

Company No 01501059

DEM Manufacturing Limited  
(formerly Deltron Emcon Limited)

Annual report and accounts

For the period ended

30 June 2009

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COMPANIES HOUSE

# *DEM Manufacturing Limited*

## DIRECTORS

Raymond J Sadowski – appointed 20 April 2009  
Patrick Zammit – appointed 20 April 2009  
Peter Bielefeld – appointed 20 April 2009  
David R Birk – appointed 20 April 2009  
M R Kent – resigned on 20 April 2009  
P V Allen – resigned on 20 April 2009  
A Ainsworth – resigned on 20 April 2009  
C Friel – resigned on 20 April 2009

## SECRETARY

Anne Van Der Zwalmen – appointed on 20 April 2009  
A Bateman – resigned 2 July 2008  
G L van der Pant - appointed 2 July 2008 and resigned 22 October 2008  
L A Heffernan - appointed 22 October 2008 and resigned on 20 April 2009

## REGISTERED OFFICE

Avnet House  
Rutherford Close  
Meadway  
Stevenage  
Hertfordshire  
SG1 2EF

# **DEM Manufacturing Limited**

## **Director's Report**

The directors present their annual report on the affairs of the company, together with the financial statements for the period ended 30 September 2008

The Company has been dormant within the meaning of the Companies Act 2006 throughout the period. It is anticipated that the Company will remain dormant for the foreseeable future.

### **CHANGE OF NAME**

On the 19 December 2006 the name of the company was changed to DEM manufacturing Limited from Deltron Emcon Limited

### **PRINCIPAL ACTIVITY**

The company's principal activity during the year 2008 was that of the designing, manufacturing and selling of electromechanical products and components. On 1 April 2008 the Company discontinued its operations and transferred its trade and assets to its immediate parent undertaking, Alpha3 Manufacturing Limited at book value being the fair value of the assets transferred. It is anticipated that the Company will remain dormant for the foreseeable future.

### **REVIEW OF THE BUSINESS**

Turnover during the period was £nil (2008: £3.4 million). The profit for the period, after taxation amounted to £nil compared with a £0.3 million in the previous year. The directors do not recommend a dividend for the period (2008: £nil).

On 19 January 2009 the Electron House (Overseas) Limited (wholly owned subsidiary of Avnet Inc.) acquired 100% shareholding of the Abacus Group plc (the then ultimate parent undertaking of the Company). Following this acquisition the ultimate parent undertaking of the Company is Avnet Inc. In order to bring the Company's financial year in line with its new ultimate parent undertaking, the year end was changed from 30 September to 30 June, therefore, the period under review is for 9 months from 01 October 2008 to 30 June 2009.

### **DIRECTORS AND THEIR INTERESTS**

M R Kent, C Friel, A Ainsworth and P Allen resigned as Directors on 20 April 2009. Raymond J Sadowski, Peter Bielefeld, David R Birk and Patrick Zammit were appointed as directors on 20 April 2009. They served as directors until the period end date. None of the directors had any interest in the share capital of the Company as at 30 June 2009. The Directors' Interest in shares of the ultimate parent undertaking Avnet Inc. is given below.

	Beneficial Interest as at 30 June 2009	Share options outstanding as at 30 June 2009
R J Sadowski	98,125	214,636
D R Birk	45,305	91,834
P Zammit	4,012	26,188
P Bielefeld	9,650	2,690

As at 30 September 2008 M R Kent and P Allen were directors of the then ultimate holding company, Abacus Group plc. Their interests in Abacus Group Plc are shown in its annual accounts.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

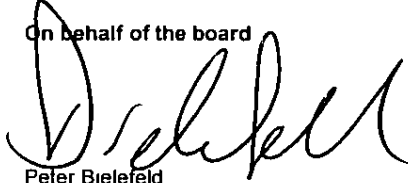
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## ***DEM Manufacturing Limited*** **Director's Report (continued)**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

On behalf of the board



Peter Bielefeld  
Director

22 March 2010

# DEM Manufacturing Limited

## Profit and loss account

for the period ended 30 June 2009

			Discontinued Activities
	Notes	2009 £'000	2008 £'000
Turnover	1	-	3,361
Cost of sales		-	(2,060)
<b>Gross profit</b>		-	1,301
Other operating expenses	2		(887)
<b>Operating profit</b>	3	-	414
Interest payable and similar charges	5	-	(20)
<b>Profit (loss) on ordinary activities before taxation</b>		-	394
Tax (charge) credit on profit on ordinary activities	6	-	(87)
<b>Profit (loss) for the financial year attributable to members of the Company</b>		-	81

There is no difference between the profit reported above and the equivalent profit calculated on an unmodified historical cost basis. The accompanying notes are an integral part of the Profit and Loss Account.

## Reconciliation of shareholders' funds

for the period ended 30 June 2009

	2009 £'000	2008 £'000
Total recognised gains	-	307
Reserve credit for share-based payment plan	-	-
Total movements during the year	-	307
Shareholders' deficit at the beginning of the period	(1,406)	(1,713)
<b>Shareholders' deficit at 30 September</b>	<b>(1,406)</b>	<b>(1,406)</b>

# DEM Manufacturing Limited

## Balance Sheet

as at 30 June 2009

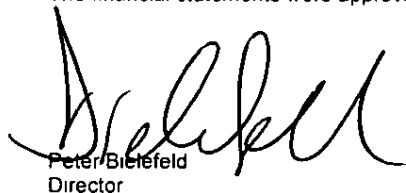
	Notes	30 June 2009 £000	30 September 2008 £000
<b>Fixed assets</b>			
Intangible assets	7	-	-
Tangible assets	8	-	-
		-	-
<b>Total assets</b>		-	-
<b>Creditors</b> amounts falling due after more than one year	9	(1,406)	(1,406)
<b>Net liabilities</b>		(1,406)	(1,406)
<b>Capital and reserves</b>			
Called up share capital	10	11	11
Share premium account	11	2	2
Profit and loss account	11	(1,419)	(1,419)
<b>Shareholders' deficit</b>		(1,406)	(1,406)

For the period ending 30 June 2009 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies

### Directors' responsibilities

- The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476, and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The financial statements were approved by the Board of Directors and were signed on their behalf by



Peter Bielefeld  
Director

22 March 2010

# **DEM Manufacturing Limited**

## **Statement of Accounting Policies**

30 June 2009

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding year.

### **Basis of accounting**

The accounts have been prepared under the historic cost convention and in accordance with the applicable United Kingdom standards (UK GAAP) and Law.

### **Intangible assets**

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill arises on the acquisition or transfer of subsidiary undertakings and businesses. If the fair value of the consideration given exceeds the fair value of the identifiable assets and liabilities acquired, the difference, goodwill, is capitalised. Goodwill is written off on a straight-line basis over its useful economic life, a maximum of twenty years. Provision is made for any impairment.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. In addition, the carrying value of capitalised software development expenditure is reviewed for impairment annually before being brought into use.

### **Property, plant and equipment**

Property, plant and equipment (including land and buildings) are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, other than freehold land. The rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset evenly over its expected useful life are as follows:

Leasehold improvements	-	over period of lease
Plant and machinery	-	10% straight line
Fixtures and fittings	-	10% straight line
Motor vehicles	-	25% straight line
Tools and office equipment	-	25% straight line

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### **Research and development**

Research expenditure is written off against profits in the period in which it is incurred. Development expenditure is also written off, except where directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is between two and five years. Provision is made for any impairment.

### **Group accounts**

The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare group accounts and to deliver them to the Registrar of Companies. The accounts present information about the undertaking as an individual undertaking and not as a group. The Company is included in the consolidated accounts of Abacus Group plc, the Company's parent undertaking, which is registered in England and Wales.

### **Cash flow statement**

The consolidated accounts of Abacus Group plc include a cash flow statement. The Directors have taken advantage of the exemption in Financial Reporting Standard 1 (revised) and have not presented a cash flow statement for the Company.

# **DEM Manufacturing Limited**

## **Statement of Accounting Policies (continued)**

30 June 2009

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bring each product to its present location and condition, as follows:

- i) Raw materials, consumables and goods for resale – purchase cost on a weighted average cost basis
- ii) 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. Provision is made for obsolete, slow-moving and defective items where appropriate.

### **Trade and other receivables**

Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

### **Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

### **Interest bearing loan and borrowings**

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance expense.

### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### **Pensions and other post-retirement benefits**

Contributions to money purchase schemes are recognised in the income statement in the period in which they become payable.

### **Foreign currency**

In preparing the Financial Statements of the Company, transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement, except (i) when hedge accounting is applied, (ii) for differences on monetary assets and liabilities that form part of the Company's net investment in foreign operations. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.



# **DEM Manufacturing Limited**

## **Statement of Accounting Policies (continued)**

30 June 2009

### **Turnover**

Turnover represents sales, less returns, to external customers excluding value added tax. Transactions are recorded as sales when the delivery of products or performance of services takes place in accordance with the contractual terms of sale.

### **Leases**

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

### **Finance costs**

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

### **Share-based payment**

The ultimate holding company, Abacus Group plc, issues equity-settled and cash-settled share-based payments to certain employees in its subsidiaries, including the Company. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. For cash-settled share-based payments, a liability equal to the portion of the services received is recognised at the current fair value determined at each balance sheet date.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

### **Exceptional items**

The Company presents as exceptional items on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the period. This facilitates comparison with prior periods and better trend analysis in financial performance.

# DEM Manufacturing Limited

## Notes to the Accounts

30 June 2009

### 1 Turnover

Turnover comprises the invoiced value of goods and services supplied exclusive of Value Added Tax and after deduction of trade discounts. Turnover is entirely attributable to the principal activity. The analysis of turnover by geographical destination is as follows,

	2009 £'000	2008 £'000
United Kingdom	-	1,859
Mainland Europe	-	525
Far East	-	213
USA	-	682
Other	-	82
	-	3,361

### 2 Other operating expenses

	2009 £'000	2008 £'000
Administration and distribution costs	-	887

The nature of the Company's business and organisation is such that the Directors consider that it is not possible to calculate a meaningful split between administration and distribution costs

### 3 Operating profit (loss)

This is stated after charging the following items

	2009 £000	2008 £000
Auditors' remuneration		
Audit	-	7
Depreciation and other amounts written off tangible fixed assets		
Owned assets	-	44
Leased assets	-	3
Operating lease rentals		
Other	-	64
Plant and machinery	-	17
Share-based payment	-	-

# DEM Manufacturing Limited

## Notes to the Accounts (continued)

30 June 2009

### 4 Information Regarding Directors and Employees

Staff costs	2009 £000	2008 £000
Wages and salaries (excluding share-based payment charge)	-	498
Social security costs	-	44
Pension costs	-	27
	-	569

The share based payment charge for the period was £nil (2008 £nil)

Average number of persons employed	2009 No	2008 No
Selling	-	4
Product	-	43
Administration	-	26
	-	73

The directors' remuneration is borne by the parent company and is dealt with in the financial statements of other group companies

### 5 Interest payable and similar charges

	2009 £000	2008 £000
Bank overdraft	-	19
Finance leases	-	1
Other group loans	-	-
	-	20

# DEM Manufacturing Limited

## Notes to the Accounts (continued)

30 June 2009

### 6 Tax on profit (loss) on ordinary activities

	2009 £000	2008 £000
United Kingdom corporation tax at 28% based on the profit (loss) for the year	-	-
<b>Deferred tax</b>		
Adjustments to the estimated recoverable amount of deferred tax assets	-	(87)
	-	(87)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation

	2009 £000	2008 £000
<b>Profit (loss) on ordinary activities before taxation</b>	-	394
Profit (loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 28% (2007-30%)	-	110
Effects of		
Capital allowances in excess of depreciation	-	(4)
Movement in short term timing differences	-	(1)
Utilisation of brought forward losses	-	(105)
Adjustment to tax charge in respect of previous periods	-	-
<b>Current tax credit for the period</b>	-	-

### 7 Intangible fixed assets

	Goodwill £'000
<b>Cost</b>	
At 01 October 2007	314
Transfer to parent undertaking	(314)
<b>At 30 September 2008 and 30 June 2009</b>	-
<b>Amortisation</b>	
At 01 October 2007	41
Amortisation	-
Transfer to parent undertaking	(41)
<b>At 30 September 2008 and 30 June 2009</b>	-
<b>Net book value</b>	
<b>At 30 September 2008 and 30 June 2009</b>	-

The Goodwill figure relates to a fair value adjustment made to the value of assets acquired of BES. This acquisition was made in July 2005.

# DEM Manufacturing Limited

## Notes to the Accounts (continued)

30 June 2009

### 8 Tangible fixed assets

	Short leasehold improvements £'000	Fixtures and fittings £'000	Plant and machinery £'000	Motor vehicles £'000	Tools £'000	Office equipment £'000	Total £'000
<b>Cost</b>							
At 01 October 2007	31	74	494	35	505	488	1,627
Additions	-	7	7	-	16	17	47
Disposals	-	-	(19)	-	-	-	(19)
Transfer to parent undertaking	(31)	(81)	(482)	(35)	(521)	(505)	(1,655)
<b>At 30 September 2008 and 30 June 2009</b>	-	-	-	-	-	-	-
<b>Depreciation</b>							
At 01 October 2007	31	38	259	35	461	406	1,230
Charge for the year	-	3	18	-	9	17	47
Disposals	-	-	(10)	-	-	-	(10)
Transfer to parent undertaking	(31)	(41)	(267)	(35)	(470)	(423)	(1,267)
<b>30 September 2008 and 30 June 2009</b>	-	-	-	-	-	-	-
<b>Net book value</b>							
<b>At 30 September 2008 and 30 June 2009</b>	-	-	-	-	-	-	-

### 9 Creditors amounts falling due after more than one year

	2009 £000	2008 £000
Obligations under finance leases and hire purchase contracts (all repayable within two to five years)	-	-
Amounts owed to group undertakings	1,406	1,406
	<b>1,406</b>	-

### 10 Called up share capital

	2009 £000	2008 £000
<b>Authorised</b> 250,000 Ordinary shares of £1 each	<b>250</b>	<b>250</b>
<b>Allotted, called up and fully paid</b> 11,245 Ordinary shares of £1 each	<b>11</b>	<b>11</b>

# DEM Manufacturing Limited

## Notes to the Accounts (continued)

30 June 2009

### 11 Reserves and reconciliation of movements in shareholder's funds

	Non-distributable		Distributable		
	Share	Share	Profit and loss	Total	Total
	capital	premium	account	2008	2007
	£000	account	£000	£000	£000
		£000			
Opening shareholder's deficit	11	2	(1,419)	(1,406)	(1,713)
Retained profit (loss) for the year	-	-	-	-	-
Closing shareholder's deficit	11	2	(1,419)	(1,406)	(1,713)

### 12 Transfer of trade, assets and liabilities from and to fellow Group undertakings

On 01 April 2008 the company transferred its trade and assets to its parent undertaking Alpha3 Manufacturing Limited at book value. The Directors consider the transfer to be at fair value and are as follows:

	2008 £'000
<b>Fixed assets</b>	
Intangible assets	273
Tangible assets	388
<b>Current assets</b>	
Stocks	644
Debtors	1,303
Deferred tax asset	42
<b>Total assets</b>	2,650
<b>Liabilities</b>	
Trade creditors	(459)
Bank loans and overdrafts	(559)
Intercompany	(2,569)
Other liabilities	(402)
<b>Total liabilities</b>	(3,989)
<b>Net liabilities transferred at net book value, being fair value</b>	(1,339)

### 13 Pension commitments

During 2008 the company contributed to a defined contribution scheme, whose operation has not altered during the year, for certain employees. The funds of the schemes are independently administered by insurance companies. The pension cost charge for the year represents contributions payable to the scheme, which amounted to £nil (2008 - £27,000).

### 14 Ultimate holding undertaking and controlling party

On 19 January 2009 the Electron House (Overseas) limited (wholly owned subsidiary of Avnet Inc.) acquired 100% shareholding of the Abacus Group plc (ultimate parent undertaking of the Company). Following this acquisition the ultimate parent undertaking of the Company is Avnet Inc.