

**Report of the Directors and
Financial Statements
for the Year Ended 31 December 2000
for
Quiller Electronics Limited**



**Contents of the Financial Statements
for the Year Ended 31 December 2000**

	Page
Company Information	1
Report of the Directors	2
Report of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6
Trading and Profit and Loss Account	11

Quiller Electronics Limited

**Company Information
for the Year Ended 31 December 2000**

DIRECTORS:

T J Barker
D H R Brace
J R Clarke

SECRETARY:

Ashley Secretaries Limited

REGISTERED OFFICE:

Ashley House
5 Grosvenor Square
Southampton
SO15 2BE

REGISTERED NUMBER:

3632967

AUDITORS:

Rothman Pantall & Co
Registered auditors
10 Landport Terrace
Portsmouth
Hampshire
PO1 2RG

BANKERS:

National Westminster Bank plc
East Corporate Business Centre
Portsmouth Corporate Office
176 London Road
Portsmouth
PO2 9DR

**Report of the Directors
for the Year Ended 31 December 2000**

The directors present their report with the financial statements of the company for the year ended 31 December 2000.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of purchase and distribution of components for the electronics industry .

DIRECTORS

The directors during the year under review were:

T J Barker
D H R Brace
J R Clarke

The directors holding office at 31 December 2000 did not hold any beneficial interest in the issued share capital of the company at 1 January 2000 or 31 December 2000.

The company is a wholly owned subsidiary of Quiller Holdings Ltd. T J Barker, D H R Brace and J R Clarke are directors of that company and their beneficial interests in the share capital of that company are shown in that company's Directors' Report.

STATEMENT OF 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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 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

The auditors, Rothman Pantall & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
- DIRECTOR

D H R Brace

Dated: 4 July 2001

**Report of the Independent Auditors to the Shareholders of
Quiller Electronics Limited**

We have audited the financial statements of Quiller Electronics Limited for the year ended 31 December 2000 on pages four to ten. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Report of the Directors is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rothman Pantall & Co
Registered auditors
10 Landport Terrace
Portsmouth
Hampshire
PO1 2RG

Dated: 16 July 2001

Quiller Electronics Limited

**Profit and Loss Account
for the Year Ended 31 December 2000**

		2000	1999
	Notes	£	£
TURNOVER		4,594,798	3,875,568
Cost of sales		3,133,379	2,525,679
GROSS PROFIT		1,461,419	1,349,889
Administrative expenses		1,169,965	1,141,870
OPERATING PROFIT	3	291,454	208,019
Reorganisation costs	4	36,358	-
		255,096	208,019
Interest receivable and similar income		147	216
		255,243	208,235
Interest payable and similar charges		31,935	34,514
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		223,308	173,721
Tax on profit on ordinary activities	5	26,000	38,413
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		197,308	135,308
Retained profit brought forward		135,308	-
RETAINED PROFIT CARRIED FORWARD		£332,616	£135,308

The notes form part of these financial statements

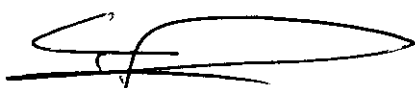
Quiller Electronics Limited

**Balance Sheet
31 December 2000**

		2000		1999	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		318,729		318,552
CURRENT ASSETS:					
Stocks	7	526,860		486,700	
Debtors	8	884,921		681,020	
Cash at bank		107,000		52,607	
		1,518,781		1,220,327	
CREDITORS: Amounts falling due within one year	9	1,173,064		1,080,232	
NET CURRENT ASSETS:			345,717		140,095
TOTAL ASSETS LESS CURRENT LIABILITIES:			664,446		458,647
CREDITORS: Amounts falling due after more than one year	10		206,828		198,337
			£457,618		£260,310
CAPITAL AND RESERVES:					
Called up share capital	12		125,002		125,002
Profit and loss account			332,616		135,308
SHAREHOLDERS' FUNDS:			£457,618		£260,310

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

ON BEHALF OF THE BOARD:



T. J. BARUKA

.....
- DIRECTOR

Approved by the Board on 4/7/01

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2000

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 4% on cost
Plant and machinery	- 25% on cost

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

2. STAFF COSTS

	2000 £	1999 £
Wages and salaries	671,420	633,189
Social security costs	56,250	57,437
Other pension costs	-	14,000
	<u>727,670</u>	<u>704,626</u>

The average monthly number of employees during the year was as follows:

	2000	1999
Administration and management	8	9
Stores and assembly	5	14
Sales and distribution	14	12
	<u>27</u>	<u>35</u>

**Notes to the Financial Statements
for the Year Ended 31 December 2000**

3. OPERATING PROFIT

The operating profit is stated after charging:

	2000	1999
	£	£
Depreciation - owned assets	(274)	34,481
Depreciation - assets on hire purchase contracts or finance leases	42,003	-
Loss on disposal of fixed assets	70	22,678
Goodwill written off	-	8
Auditors' remuneration	3,200	(2,207)
	<u>189,505</u>	<u>136,759</u>
Directors' emoluments	189,505	136,759
Directors' pension contributions to money purchase schemes	-	14,000
	<u>-</u>	<u>14,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	-	2
	<u>-</u>	<u>2</u>

4. EXCEPTIONAL ITEMS

The exceptional reorganisation costs relate to the closure of the company's cable assembly activity and include redundancy costs and the write off of redundant stock .

5. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	2000	1999
	£	£
UK corporation tax	26,000	38,413
	<u>26,000</u>	<u>38,413</u>

UK corporation tax has been charged at 21% (1999 - 21%).

Notes to the Financial Statements
for the Year Ended 31 December 2000

6. TANGIBLE FIXED ASSETS

	Freehold property	Plant and machinery	Totals
	£	£	£
COST:			
At 1 January 2000	260,985	63,181	324,166
Additions	-	67,820	67,820
Disposals	-	(34,832)	(34,832)
At 31 December 2000	260,985	96,169	357,154
DEPRECIATION:			
At 1 January 2000	10,876	(5,259)	5,617
Charge for year	10,439	31,290	41,729
Eliminated on disposals	-	(8,921)	(8,921)
At 31 December 2000	21,315	17,110	38,425
NET BOOK VALUE:			
At 31 December 2000	239,670	79,059	318,729
At 31 December 1999	250,109	68,443	318,552

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Motor vehicles
	£
COST:	
At 1 January 2000	113,923
Additions	54,090
At 31 December 2000	168,013
DEPRECIATION:	
At 1 January 2000	28,480
Charge for year	42,003
At 31 December 2000	70,483
NET BOOK VALUE:	
At 31 December 2000	97,530
At 31 December 1999	85,443

7. STOCKS

	2000	1999
	£	£
Stock	526,860	486,700

Notes to the Financial Statements
for the Year Ended 31 December 2000

8. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2000 £	1999 £
Trade debtors	746,262	675,867
Other debtors	302	1,550
Prepayments & accrued income	7,440	3,603
Amounts due by fellow subsidiary undertakings	130,917	-
	<u>884,921</u>	<u>681,020</u>

9. **CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2000 £	1999 £
Bank loans and overdrafts	109,282	167,010
Trade creditors	486,858	338,275
Hire purchase	43,998	35,911
Other creditors	411	1,036
Social security & other taxes	69,168	90,613
Amounts owed by group undertakings	380,591	341,529
Taxation	26,055	36,500
Accrued expenses	56,701	69,358
	<u>1,173,064</u>	<u>1,080,232</u>

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

	2000 £	1999 £
Bank loans	159,521	147,551
Hire purchase	47,307	50,786
	<u>206,828</u>	<u>198,337</u>

Amounts falling due in more than five years:

Repayable by instalments Bank loans	<u>27,096</u>	<u>85,563</u>
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11. **SECURED DEBTS**

The following secured debts are included within creditors:

	2000 £	1999 £
Bank overdrafts	69,168	151,513
Bank loans	199,635	163,048
	<u>268,803</u>	<u>314,561</u>

**Notes to the Financial Statements
for the Year Ended 31 December 2000**

12. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	2000	1999
Number:	Class:		£	£
75,000	Ordinary	£1	75,000	75,000
125,000	Deferred	£1	125,000	125,000
			<u>200,000</u>	<u>200,000</u>

Allotted, issued and fully paid:		Nominal value:	2000	1999
Number:	Class:		£	£
2	Ordinary	£1	2	2
125,000	Deferred	£1	125,000	125,000
			<u>125,002</u>	<u>125,002</u>

13. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Quiller Holdings Ltd , a company incorporated in the United Kingdom.

14. TRANSACTIONS WITH DIRECTORS

Mr H D R Brace is a director of Howlyn Ltd. During the year the company paid fees in respect of accountancy and other financial services to Howlyn Ltd of £66894.