow us to offer our customers high volume standard products with shorter lead times and at lower costs. The existing plant will be focused increasingly on, and specialise in, those customers who require smaller quantities and more specialised circuit boards.

### FIXED ASSETS

The changes in fixed assets are shown in notes 10 and 11.

### RESEARCH AND DEVELOPMENT

The group, through Interconnection Systems Limited, is committed to a high level of research and development expenditure and continues to invest in process and product development together with research into new manufacturing techniques.

### DISABLED PERSONS

The group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by handicapped or disabled persons. With regard to existing employees the group, by means of consultation and medical advice, seeks to continue, wherever the demands of the job allow, the employment of employees who have become disabled.

### EMPLOYEE INVOLVEMENT

The group's policy is continually to communicate and consult with all employees through written announcements, regular plant meetings and departmental meetings.

# Interconnection Systems (Holdings) Limited

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## DIRECTORS' REPORT

### DIRECTORS AND THEIR INTERESTS

The directors during the period were as follows:

Mr I H Bradbury (Chairman)  
Mrs J L Bradbury (resigned 26 January 1996)  
Mr T P Robinson (appointed 26 January 1996)

Their interests in the share capital of the company were as follows:

|                 | <i>At 29 March<br/>1996</i> | <i>At 1 April<br/>1995</i> |
|-----------------|-----------------------------|----------------------------|
| Mr I H Bradbury | 199                         | 199                        |
| Mr T P Robinson | -                           | -                          |

### 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.



T P Robinson  
Company Secretary

29 January 1997

## Interconnection Systems (Holdings) Limited

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### 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 group and of the profit or loss of the group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**  
**to the members of Interconnection Systems (Holdings) Limited**

We have audited the accounts on pages 7 to 24, which have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and on the basis of the accounting policies set out on pages 12 and 13.

**Respective responsibilities of directors and auditors**

As described on page 5 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 group'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 and of the group as at 29 March 1996 and of the profit of the group for the period 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'.

Ernst & Young  
Chartered Accountants  
Registered Auditor  
Newcastle upon Tyne

29 January 1997

# Interconnection Systems (Holdings) Limited

## GROUP PROFIT AND LOSS ACCOUNT

for the period ended 29 March 1996

|  | Notes | 1996<br>£'000 | 1995<br>£'000 |
|--|-------|---------------|---------------|
| <b>TURNOVER</b>                                      | 2     | 104,611       | 70,805        |
| Cost of sales  |       | 90,170        | 59,433        |
| Gross profit   |       | 14,441        | 11,372        |
| Distribution costs                                   |       | 1,148         | 1,042         |
| Administrative expenses                              |       | 6,913         | 5,738         |
|  |       | 6,380         | 4,592         |
| Other operating income                               |       | -             | 109           |
| <b>OPERATING PROFIT</b>                              | 3     | 6,380         | 4,701         |
| Interest receivable                                  |       |               | -             |
| Interest payable                                     | 6     | (807)         | (921)         |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |       | 5,573         | 3,780         |
| Tax on profit on ordinary activities                 | 7     | 4,422         | 2,539         |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>  |       | 1,151         | 1,241         |
| Dividends  | 8     | 500           | 94            |
| <b>RETAINED PROFIT FOR THE PERIOD</b>                | 21    | 651           | 1,147         |

|  | 1996<br>£000 | 1995<br>£000 |
|--|--------------|--------------|
| <b>NOTE OF HISTORICAL COST PROFITS</b>   |              |              |
| Reported profit on ordinary activities before taxation   | 5,573        | 3,780        |
| Depreciation charged during the period in respect of the excess of valuation over historical cost of revalued assets | 1,449        | 1,581        |
| Historical cost profit on ordinary activities before taxation  | 7,022        | 5,361        |
| Historical cost profit on ordinary activities after taxation and dividends   | 2,100        | 2,728        |

## Interconnection Systems (Holdings) Limited

### GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the period ended 29 March 1996

|   | <i>Notes</i> | <i>1996<br/>£'000</i> | <i>1995<br/>£'000</i> |
|---|--------------|-----------------------|-----------------------|
| Profit on ordinary activities after taxation                        |              | 1,151                 | 1,147                 |
| Unrealised surplus on revaluation of freehold<br>land and buildings | 21           | -                     | 315                   |
| Unrealised surplus on revaluation of plant and<br>machinery         | 21           | -                     | 5,727                 |
| Total recognised gains and losses relating to the period            |              | <u>1,151</u>          | <u>7,189</u>          |

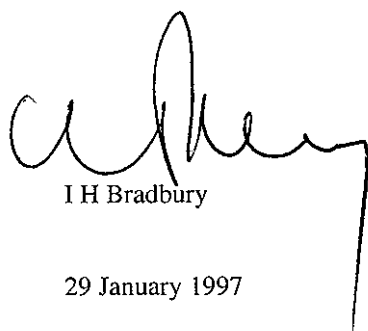


# Interconnection Systems (Holdings) Limited

## GROUP BALANCE SHEET

at 29 March 1996

|  | Notes | 1996<br>£'000 | 1995<br>£'000 |
|--|-------|---------------|---------------|
| <b>FIXED ASSETS</b>  |       |               |               |
| Tangible assets  | 10    | 39,895        | 31,653        |
| <b>CURRENT ASSETS</b>  |       |               |               |
| Stocks   | 12    | 7,447         | 4,146         |
| Debtors  | 13    | 17,371        | 14,730        |
| Cash at bank and in hand                                       | 14    | 2,636         | 2,087         |
|  |       | 27,454        | 20,963        |
| <b>CREDITORS: amounts falling due within one year</b>          | 15    | (33,305)      | (22,057)      |
| <b>NET CURRENT LIABILITIES</b>                                 |       | (5,851)       | (1,094)       |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       | 34,044        | 30,559        |
| <b>CREDITORS: amounts falling due after more than one year</b> |       |               |               |
| Loans  | 17    | 9,430         | 10,112        |
| Obligations under finance leases                               | 16    | 4,116         | -             |
| <b>ACCRUALS AND DEFERRED INCOME</b>                            |       |               |               |
| Deferred Government grants                                     | 19    | 600           | 1,200         |
|  |       | 19,898        | 19,247        |
| <b>CAPITAL AND RESERVES</b>                                    |       |               |               |
| Called up share capital  | 20    | -             | -             |
| Share premium account  | 21    | 4,650         | 4,650         |
| Revaluation reserve  | 21    | 5,685         | 7,134         |
| Other reserve  | 21    | 216           | 216           |
| Profit and loss account  | 21    | 9,347         | 7,247         |
|  |       | 19,898        | 19,247        |



I H Bradbury

Director

29 January 1997

# Interconnection Systems (Holdings) Limited

## BALANCE SHEET

at 29 March 1996

|  | Notes | 1996<br>£'000 | 1995<br>£'000  |
|--|-------|---------------|----------------|
| <b>FIXED ASSETS</b>  |       |               |                |
| Tangible assets  | 10    | 1,266         | -              |
| Investments  | 11    | 8,782         | 8,782          |
|  |       | <u>10,048</u> | <u>8,782</u>   |
| <b>CURRENT ASSETS</b>  |       |               |                |
| Debtors  | 13    | 6,624         | 1,033          |
| Cash at bank and in hand                                       |       | 21            | 5              |
|  |       | <u>6,645</u>  | <u>1,038</u>   |
| <b>CREDITORS: amounts falling due within one year</b>          | 15    | 4,899         | (2,878)        |
|  |       | <u>1,746</u>  | <u>(1,840)</u> |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b>                        |       | <u>11,794</u> | <u>6,942</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       | <u>11,794</u> | <u>6,942</u>   |
| <b>CREDITORS: amounts falling due after more than one year</b> |       |               |                |
| Loans  | 17    | 2,000         | 2,000          |
|  |       | <u>9,794</u>  | <u>4,942</u>   |
| <b>CAPITAL AND RESERVES</b>                                    |       |               |                |
| Called up share capital  | 20    | -             | -              |
| Share premium account  | 21    | 4,650         | 4,650          |
| Profit and loss account  | 21    | 5,144         | 292            |
|  |       | <u>9,794</u>  | <u>4,942</u>   |

I H Bradbury

Director

29 January 1997

# Interconnection Systems (Holdings) Limited

## GROUP STATEMENT OF CASHFLOWS

for the period ended 29 March 1996

|  | Notes | 1996<br>£'000 | 1995<br>£'000 |
|--|-------|---------------|---------------|
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>                             | 3(b)  | 22,757        | 13,784        |
| <b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>                       |       |               |               |
| Interest paid  |       | (776)         | (875)         |
| Dividends paid to parent company shareholders                                |       | (500)         | (94)          |
| <b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b> |       | (1,276)       | (969)         |
| <b>TAXATION</b>  |       |               |               |
| Corporation tax paid   |       | (2,811)       | (658)         |
| <b>TAX PAID</b>  |       | (2,811)       | (658)         |
| <b>INVESTING ACTIVITIES</b>  |       |               |               |
| Payments to acquire tangible fixed assets                                    |       | (16,816)      | (12,659)      |
| Purchase of shares in Interconnection Systems Limited                        |       | -             | (11)          |
| <b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>                            |       | (16,816)      | (12,670)      |
| <b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>                            |       | 1,854         | (513)         |
| <b>FINANCING</b>   |       |               |               |
| New loans  | 17    | -             | (5,000)       |
| Repayment of loans   | 17    | 682           | 2,283         |
| Repayment of finance leases  | 16    | 623           | -             |
| Receipt of government grants   | 19    | -             | (1,250)       |
| <b>NET CASH OUTFLOW/(INFLOW) FROM FINANCING</b>                              |       | 1,305         | (3,967)       |
| <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>                                 | 14    | 549           | 3,454         |
|  |       | 1,854         | (513)         |

# Interconnection Systems (Holdings) Limited

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## NOTES TO THE ACCOUNTS

at 29 March 1996

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

The accounts are prepared under the historical cost convention modified to include the revaluation of certain tangible fixed assets.

The accounts are prepared in accordance with applicable accounting standards.

#### *Basis of consolidation*

The group accounts consolidate the accounts of Interconnection Systems (Holdings) Limited and its subsidiary undertaking Interconnection Systems Limited. They do not include the accounts of Interconnection Systems Sales Limited as, in the opinion of the directors, it would be of no real value to the company's members in view of the insignificant amounts involved. Interconnection Systems Sales Limited has not traded since incorporation. The accounting period for both companies comprises 52 weeks ending on the Friday nearest to 31 March. Periodically a 53 week period will be necessary to realign the accounting period with the calendar.

No profit and loss account is presented for Interconnection Systems (Holdings) Limited as provided by Section 230 of the Companies Act 1985.

#### *Goodwill*

Goodwill, both positive and negative, arising on the acquisition of Interconnection Systems Limited has been taken directly to reserves under 'Other reserve'.

#### *Depreciation*

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

|                       |   |                    |
|-----------------------|---|--------------------|
| Freehold buildings    | - | over 40 years      |
| Plant and machinery   | - | over 2 to 10 years |
| Fixtures and fittings | - | over 3 to 10 years |

The part of the annual depreciation charge on revalued assets which relates to the surplus over cost is transferred from the revaluation reserve to retained profits.

#### *Stocks*

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

Costs incurred in bringing each product to its present location and condition:

|                                     |   |   |
|-------------------------------------|---|---|
| Raw materials                       | - | 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 further costs expected to be incurred to completion and disposal.

#### *Finance leases*

Assets held under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in accordance with SSAP 21.

# Interconnection Systems (Holdings) Limited

## NOTES TO THE ACCOUNTS

at 29 March 1996

### 1. ACCOUNTING POLICIES (continued)

#### *Research and development*

Research and development expenditure is written off as incurred.

#### *Foreign currencies*

Transactions 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. All differences are taken to the profit and loss account.

#### *Deferred taxation*

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

#### *Pensions*

Interconnection Systems Limited operates a defined benefit pension scheme which is funded by the payment of contributions to a separately administered fund.

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.

Future variations in pension cost, which are identified as a result of an actuarial valuation, will be amortised over the expected remaining lives of current employees in the scheme. Differences between the amounts funded and the amounts charged to the profit and loss account will be treated as either provisions or prepayments in the balance sheet.

### 2. TURNOVER

Turnover represents the net invoiced sales, excluding VAT, of goods sold during the period.

The turnover and pre-tax profit is attributable to one continuing activity, the manufacture of printed circuit boards.

An analysis of turnover by geographical market is given below:

|                    | 1996<br>£'000  | 1995<br>£'000 |
|--------------------|----------------|---------------|
| United Kingdom     | 55,236         | 42,525        |
| Continental Europe | 49,375         | 28,280        |
|                    | <u>104,611</u> | <u>70,805</u> |

# Interconnection Systems (Holdings) Limited

## NOTES TO THE ACCOUNTS at 29 March 1996

### 3. OPERATING PROFIT

(a) This is stated after charging/(crediting):

|   | 1996<br>£'000 | 1995<br>£'000 |
|---|---------------|---------------|
| Directors' remuneration (see note 4)          | 42            | 24            |
| Auditors' remuneration for audit services     | 31            | 27            |
| Auditors' remuneration for non audit services | 63            | 23            |
| Depreciation of tangible fixed assets         | 17,302        | 10,822        |
| Exchange gains                                | 41            | 451           |
| Hire of plant and machinery                   | 42            | 45            |
| Regional Selective Assistance                 | (600)         | (600)         |

(b) Reconciliation of operating profit to net cash inflow from operating activities

|   | 1996<br>£'000 | 1995<br>£'000 |
|---|---------------|---------------|
| Operating profit                          | 6,380         | 4,701         |
| Depreciation                              | 17,302        | 10,822        |
| Government grants released                | (600)         | (600)         |
| Increase in debtors                       | (2,691)       | (3,754)       |
| Increase in stocks                        | (3,301)       | (1,037)       |
| Increase in creditors                     | 5,667         | 3,652         |
| Net cash inflow from operating activities | 22,757        | 13,784        |

### 4. DIRECTORS' REMUNERATION

|  | 1996<br>£'000 | 1995<br>£'000 |
|--|---------------|---------------|
| Fees   | -             | -             |
| Other emoluments (including pension contributions)   | 42            | 24            |
|  | 42            | 24            |
| Emoluments of the chairman, who was also the highest paid director (excluding pension contributions) were: | £23,547       | £23,814       |

Directors emoluments (including pension contributions) fell within the following ranges:

|                   | No. | No. |
|-------------------|-----|-----|
| £Nil - £5,000     | 1   | 1   |
| £15,001 - £20,000 | 1   | -   |
| £20,001 - £25,000 | 1   | 1   |

# Interconnection Systems (Holdings) Limited

## NOTES TO THE ACCOUNTS at 29 March 1996

### 5. STAFF COSTS

|                       | 1996<br>£'000 | 1995<br>£'000 |
|-----------------------|---------------|---------------|
| Wages and salaries    | 19,320        | 14,121        |
| Social security costs | 1,706         | 1,284         |
| Other pension costs   | 232           | 183           |
|                       | <u>21,258</u> | <u>15,588</u> |

The average weekly number of employees during the period was made up as follows:

|                          | 1996<br>No.  | 1995<br>No. |
|--------------------------|--------------|-------------|
| Sales and administration | 78           | 67          |
| Manufacturing            | 1,050        | 789         |
|                          | <u>1,128</u> | <u>856</u>  |

### 6. INTEREST PAYABLE

|  | 1996<br>£'000 | 1995<br>£'000 |
|--|---------------|---------------|
| Bank overdraft   | 141           | 171           |
| Other loans wholly repayable within five years (net of rebate) | 389           | 476           |
| Other loans not wholly repayable within five years             | 77            | 72            |
| Loan stock   | 200           | 200           |
| Other interest   | -             | 2             |
|  | <u>807</u>    | <u>921</u>    |

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

|   | 1996<br>£'000 | 1995<br>£'000 |
|---|---------------|---------------|
| The taxation charge is made up as follows:        |               |               |
| Based on the profit for the period                |               |               |
| Corporation tax at 33%                            | 4,422         | 2,613         |
| Deferred taxation                                 | -             | (93)          |
|   | <u>4,422</u>  | <u>2,520</u>  |
| Corporation tax under provided in previous period | -             | 19            |
|   | <u>4,422</u>  | <u>2,539</u>  |

If full provision had been made for deferred taxation for the period in respect of capital allowances in advance of depreciation and other timing differences the taxation charge would have decreased by £1,466,000 (1995 - increased by £392,000).

# Interconnection Systems (Holdings) Limited

## NOTES TO THE ACCOUNTS at 29 March 1996

### 8. DIVIDENDS

|                         | 1996<br>£000 | 1995<br>£000 |
|-------------------------|--------------|--------------|
| Ordinary - interim paid | 500          | 94           |
| - final proposed        | -            | -            |
|                         | <u>500</u>   | <u>94</u>    |

### 9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £5,352,138 (1995: £27,836).

### 10. TANGIBLE FIXED ASSETS

| <i>Group</i>               | <i>Freehold land<br/>and buildings<br/>£000</i> | <i>Plant and<br/>machinery<br/>and fixtures<br/>and fittings<br/>£000</i> | <i>Total<br/>£000</i> |
|----------------------------|---|---|-----------------------|
| Cost or valuation:         |   |   |                       |
| At 1 April 1995            | 5,711   | 42,500  | 48,211                |
| Additions                  | 2,710   | 22,834  | 25,544                |
|                            | <u>8,421</u>                                    | <u>65,334</u>   | <u>73,755</u>         |
| At 29 March 1996           |   |   |                       |
| Depreciation:              |   |   |                       |
| At 1 April 1995            | 54  | 16,504  | 16,558                |
| Provided during the period | 947   | 16,355  | 17,302                |
|                            | <u>1,001</u>                                    | <u>32,859</u>   | <u>33,860</u>         |
| At 29 March 1996           |   |   |                       |
| Net book value             |   |   |                       |
| At 29 March 1996           | 7,420   | 32,475  | 39,895                |
|                            | <u>5,657</u>                                    | <u>25,996</u>   | <u>31,653</u>         |
| At 1 April 1995            |   |   |                       |



# Interconnection Systems (Holdings) Limited

## NOTES TO THE ACCOUNTS at 29 March 1996

### 10. TANGIBLE FIXED ASSETS (continued)

The historical cost of assets included at valuation is as follows:-

|                                   | <i>Freehold land<br/>and buildings<br/>£000</i> | <i>Plant and<br/>machinery<br/>and fixtures<br/>and fittings<br/>£000</i> | <i>Total<br/>£000</i> |
|-----------------------------------|---|---|-----------------------|
| Historical cost:                  |   |   |                       |
| At 1 April 1995 and 29 March 1996 | 3,685   | 39,425  | 43,110                |
| Depreciation based on cost:       |   |   |                       |
| At 1 April 1995                   | 160   | 18,431  | 18,591                |
| Provided during the period        | 83  | 6,504   | 6,587                 |
| At 29 March 1996                  | 243   | 24,935  | 25,178                |

Included in the valuation of freehold land and buildings is land valued at £385,000 which is not depreciated.

The net book value within Plant and Machinery and fixtures and fittings is in respect of assets held under finance leases and hire purchase contracts is as follows:-

|                       | <i>1996<br/>£000</i> | <i>1995<br/>£000</i> |
|-----------------------|----------------------|----------------------|
| Plant and machinery   | 4,230                | -                    |
| Fixtures and fittings | -                    | -                    |

The freehold land and buildings with an historical cost of £1,210,000 were valued on 21 December 1990 at a valuation of £2,750,000 and valued again on 3 July 1992 at a valuation of £3,100,000.

A valuation of certain plant and machinery was carried on 14 December 1993. The plant and machinery was valued at £2,848,700 and resulted in a revaluation surplus of £1,708,000.

The freehold land and buildings and all of the plant and machinery and fixtures and fittings were revalued at depreciated replacement cost for existing use on 1 November 1994 by Weatherall Green & Smith. The freehold land and buildings valuation of £5,600,000 resulted in a valuation surplus of £315,000. The plant and machinery and fixtures and fittings valuation of £28,271,000 resulted in a valuation surplus of £5,727,000.

# Interconnection Systems (Holdings) Limited

## NOTES TO THE ACCOUNTS at 29 March 1996

### 10. TANGIBLE FIXED ASSETS (continued)

If the revalued assets were sold at their valuation a taxation liability of approximately £2,137,000 would arise.

| <i>Company</i>           | <i>Freehold land<br/>and buildings<br/>£'000</i> | <i>Total<br/>£'000</i> |
|--------------------------|--|------------------------|
| Cost:                    |  |                        |
| At 1 April 1995          | -  | -                      |
| Additions                | 1,266  | 1,266                  |
|                          | <hr/>  | <hr/>                  |
| At 29 March 1996         | 1,266  | 1,266                  |
|                          | <hr/>  | <hr/>                  |
| Depreciation:            |  |                        |
| At 1 April 1995          | -  | -                      |
| Provided during the year | -  | -                      |
|                          | <hr/>  | <hr/>                  |
| At 29 March 1996         | -  | -                      |
|                          | <hr/>  | <hr/>                  |
| Net book value:          |  |                        |
| At 29 March 1996         | 1,266  | 1,266                  |
|                          | <hr/>  | <hr/>                  |
| At 1 April 1995          | -  | -                      |
|                          | <hr/>  | <hr/>                  |

### 11. INVESTMENTS

| <i>Company</i>                                 | <i>1996<br/>£000</i> | <i>1995<br/>£000</i> |
|--|----------------------|----------------------|
| Investment in Interconnection Systems Limited: |                      |                      |
| At the beginning of the period                 | 8,782                | 8,771                |
| Additions in the period                        | -                    | 11                   |
|  | <hr/>                | <hr/>                |
| At the end of the period                       | 8,782                | 8,782                |
|  | <hr/>                | <hr/>                |

Interconnection Systems Limited, a company registered in England and Wales, manufactures printed circuit boards for the electronics industry. The investment relates to 100% of Interconnection Systems Limited's ordinary share capital.

### 12. STOCKS

| <i>Group</i>                  | <i>1996<br/>£000</i> | <i>1995<br/>£000</i> |
|-------------------------------|----------------------|----------------------|
| Raw materials and consumables | 3,966                | 1,499                |
| Work in progress              | 1,842                | 1,796                |
| Finished goods for resale     | 1,639                | 851                  |
|                               | <hr/>                | <hr/>                |
|                               | 7,447                | 4,146                |
|                               | <hr/>                | <hr/>                |

# Interconnection Systems (Holdings) Limited

## NOTES TO THE ACCOUNTS

at 29 March 1996

### 13. DEBTORS

|  | <i>Group</i>  |               | <i>Company</i> |              |
|--|---------------|---------------|----------------|--------------|
|  | <i>1996</i>   | <i>1995</i>   | <i>1996</i>    | <i>1995</i>  |
|  | <i>£000</i>   | <i>£000</i>   | <i>£000</i>    | <i>£000</i>  |
| Trade debtors                          | 17,109        | 14,583        | -              | -            |
| Amounts owed by subsidiary undertaking | -             | -             | 6,622          | 1,031        |
| Other debtors                          | 57            | 49            | 2              | 2            |
| Prepayments and accrued income         | 205           | 98            | -              | -            |
|  | <u>17,371</u> | <u>14,730</u> | <u>6,624</u>   | <u>1,033</u> |

### 14. CASH AND CASH EQUIVALENTS

Analysis of balances as shown in the group balance sheet and changes during the current and previous period:

|                          | <i>1996</i>  | <i>1995</i>    | <i>Change<br/>in period</i> |
|--------------------------|--------------|----------------|-----------------------------|
|                          | <i>£000</i>  | <i>£000</i>    | <i>£000</i>                 |
| Cash at bank and in hand | 2,636        | 2,087          | 549                         |
|                          | <u>2,636</u> | <u>2,087</u>   | <u>549</u>                  |
|                          | <i>1995</i>  | <i>1994</i>    | <i>Change<br/>in period</i> |
|                          | <i>£000</i>  | <i>£000</i>    | <i>£000</i>                 |
| Cash at bank and in hand | 2,087        | 27             | 2,060                       |
| Bank overdraft           | -            | (1,394)        | 1,394                       |
|                          | <u>2,087</u> | <u>(1,367)</u> | <u>3,454</u>                |

### 15. CREDITORS: amounts falling due within one year

|  | <i>Group</i>  |               | <i>Company</i> |              |
|--|---------------|---------------|----------------|--------------|
|  | <i>1996</i>   | <i>1995</i>   | <i>1996</i>    | <i>1995</i>  |
|  | <i>£000</i>   | <i>£000</i>   | <i>£000</i>    | <i>£000</i>  |
| Current instalment due on loan (note 17) | 1,183         | 1,183         | -              | -            |
| Trade creditors                          | 15,179        | 10,370        | -              | -            |
| Amounts under finance leases (note 16)   | 970           | -             | -              | -            |
| Amounts owed to subsidiary undertaking   | -             | -             | 4,764          | 2,708        |
| Current corporation tax                  | 5,262         | 3,701         | 50             | 60           |
| Other taxes and social security costs    | 578           | 500           | 25             | 49           |
| Other creditors                          | 453           | 1,231         | 3              | 3            |
| Accruals                                 | 9,680         | 5,072         | 57             | 58           |
|  | <u>33,305</u> | <u>22,057</u> | <u>4,899</u>   | <u>2,878</u> |

# Interconnection Systems (Holdings) Limited

## NOTES TO THE ACCOUNTS

at 29 March 1996

### 16. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

|  | 1996<br>£000 | 1995<br>£000 |
|--|--------------|--------------|
| Amounts payable:   |              |              |
| Within one year  | 1,254        | -            |
| In two to five years   | 4,804        | -            |
|  | <u>6,058</u> | <u>-</u>     |
| Less: finance charges allocated to future periods                    | 972          | -            |
|  | <u>5,086</u> | <u>-</u>     |
| Finance leases and hire purchase contracts are analysed as follows:- |              |              |
| Current obligations (note 15)  | 970          | -            |
| Non-current obligations  | 4,116        | -            |
|  | <u>5,086</u> | <u>-</u>     |

Analysis of changes in finance leases and hire purchase contracts during the current and previous years:

|  | 1996<br>£000 | 1995<br>£000 |
|--|--------------|--------------|
| At 1 April 1995                                  | -            | -            |
| Inception of finance lease contracts             | 5,709        | -            |
| Capital element on finance lease rental payments | (623)        | -            |
|  | <u>5,086</u> | <u>-</u>     |
| At 29 March 1996                                 |              |              |

### 17. LOANS

|   | 1996<br>£000  | 1995<br>£000  |
|---|---------------|---------------|
| <i>Group</i>  |               |               |
| <b>Wholly repayable within five years:</b>  |               |               |
| Bank loan   | 4,500         | 5,000         |
| Loan stock  | 2,000         | 2,000         |
| ECSC loan   | 250           | 375           |
| ECSC loan   | 3,000         | 3,000         |
| <b>Not wholly repayable within five years:</b>  |               |               |
| Medium term loan at 1.75% over Libor per annum repayable in 80 quarterly instalments of £14,375 commencing 28 June 1991 | 863           | 920           |
|   | <u>10,613</u> | <u>11,295</u> |
| Less: included in current liabilities (see note 15)   | (1,183)       | (1,183)       |
|   | <u>9,430</u>  | <u>10,112</u> |

# Interconnection Systems (Holdings) Limited

## NOTES TO THE ACCOUNTS

at 29 March 1996

### 17. LOANS (continued)

|   | 1996<br>£000 | 1995<br>£000 |
|---|--------------|--------------|
| For loans not wholly repayable within five years<br>the amounts repayable by instalments are: |              |              |
| Within five years   | 288          | 288          |
| After five years  | 575          | 632          |
|   | <u>863</u>   | <u>920</u>   |

|                                  | 1996<br>£000  | 1995<br>£000  |
|----------------------------------|---------------|---------------|
| Loans are repayable as follows:- |               |               |
| Amounts falling due              |               |               |
| Within one year                  | 1,183         | 1,183         |
| Between one and two years        | 6,183         | 3,183         |
| Between two and five years       | 2,672         | 6,297         |
| In five years or more            | 575           | 632           |
|                                  | <u>10,613</u> | <u>11,295</u> |

| Company  | 1996<br>£000 | 1995<br>£000 |
|--|--------------|--------------|
| Loan stock - repayable between one and two years | <u>2,000</u> | <u>2,000</u> |

The first ECSC loan is secured by a first fixed charge over Interconnection Systems Limited's tangible fixed assets and book debts and a floating charge over its other assets.

The second ECSC loan is secured by chattel mortgages over Interconnection Systems Limited's plant and machinery, assignment of the book debts insurance policy and assignment of key persons' life policies.

The bank loan is secured by a fixed and floating charge over all of Interconnection Systems Limited's assets.

The medium term loan is secured by a fixed charge over Interconnection Systems Limited's freehold land and buildings.

The loan stock is unsecured. The loan stock holders have indicated that redemption will not be sought before 1 April 1997.

An analysis of changes in loan financing during the current and previous period is as follows:

|                    | 1996<br>£000  | 1995<br>£000  |
|--------------------|---------------|---------------|
| Opening balance    | 11,295        | 8,578         |
| New loans raised   | -             | 5,000         |
| Repayment of loans | (682)         | (2,283)       |
| Closing balance    | <u>10,613</u> | <u>11,295</u> |

# Interconnection Systems (Holdings) Limited

## NOTES TO THE ACCOUNTS

at 29 March 1996

### 18. DEFERRED TAXATION

#### Group

|   | <i>Provided</i> |             | <i>Not provided</i> |             |
|---|-----------------|-------------|---------------------|-------------|
|   | <i>1996</i>     | <i>1995</i> | <i>1996</i>         | <i>1995</i> |
|   | <i>£000</i>     | <i>£000</i> | <i>£000</i>         | <i>£000</i> |
| Deferred taxation provided in the accounts and the amounts not provided are as follows: |                 |             |                     |             |
| Capital allowances in advance of depreciation   | -               | -           | (837)               | 876         |
| Other timing differences  | -               | -           | (629)               | (484)       |
| Taxation on valuation surplus   | -               | -           | 2,137               | 2,615       |
|   | -               | -           | 671                 | 3,007       |

The directors consider that the valuation surplus will not be realised in the foreseeable future and therefore no provision has been made.

#### Company

At 29 March 1996 there is no potential deferred tax liability (1995 - £Nil)

### 19. ACCRUALS AND DEFERRED INCOME

|                                | <i>1996</i> | <i>1995</i> |
|--------------------------------|-------------|-------------|
|                                | <i>£000</i> | <i>£000</i> |
| Balance at start of the period | 1,200       | 550         |
| Received in the period         | -           | 1,250       |
| Released during the period     | (600)       | (600)       |
| Balance at end of the period   | 600         | 1,200       |

### 20. SHARE CAPITAL

|                            | <i>Authorised</i> |             | <i>Allotted, called up and fully paid</i> |             |
|----------------------------|-------------------|-------------|---|-------------|
|                            | <i>1996</i>       | <i>1995</i> | <i>1996</i>                               | <i>1995</i> |
|                            | <i>No.</i>        | <i>No.</i>  | <i>£</i>                                  | <i>£</i>    |
| Ordinary shares of £1 each | 200               | 200         | 200                                       | 200         |

# Interconnection Systems (Holdings) Limited

## NOTES TO THE ACCOUNTS at 29 March 1996

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

#### Group

|                                | Share<br>capital<br>£000 | Share<br>premium<br>account<br>£000 | Revaluation<br>reserve<br>£000 | Other<br>reserve<br>£000 | Profit and<br>loss<br>account<br>£000 | Total<br>£000 |
|--------------------------------|--------------------------|-------------------------------------|--------------------------------|--------------------------|---------------------------------------|---------------|
| At 2 April 1994                | -                        | 4,650                               | 2,673                          | 227                      | 4,519                                 | 12,069        |
| Revaluation during the period  | -                        | -                                   | 6,042                          | -                        | -                                     | 6,042         |
| Transfer to retained profits   | -                        | -                                   | (1,581)                        | -                        | 1,581                                 | -             |
| Retained profit for the period | -                        | -                                   | -                              | -                        | 1,147                                 | 1,147         |
| Arising on acquisition         | -                        | -                                   | -                              | (11)                     | -                                     | (11)          |
| At 31 March 1995               | -                        | 4,650                               | 7,134                          | 216                      | 7,247                                 | 19,247        |
| Transfer to retained profits   | -                        | -                                   | (1,449)                        | -                        | 1,449                                 | -             |
| Retained profit for the period | -                        | -                                   | -                              | -                        | 651                                   | 651           |
| At 29 March 1996               | -                        | 4,650                               | 5,685                          | 216                      | 9,347                                 | 19,898        |

#### Company

|                                | Share<br>capital<br>£000 | Share<br>premium<br>account<br>£000 | Profit and<br>loss account<br>£000 | Total<br>£000 |
|--------------------------------|--------------------------|-------------------------------------|------------------------------------|---------------|
| At 1 April 1995                | -                        | 4,650                               | 292                                | 4,942         |
| Retained profit for the period | -                        | -                                   | 4,852                              | 4,852         |
| At 29 March 1996               | -                        | 4,650                               | 5,144                              | 9,794         |

### 22. CAPITAL COMMITMENTS

|                                   | 1996<br>£000 | Group<br>1995<br>£000 | 1996<br>£000 | Company<br>1995<br>£000 |
|-----------------------------------|--------------|-----------------------|--------------|-------------------------|
| Contracted for but not provided   | -            | 3,381                 | -            | -                       |
| Authorised but not contracted for | 7,069        | 4,588                 | -            | -                       |

## Interconnection Systems (Holdings) Limited

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### NOTES TO THE ACCOUNTS

at 29 March 1996

#### 23. PENSION COMMITMENTS

Interconnection Systems Limited operates a defined benefit pension scheme which is funded by the payment of contributions to a separately administered fund.

The contributions to the scheme are determined on behalf of the company with the advice of an independent qualified actuary on the basis of a triennial valuation using the Projected Unit Method. The most recent valuation was carried out as at 1 January 1993. The actuary's valuation used the following main assumptions:

|                                  |                |
|----------------------------------|----------------|
| Long term investment return      | 9.0% per annum |
| Increase in pensionable salaries | 7.0% per annum |
| Increase in pensions in payment  | 3.0% per annum |

This valuation showed that the market value of the Scheme's assets at 1 January 1993 amounted to £3,323,746 and the actuarial value was sufficient to cover 120% of the benefits that had accrued to members after projecting pensionable salaries to the assumed date of retirement or death.

Included within accruals under 'Creditors - amounts falling due within one year' is a pension scheme accrual of £402,327 (1995 - £291,827).

#### 24. DIRECTORS' INTERESTS

I H Bradbury has an interest in payments of £383,640 made by Interconnection Systems Limited to Interconnection Systems (Holdings) Limited in the period ended 29 March 1996 in respect of consultancy services provided to Interconnection Systems Limited by I H Bradbury.