

432014

EEV LIMITED

REPORT OF THE DIRECTORS

AND

FINANCIAL STATEMENTS

for the year ended 31st March 1997



EEV LIMITED

Annual Report of the Directors for the Year ended 31st March 1997

Principal Activities

The Company designs, manufactures and sells electronic components and equipment.

Results

The Profit after taxation for the year was £5,277,020 (1996:£3,586,855). An interim dividend payment of £13,500,000 was paid during the year (1996: Nil). The Directors do not recommend the payment of a final dividend (1996: Nil).

Review of Business

The sales and profit growth achieved in the year reflects investment in new products and technology and elimination of older less profitable products effected in recent years. There was continuing growth in exports from the UK which represented 48% of turnover in the year (1996: 47%)

Directors

The Directors of the Company during the year were:

Mr D R Boylan
Mr J A Higgins
Mr M P Mandl - Resigned 15th November 1996
Mr J C Spinks

Directors' Interests

According to the Register kept by the Company under the Companies Act 1985 Section 325, the interests of persons who were Directors at the end of the year in the shares of the Company, the Company's ultimate holding Company, The General Electric Company, p.l.c., or its subsidiaries were as follows:

The General Electric Company, p.l.c.

<u>a) Ordinary Shares of 5p each</u>	<u>1st April 1996</u>	<u>31st March 1997</u>
Mr D R Boylan	4,991	3,786
Mr J C Spinks	27,326	30,272

EEV LIMITED

Directors' Interests continued

b) Options in respect of Ordinary Shares of 5p each

1. The GEC Managers' 1984 Share Option Scheme

Options to subscribe for the following number of shares:

	<u>1st April</u> <u>1996</u>	<u>Options</u> <u>granted</u> <u>during</u> <u>the year</u>	<u>Options</u> <u>exercised</u> <u>during</u> <u>the year</u>	<u>31st March</u> <u>1997</u>
Mr D R Boylan	26,000	-	-	26,000
Mr J A Higgins	20,000	-	-	20,000
Mr J C Spinks	44,000	-	-	44,000

The options are exercisable normally during the years 1997 to 2004 at subscription prices between 226p and 328p per share.

2. The GEC Employee Savings-Related Share Option Schemes

Options to subscribe for the following number of shares:

	<u>1st April</u> <u>1996</u>	<u>Options</u> <u>granted</u> <u>during</u> <u>the year</u>	<u>Options</u> <u>exercised</u> <u>during</u> <u>the year</u>	<u>31st March</u> <u>1997</u>
Mr J C Spinks	10,860	2,541	2,717	10,684

The options are exercisable normally within six months of the 1st April in the years 1997, 1998, 2000 and 2001 at subscription prices between 152p and 334p per share.

Research & Development

During the year the Company continued, as in past years, to conduct research and development programmes both on existing and new products.

Employee Involvement

The Company's ultimate parent company, The General Electric Company, p.l.c. ("GEC"), reports twice yearly on the overall performance of the GEC Group, and the GEC Report and Accounts, incorporating a review of operations, is made available to employees on request.

Employees of the Company with more than two year's service may participate in The GEC Employee Savings-Related Share Option Schemes, and certain managers are included in the GEC Managers' 1984 Share Option Scheme.

EEV LIMITED

Employee Involvement continued

GEC publishes a regular newspaper called "Topic" informing employees of matters affecting the GEC Group.

Employees are consulted regularly through their representatives on important matters affecting their working lives.

Employment of Disabled People

It is the Company's policy and practice to encourage and assist the employment of disabled people.

Suppliers

The Companies Act 1985, as amended, requires the Company to make a statement of its policy and practice on the payment of creditors.

It is and will continue to be the policy of the Company to negotiate with suppliers so as to obtain the best available terms taking account of quality, delivery, price and period of settlement and, having agreed those terms, to abide by them.

The total amount of trade creditors falling due within one year at 31 March 1997, excluding amounts owed to companies in the GEC Group, represents 46 days worth as a proportion of the total amount invoiced by suppliers during the year ended on that date.

BY ORDER OF THE BOARD

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a series of loops and a long horizontal stroke.

J A HIGGINS
COMPANY SECRETARY

Registered Office:
106 Waterhouse Lane,
Chelmsford, Essex. CM1 2QU.

30th June 1997

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF EEV LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors are required by the Companies Act 1985 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 for the financial year and to state whether the accounts have been prepared in accordance with applicable accounting standards.

The directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors 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.

It is our responsibility as auditors to form an independent opinion, based on our audit, on the financial 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 the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

30 June 1997

EEV LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 1997

CONTINUING OPERATIONS

		1997	1996
	Note	£000	£000
Turnover	2	<u>76,948</u>	<u>71,739</u>
Profit on ordinary activities before interest	3	<u>7,867</u>	<u>5,400</u>
Interest Receivable		<u>24</u>	<u>27</u>
Profit on ordinary activities before taxation		7,891	5,427
Tax on profit on ordinary activities	4	<u>(2,614)</u>	<u>(1,840)</u>
Profit for the financial year		5,277	3,587
Balance brought forward		39,078	35,491
Dividends proposed and paid	5	<u>13,500</u>	<u>-</u>
Balance carried forward		<u>30,855</u>	<u>39,078</u>

The notes to the accounts form an integral part of this profit and loss account.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains and losses other than those included in the above results and therefore no separate statement of total recognised gains and losses has been provided.

NOTE OF HISTORICAL COST PROFIT AND LOSSES

The reported profit for 1996 and 1997 is stated under the historical cost convention and therefore represents the true historical cost profit without the need for any adjustment.

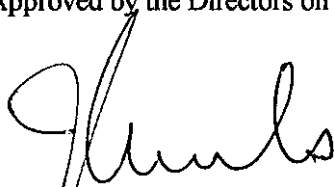
EEV LIMITED

BALANCE SHEET AS AT 31st MARCH 1997

		1997	1996
	Note	£000	£000
Fixed assets			
Tangible assets	7	16,643	14,257
Investments	8	<u>7</u>	<u>7</u>
		<u>16,650</u>	<u>14,264</u>
Current assets			
Stocks	9	15,866	16,848
Debtors	10	14,857	12,965
Cash at bank and in hand		<u>15,741</u>	<u>26,010</u>
		46,464	55,823
Creditors: amounts falling due within one year	11	<u>26,232</u>	<u>25,119</u>
Net current assets		<u>20,232</u>	<u>30,704</u>
Total assets less current liabilities		36,882	44,968
Provisions for liabilities and charges	12	<u>3,027</u>	<u>2,890</u>
		<u>33,855</u>	<u>42,078</u>
Capital and reserves			
Called up share capital	13	3,000	3,000
Profit and loss account		<u>30,855</u>	<u>39,078</u>
Equity Shareholder's Funds		<u>33,855</u>	<u>42,078</u>

The notes to the accounts form an integral part of this balance sheet.

Approved by the Directors on 30th June 1997


J.C Spinks
Director

EEV LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1997

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

Turnover is the net sum of invoices rendered for sales of goods and services in the year, excluding value added tax.

Research and development expenditure

Research and development costs are written off in the year of expenditure except where recoverable from current contracts in progress.

Foreign currencies

Assets and liabilities in foreign currencies have been translated into sterling at the rates ruling at the balance sheet date. Realised exchange gains and losses have been included in the profit for the year.

Fixed assets and depreciation

Freehold land and capital work in progress are not depreciated. Other fixed assets are depreciated on the straight line method over their estimated useful lives. The annual rates of depreciation used vary according to the type of asset and are as follows:

Freehold and leasehold buildings 2% to 4%; plant, machinery and equipment 10% to 100%.

Government Grants

Government grants on capital assets are reported separately as deferred income and amortised in line with the related assets.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value.

EEV LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1997 continued

Work in Progress

Work in progress for contracts consists of materials, direct wages and other charges, net of amounts transferred to cost of sales, after deducting foreseeable losses and applicable payments on account.

Long-term Contracts

Turnover includes the proportion of the contract performed during the year. Profit attributable to work completed during the year is reflected if ultimate profitability of the contract is reasonably certain. Losses are provided for in full as soon as they are anticipated.

Deferred taxation

Deferred taxation, which relates mainly to the excess of capital allowances over related depreciation, has been computed under the liability method and is provided for on timing differences to the extent that it is probable that a liability will actually arise.

Provision for estimated warranty liabilities

Estimated warranty liabilities arising from all sales to 31st March 1997 have been provided for in line with the average recent experience of sales and warranty costs.

Pensions

The expected cost of providing pensions, as calculated periodically by independent actuaries, is charged to the profit and loss account so as to spread the cost over the expected average remaining service lives of current employees.

2. GEOGRAPHICAL ANALYSIS OF TURNOVER

	1997	1996
	£000	£000
United Kingdom	36,447	34,371
Europe	16,294	14,911
The Americas	15,463	14,722
Australasia	735	507
Asia	7,463	6,764
Africa	546	464
	<u>76,948</u>	<u>71,739</u>

EEV LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1997 continued****3. PROFIT ON ORDINARY ACTIVITIES**

The profit on ordinary activities includes:

	1997 £000	1996 £000
Turnover	<u>76,948</u>	<u>71,739</u>
Increase in stocks of finished goods and work in progress	(998)	(1,545)
Own work capitalised	(461)	(423)
Raw materials and consumables	20,820	20,257
Other external and operating charges	10,904	11,110
Increase in provision for liabilities	259	1,172
Audit fees and expenses	32	29
Payments to Auditors for non audit work	1	3
Depreciation	4,176	3,583
(Profit)/Loss on Sale of fixed assets	(18)	9
Wages and salaries	30,335	28,449
Social Security costs	2,930	2,752
Other pension costs	1,101	951
Uniform business rates rebate	-	(8)
Operating Profit	<u><u>7,867</u></u>	<u><u>5,400</u></u>

The average number of employees was 1,946 (1996: 1,876).

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £000	1996 £000
UK corporation tax at 33% (1994 - 33%)	2,546	1,854
Transfer to/ from deferred taxation	55	(9)
Prior years adjustments	13	(5)
	<u><u>2,614</u></u>	<u><u>1,840</u></u>

5. DIVIDENDS

	1997 £000	1996 £000
Interim paid	<u><u>13,500</u></u>	<u><u>-</u></u>

EEV LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1997 continued

6. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	1997 £000	1996 £000
Balance at 1 April	42,078	38,491
Profit for the year	5,277	3,587
Dividend paid	13,500	-
Balance 31 March	<u>33,855</u>	<u>42,078</u>

7. FIXED ASSETS - TANGIBLE ASSETS

	Freehold land and buildings £000	Long lease- hold £000	Plant, machinery and equipment £000	Capital work in progress £000	Total £000
Cost:					
At 1st April 1996	4,048	940	54,946	1,680	61,614
Additions	-	-	3,959	1,774	5,733
Transfers In	63	-	10,434	-	10,497
Completed	-	-	1,451	(1,451)	-
Disposals	-	-	(1,206)	-	(1,206)
At 31st March 1997	4,111	940	69,584	2,003	76,638
Depreciation:					
At 1st April 1996	2,590	339	44,428	-	47,357
Charge for the year	136	19	4,021	-	4,176
Transfers In	23	-	9,614	-	9,637
Disposals	-	-	(1,175)	-	(1,175)
At 31st March 1997	2,749	358	56,888	-	59,995
Net book value 1997	1,362	582	12,696	2,003	16,643
Net book value 1996	1,458	601	10,518	1,680	14,257

Future capital expenditure approved by the Board amounted to £2,276K of which orders placed amounted to £870K.

EEV LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1997 continued

8. FIXED ASSETS - INVESTMENTS

	1997 £000	1996 £000
Shares in subsidiary undertakings at cost	7	7

EEV Limited directly owns 100% of the share capital and voting rights of the following subsidiary undertaking.

Name of subsidiary Undertaking	Country of registration and operation	Nature of business
EEV Canada Limited	Canada	Sale of electronic components

The Company has taken advantage of the exemption granted by Section 228 CA 85 not to prepare group accounts and has therefore prepared accounts for the Company as an individual undertaking only.

It is the opinion of the Directors that the value of the subsidiary investment is not less than the aggregate amount at which it is shown in the balance sheet of EEV Limited.

9. STOCKS

	1997 £000	1996 £000
Raw materials and components	7,627	7,566
Work in progress	4,954	6,073
Finished goods	3,285	3,209
	<u>15,866</u>	<u>16,848</u>

10. DEBTORS

	1997 £000	1996 £000
Trade debtors	7,206	7,583
Amounts owed by group undertakings	5,082	4,685
Amounts owed by undertakings in which the Group Company has a participating interest	349	228
Other debtors	140	62
Recoverable ACT	1,832	-
Prepayments and accrued income	248	407
	<u>14,857</u>	<u>12,965</u>

EEV LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1997 continued

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £000	1996 £000
Payments received on account	933	2,423
Trade creditors	4,974	6,095
Amounts owed to group undertakings	14,178	8,953
Amounts owed to undertakings in which the Group Company has a participating interest	68	2
Other creditors	72	126
Pension	-	83
Taxation and social security	1,909	2,682
Accruals and deferred income	4,098	4,755
	<u>26,232</u>	<u>25,119</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	1997 £000	1996 £000
Deferred taxation has been provided in full in the accounts, as follows:		
Accelerated Capital Allowances	641	536
Other timing differences	(329)	(279)
	<u>312</u>	<u>257</u>
Provision for warranty and other liabilities :		
Opening balance	2,633	1,651
Created in year	259	1,172
Utilised during the year	(222)	(190)
Transferred In	45	-
	<u>2,715</u>	<u>2,633</u>
	<u>3,027</u>	<u>2,890</u>

EEV LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1997 continued

13. CALLED UP SHARE CAPITAL

	1997 £000	1996 £000
Authorised, allotted and fully paid: Ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>

14. CASH FLOW

The Company has not prepared a cash flow statement under the exemption contained in FRS1-"Cash Flow Statements" applicable to a wholly owned subsidiary undertaking. A consolidated cash flow statement is included in the consolidated accounts of the ultimate parent undertaking The General Electric Company, p.l.c.

15. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent company is The General Electric Company, p.l.c. ("GEC"). The GEC Group is the only group of which the Company is a member for which group accounts are prepared. Copies of the accounts of GEC are available from the Secretary, 1 Stanhope Gate, London W1A 1EH.

Pursuant to the exemption granted by Financial Reporting Standard 8 'Related Party Disclosures', transactions with other undertakings within, and related parties of, the GEC Group have not been disclosed in these financial statements.

16. PENSIONS

The Company is a subsidiary of The General Electric Company, p.l.c. ("GEC") and all its employees who are members of a pension plan are members of The GEC Plan ("the Plan"), the principal pension plan of the GEC Group. The plan is funded and is of the "defined benefit" type. Particulars of the most recent actuarial valuation, which was at 5 April 1994, will be disclosed in the report and accounts of GEC for the year ended 31 March, 1997.

The pensions cost charge of the Company in respect of employees who are members of the Plan consists of employers' contributions payable which are similar across the Group as a whole as a percentage of pensionable earnings. Based on the advice of a qualified actuary, contributions for the year ended 31 March, 1997 amounting to £1,100,861 (1996: £951,152) calculated at 6 per cent of members' pensionable pay.

EEV LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1997 continued

17. DIRECTORS' EMOLUMENTS

Included in the amounts shown in note 3 on page 9 are the following amounts paid to the directors:

	1997 £000	1996 £000
Aggregate emoluments	203	188

Details relating to Directors' Share Options are contained within the Directors' Report.

Retirement benefits are accruing to all Directors under a defined benefit scheme.

Remuneration of the highest paid Director:-

Aggregate emoluments	79	76
Accrued pension at the end of the year from a defined benefit scheme	20	N/A

Details relating to the highest paid Directors' Share Options are contained within the Directors' Report.

A number of the Directors of the Company are or were employees of the ultimate holding company and a management charge is levied in respect of their executive service. In 1996/97 this amounted to £128,350 (1995/96 - £169,732).