
CHANNEL ELECTRIC EQUIPMENT HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

◆ *Year ended 30 September 1999* ◆



COMPANY NO: 2925784

CHANNEL ELECTRIC EQUIPMENT HOLDINGS LIMITED

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COMPANY INFORMATION

Directors M A Edmonds
 R J Gilbert (resigned 28 April 1999)
 M Minx (resigned 28 April 1999)
 P G Pollock
 M Rusch

Secretary M A Edmonds

Registered office PO Box 15
 Tudor Works
 Debden Road
 Saffron Walden
 Essex
 CB11 4AN

Registered number 2925784

Auditors RSM Robson Rhodes
 Chartered Accountants
 Daedalus House
 Station Road
 Cambridge
 CB1 2RE

Solicitors Eversheds
 115 Colmore Row
 Birmingham
 B3 3AL

REPORT OF THE DIRECTORS

The directors present their report and audited accounts for the year ended 30 September 1999.

Results and dividends

The profit for the year, after taxation, amounted to £209,819 (1998:loss £161,250). A dividend of £16,597(1998:£nil) has been paid during the year on the 7½% preference shares leaving a profit of £193,222 (1998:loss £161,250) to be transferred to reserves.

Principal activities and review of the business

The company acts as a holding company. Its subsidiary undertaking, Channel Electric Equipment Limited, is involved in the supply of special electrical connectors, electro-mechanical relays and contractors to the civil and military aircraft, armoured fighting vehicle, and railway manufacturing companies of the United Kingdom.

Channel Electric Equipment Limited acts as the UK representative of overseas companies specialising in the manufacture of electro-mechanical components.

Directors and their interests

None of the directors had any interests in the share capital of the company at 30 September 1999.

The interests of P G Pollock and M Rusch in the share capital of other group companies are disclosed in the accounts of LPA Group Plc. The interests of the other directors in the share capital of LPA Group Plc were as follows:

	At 30 September 1999	At 30 September 1998
	Ordinary shares	Ordinary shares
	No	No
M A Edmonds	732,100	739,600
R J Gilbert	92,000	92,000
M Minx	46,000	46,000

Year 2000

A group wide programme, designed to address the impact of the Year 2000 on the business, was commissioned by the Board and has been completed. No significant problems have been experienced and there were no significant costs to the Group of implementing the necessary changes.

Single European currency

The group undertakes transaction in a number of currencies at the present time. The Board views the Euro as another currency in which it may be required to trade and as such will take the usual steps to minimise its exposure to the risk of currency fluctuations.

REPORT OF THE DIRECTORS

(Continued)

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 and of the profit or loss of the company for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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.

Auditors

Ernst and Young resigned as auditors during the year. RSM Robson Rhodes were appointed during the year and are willing to continue in office. A resolution to reappoint them will be proposed at the Annual General Meeting.

The report of the directors was approved by the Board on *18th January* 2000 and signed on its behalf by:



M A Edmonds
Secretary

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
CHANNEL ELECTRIC EQUIPMENT HOLDINGS LIMITED**

We have audited the financial statements on pages 5 to 12 which have been prepared on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. 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 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 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 affairs of the company as at 30 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes

RSM Robson Rhodes

Chartered Accountants and Registered Auditor

Cambridge

18 January 2000

CHANNEL ELECTRIC EQUIPMENT HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 1999

	Note	1999 £	32 weeks ended 30 September 1998 £
Administrative expenses		-	(301,250)
		<hr/>	<hr/>
Operating loss - continuing operations	2	-	(301,250)
Income from shares in group undertakings	3	228,359	140,000
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before taxation		228,359	(161,250)
Tax on profit on ordinary activities	5	(18,540)	-
		<hr/>	<hr/>
Profit/(Loss) for the financial year		209,819	(161,250)
Dividends - on non-equity shares	6	(16,597)	-
		<hr/>	<hr/>
Retained profit/(loss) for the year	12	193,222	(161,250)
		<hr/> <hr/>	<hr/> <hr/>

There are no other recognised gains or losses other than those reported above.

CHANNEL ELECTRIC EQUIPMENT HOLDINGS LIMITED

BALANCE SHEET at 30 September 1999

	Note	1999 £	1998 £
Fixed assets			
Investments	7	2,901,499	2,901,499
		<u> </u>	<u> </u>
Current assets			
Debtors	8	-	18,540
Creditors amounts falling due within one year	9	(2,436,499)	(2,353,631)
		<u> </u>	<u> </u>
Net current liabilities		(2,436,499)	(2,335,091)
		<u> </u>	<u> </u>
Total assets less current liabilities		465,000	566,408
		<u> </u>	<u> </u>
Creditors			
Amounts falling due after more than one year	10	(100,000)	(200,000)
		<u> </u>	<u> </u>
Total assets less current liabilities		365,000	366,408
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	11	170,370	365,000
Capital Redemption Reserve	12	194,630	-
Profit and loss account	12	-	1,408
		<u> </u>	<u> </u>
Shareholders' funds	13	365,000	366,408
		<u> </u>	<u> </u>

The financial statements were approved by the Board on 18th January 2000 and signed on its behalf by:



M A Edmonds
Director

NOTES TO THE FINANCIAL STATEMENTS

30 September 1999

1. ACCOUNTING POLICIES

Accounting convention

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

The company has taken advantage of section 228 of the Companies Act 1985 and has not prepared group accounts on the grounds that it is itself a wholly owned subsidiary of another company in the EU which has prepared group accounts. These accounts present information about the company as an individual undertaking and not about its group.

Fixed assets

All fixed assets are recorded at cost.

Deferred taxation

Deferred taxation is provided using 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 anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

2. OPERATING LOSS

Administrative expenses comprise a charge of £nil (1998:£301,250) representing payments which, following its acquisition by LPA Group plc, the company has agreed to make to its former owner and principal supplier. The payments, which fall due over three years, are included within current and long term accruals as appropriate.

Auditors' remuneration is borne by the company's subsidiary undertaking Channel Electric Equipment Limited.

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	1999 £	32 weeks ended 30 September 1998 £
Dividends receivable	228,359	140,000
	<u> </u>	<u> </u>

CHANNEL ELECTRIC EQUIPMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 September 1999

4. DIRECTORS

Emoluments of the company's directors:

	1999 £	32 weeks ended 30 September 1998 £
Emoluments	69,406	76,548
Company contributions paid to money purchase pension schemes	-	11,934
Members of money purchase schemes	-	3

The above remuneration includes amounts paid by the company's subsidiary undertaking, Channel Electric Equipment Limited.

5. TAXATION

Taxation charge for the year:

	1999 £	32 weeks ended 30 September 1998 £
Irrecoverable advance corporation tax	18,540	-

CHANNEL ELECTRIC EQUIPMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 September 1999

6. DIVIDENDS

	1999	32 weeks ended 30 September 1998
	£	£

Preference dividends on non-equity shares:

Dividend paid on cumulative redeemable 7½% preference shares

16,597

-

The holder of the preferred ordinary shares has waived the rights to dividends accruing under these classes of shares for the period ended 30 September 1999.

7. INVESTMENTS

£

Cost and net book value:

At 1 October 1998 and 30 September 1999

2,901,499

Details of the investments in which the group or the company holds more than 20% of the nominal value of any class of share capital are as follows:

Name of Company	Holding	Proportion of voting rights held	Nature of business
Channel Electric Equipment Limited	Ordinary shares	100%	Supply of electrical components

Channel Electric Equipment Limited earned a profit after tax of £807,238 in the year ended 30 September 1999 (32 weeks ended 30 September 1998: £500,052) and had net assets of £3,010,500 at 30 September 1999 (1998: £2,203,263).

8. DEBTORS

	1999	1998
	£	£
Amount owed by group undertakings	229,767	-
Advance corporation tax recoverable	-	18,540
	229,767	18,540

NOTES TO THE FINANCIAL STATEMENTS

30 September 1999

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Amounts payable to group undertakings	2,336,499	2,252,381
Other creditors and accruals	100,000	101,250
	<u>2,436,499</u>	<u>2,353,631</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1999 £	1998 £
Accruals and deferred income	100,000	200,000
	<u>100,000</u>	<u>200,000</u>

11. SHARE CAPITAL

	Authorised, allotted, called up and fully paid 1999		Authorised, allotted, called up and fully paid 1998	
	No	£	No	£
Ordinary shares of £1 each	115,000	115,000	115,000	115,000
Cumulative participating preferred ordinary shares of £1 each	55,370	55,370	55,370	55,370
Cumulative redeemable 7½% preference shares of £1 each	-	-	194,630	194,630
	<u>170,370</u>	<u>170,370</u>	<u>365,000</u>	<u>365,000</u>

NOTES TO THE FINANCIAL STATEMENTS

30 September 1999

11. SHARE CAPITAL (continued)

The cumulative redeemable 7½% preference shares of £1 each were redeemed at par during the year.

The cumulative participating preferred ordinary shares of £1 each carry the following rights and conditions:

Income

There are no dividend entitlements until the year ending 31 December 1997. The holders of the cumulative participating preferred shares will be entitled to a cumulative net dividend (participating dividend) of five per cent of adjusted profit before tax for the year ending 31 December 1997, seven and a half per cent for the year ending 31 December 1998 and 10 per cent for years ending 31 December 1999 and thereafter. In addition the holders will be entitled to receive a non-cumulative dividend at the same rate as ordinary shareholders.

Capital and voting rights

The holders are entitled to vote at all general meetings of the company. On a return of assets or liquidation the cumulative participating preferred shareholders will be a share of remaining assets pari passu with the ordinary shareholders.

12. RESERVES

	Capital Redemption Reserve £	Profit and loss account £
At 1 October 1998	-	1,408
Profit for the year	-	209,819
Dividends	-	(16,597)
Transfer to Capital Redemption Reserve	194,630	(194,630)
	<hr/>	<hr/>
At 30 September 1999	194,630	-
	<hr/>	<hr/>

CHANNEL ELECTRIC EQUIPMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 September 1999

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Total recognised gains/(losses)	209,819	(161,250)
Dividends	(16,597)	-
Redemption of 7½% Preference shares	(194,630)	-
	<hr/>	<hr/>
Decrease in shareholders' funds	(1,408)	(161,250)
Opening shareholders funds	366,408	527,658
	<hr/>	<hr/>
Closing shareholders funds	365,000	366,408
	<hr/>	<hr/>
Shareholders' Funds:		
Non equity	55,370	250,000
Equity	309,630	116,408
	<hr/>	<hr/>
Total Shareholders funds	365,000	366,408
	<hr/>	<hr/>

14. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is LPA Group Plc which produces group accounts, copies of which are available from Companies House, Crown Way, Cardiff, CF4 3UZ.