

**Filtronic Properties Limited**

**Directors' report and financial  
statements**

**Registered number 3183532**

**31 May 2008**



## Contents

Company information	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of Filtronic Properties Limited	4
Profit and loss account	6
Statement of total recognised gains and losses	6
Balance sheet	7
Notes	8

## **Company information**

### **Directors**

RC Hindson  
H Mardia (appointed 7 November 2007)  
IA Gibson (resigned 21 September 2007)

### **Secretary**

M Moynihan

### **Auditors**

KPMG Audit Plc  
Chartered Accountants  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

### **Registered office**

Airedale House  
Acorn Park  
Charlestown  
Shipley  
West Yorkshire  
BD17 7SW

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2008

### Principal activities and review of the business

The company's principal activity during the year was that of a property company

The company owns Airedale House and Wharfedale House freehold property located in Shipley, West Yorkshire. The property is rented by Filtronic Defence Limited, a fellow subsidiary of Filtronic plc.

On 13 June 2008 Filtronic plc announced that its Board had decided to investigate the possibility of the sale of its Defence Electronics business, which includes the company. At 28 July 2008 Filtronic plc announced that detailed discussions with a preferred bidder were well advanced.

### Results and dividends

The results for the year are set out in the profit and loss account on page 6. The position at the end of the year is shown in the balance sheet on page 7. The directors do not recommend payment of a dividend for the year.

### Directors

The directors of the company during the year were those listed on page 1.

None of the directors had any interests in the shares of the company during the year.

The interests of RC Hindson and H Mardia in the share capital of the ultimate parent undertaking, Filtronic plc, are given in that company's financial statements.

### Directors indemnity

Certain directors benefited from qualifying third party provision in place during the financial year and at the date of this report.

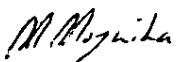
### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



M Moynihan  
Secretary

28 July 2008

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG Audit Plc

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Independent auditors' report to the members of Filtronic Properties Limited**

We have audited the financial statements of Filtronic Properties Limited for the year ended 31 May 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

**Independent auditors' report to the members of Filtronic Properties Limited**  
*(continued)*

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*KPMG Audit Plc.*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

28 July 2008

**Profit and loss account**  
*for the year ended 31 May 2008*

	<i>Note</i>	2008 £	2007 £
Turnover	2	164,004	164,004
Operating profit	3	135,504	135,504
Profit on ordinary activities before taxation		135,504	135,504
Taxation (credit)/charge	4	(167,315)	947
Profit for the financial year		302,819	134,557

All the results relate to continuing operations

**Statement of total recognised gains and losses**  
*for the year ended 31 May 2008*

	2008 £	2007 £
Profit for the financial year	302,819	134,557
Total recognised gains relating to the year	302,819	134,557



**Balance sheet**  
*at 31 May 2008*

	<i>Note</i>	2008 £	2007 £
<b>Fixed assets</b>			
Tangible assets	5	1,190,000	1,220,000
<b>Current assets</b>			
Debtors	6	786,770	622,766
<b>Total assets less current liabilities</b>		1,976,770	1,842,766
<b>Provision for deferred tax</b>	7	-	167,315
<b>Deferred income</b>	8	59,500	61,000
<b>Net assets</b>		1,917,270	1,614,451
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Revaluation reserve	10	474,639	474,639
Profit and loss account	10	1,442,630	1,139,811
<b>Shareholders' funds</b>		1,917,270	1,614,451

These financial statements were approved by the board of directors on 28 July 2008 and were signed on its behalf by

  
**RC Hindson**  
*Director*

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### ***Basis of accounting***

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

#### ***Cash flow Statement***

The company has taken advantage of the exemption allowed by FRS1 (revised) for wholly owned subsidiary undertakings and has not prepared a statement of cash flows

#### ***Turnover***

Turnover represents amounts receivable, excluding value added tax, in respect of rent receivable

#### ***Tangible fixed assets***

Fixed assets are included at cost less accumulated depreciation. The carrying values of tangible fixed assets are reviewed for impairment if there are indications that the carrying values may not be recoverable

On adoption of FRS15, the company followed the transitional provisions to retain the book value of land and buildings, but not to adopt a policy of revaluation in the future

#### ***Depreciation***

Depreciation is provided in order to write off the cost of tangible fixed assets in equal instalments over their estimated useful lives as follows

Freehold buildings                      -                      50 years

#### ***Deferred tax***

Deferred tax is recognised as a liability or asset if the transactions or events that give rise to an obligation to pay more tax in the future or a right to pay less tax in the future have occurred by the balance sheet date

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

### 2 Turnover

The company's turnover and profit before taxation were all derived from its principal activity

	2008 £	2007 £
Rent receivable	164,004	164,004

Included within turnover is rent receivable of £164,004 (2007 £164,004) from Filtronic Defence Limited, a fellow subsidiary of Filtronic plc. There were no other transactions with other group companies in the year

## Notes (continued)

### 3 Operating profit

	2008 £	2007 £
<b>Income</b>		
Turnover	164,004	164,004
<b>Costs</b>		
Depreciation	30,000	30,000
Government grants released	(1,500)	(1,500)
	<u>28,500</u>	<u>28,500</u>
<b>Operating profit</b>	<u>135,504</u>	<u>135,504</u>

### 4 Taxation

	2008 £	2007 £
Current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(167,315)	947
	<u>(167,315)</u>	<u>947</u>

#### *Factors affecting the tax charge for the period*

The current tax provided for the period is lower than the standard rate of corporation tax in the UK. The difference is analysed below:

	2008 £	2007 £
Profit on ordinary activities before taxation	135,504	135,504
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007: 30%)	40,651	40,651
Effect of:		
Disallowed income	(450)	(450)
Capital allowances in excess of depreciation	(479)	(947)
Group relief	(39,722)	(39,254)
<b>Current tax charge for the period</b>	<u>-</u>	<u>-</u>

#### *Factors affecting the future tax charge*

It is expected that there will be no current tax charge in the foreseeable future because of the availability of group relief.

## Notes (continued)

### 5 Tangible fixed assets

	Freehold land and buildings £
<i>Cost</i>	
At 31 May 2007 and 31 May 2008	1,500,000
<i>Depreciation</i>	
At 31 May 2007	280,000
Charge for the year	30,000
At 31 May 2008	310,000
<i>Net book value</i>	
At 31 May 2008	1,190,000
At 31 May 2007	1,220,000

### 6 Debtors

	2008 £	2007 £
Amounts due from group companies	786,770	622,766

### 7 Provision for deferred tax

	2008 £	2007 £
Capital allowances in advance of depreciation	-	167,315
At 31 May 2007		167,315
Deferred tax credit		(167,315)
At 31 May 2008		-

The provision for deferred tax is no longer required following the abolition of industrial buildings allowances

## Notes (continued)

### 8 Deferred income

	Deferred government grants £
At 31 May 2007	61,000
Released during the year	(1,500)
At 31 May 2008	<u>59,500</u>

### 9 Share capital

	Authorised 2008 No.	2007 No.	Allotted, called up and fully 2008 No.	2007 No.
Ordinary shares of £1 each	1,000	1,000	1	1

### 10 Reserves

	Revaluation reserve £	Profit and loss account £
At 31 May 2007	474,639	1,139,811
Profit for the year	-	302,819
At 31 May 2008	<u>474,639</u>	<u>1,442,630</u>

### 11 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	302,819	134,557
Net additions to shareholders' funds	302,819	134,557
Opening shareholders' funds	1,614,451	1,479,894
Closing shareholders' funds	<u>1,917,270</u>	<u>1,614,451</u>

**Notes** *(continued)*

**12 Subsequent event**

On 13 June 2008 Filtronic plc announced that its Board had decided to investigate the possibility of the sale of its Defence Electronics business, which includes the company. At 28 July 2008 Filtronic plc announced that detailed discussions with a preferred bidder were well advanced.

**13 Ultimate parent undertaking**

The company's ultimate parent undertaking is Filtronic plc, a company registered in England and Wales.

Copies of the financial statements of Filtronic plc, which include the company, can be obtained from Filtronic plc, Airedale House, Acorn Park, Charlestown, Shipley, West Yorkshire, BD17 7SW.