

**Company Registration No: NI 51794**

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**FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 March 2008**

# **FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

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# **FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

A Farha	(appointed 31/1/06, resigned 7/5/08)
R Foskin	(appointed 31/1/06)
E Johnston	(appointed 7/5/08)
F KcKay	(appointed 7/5/08)

### **SECRETARY**

Beach Secretaries Limited (appointed 27/4/07)

### **REGISTERED OFFICE**

Arthur Boyd & Company  
Franklin House  
12 Brunswick Street  
Belfast  
BT2 7GE

### **INDEPENDENT AUDITORS**

Arthur Boyd & Company  
Franklin House  
12 Brunswick Street  
Belfast  
BT2 7GE

### **BANKERS**

Citigroup  
Citibank House  
336 The Strand  
London  
WCR 1HB

# **FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

## **DIRECTORS' REPORT**

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

### **PRINCIPAL ACTIVITY**

The company was incorporated on 22 September 2004 as Sarcon (No 169) Limited. On 15 November 2004 the company name was changed to Flextronics (UK) Design Services Limited. The principal activity of the company was the provision of Design Services to the Telecoms Infrastructure Industry, but all activities ceased in November 2007.

### **BUSINESS REVIEW AND FUTURE PROSPECTS**

Flextronics (UK) Design Services offered a comprehensive range of value-added design and engineering market-specific services. These services ranged from contract design services to original product design and manufacturing services.

Turnover for the year ended 31 March 2008 amounted to £2,363,150 (year ended 31 March 2007 £5,140,972) and operating loss £2,814,750 (2007 loss £556,455).

The global telecoms industry is extremely competitive and constantly changing. Since 31 March 2006, changes have occurred with the industry and most notably within the wider Flextronics Group. In 2007, Flextronics completed the successful acquisition of a large competitor. This brought with it significant synergies and in November 2007 the decision was taken to close the Design facility in Belfast. The closure announcement resulted in the cessation of operations for Flextronics (UK) Design Services Ltd in November 2007.

Due to the nature of the closure and the costs associated with it, Flextronics International Ltd, the parent company of the group, will ensure that all creditors are paid in full and will support the company financially to this extent. There currently are no plans to liquidate the company; however, subsequent years will show a wind-down to a dormant balance sheet by March 2009.

The company has ceased trading in November 2007, as noted above. The financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. Provision has also been made for any onerous contractual commitments at the balance sheet date. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent where such were committed at the balance sheet date.

### **RESULTS AND DIVIDENDS**

The loss for the year attributable to shareholders amounts to £2,931,963 (2007 loss £563,394). The directors do not recommend payment of a dividend for the year.

### **DIRECTORS AND THEIR INTERESTS**

The directors of the company during the period and at the end of the year are shown on page 1.

None of the directors held any interest in the share capital of the company or of the parent company.

# **FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

## **DIRECTORS' REPORT**

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

United Kingdom 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 at the end of the year 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,
- 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

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements are prepared in compliance with the Companies (Northern Ireland) Order 1986. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **AUDITORS**

Arthur Boyd & Company were appointed as auditors by the board on 26 September 2008

By order of the Board

  
\_\_\_\_\_  
Director

Date 25 September 2009

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

We have audited the financial statements of Flextronics (UK) Design Services Limited for the year ended 31 March 2008 which comprise the profit and loss account, balance sheet and the related notes 1 to 16. 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 Article 243 of the Companies (Northern Ireland) Order 1986. 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 auditors' 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Accounting (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 (Northern Ireland) Order 1986. We also report to you whether in our opinion 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 report of the directors for the above period and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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.

### **Emphasis of matter – financial statements prepared other than on a going concern basis.**

We draw attention to note 1 to the accounts, which states that the financial statements have been prepared on the basis that the company is no longer a going concern and describes the reason why.

### **Limitation on Scope**

Due to the closure of operations prior to our initial engagement as auditors for the company, it has not been possible to gain full access to the computerised accounting system used in the maintenance of accounting records or to obtain sufficient documentation in support of a significant amount of the information recorded for the following reasons:

- The Financial Controller resigned during the year and a new one was appointed in July 2007. The new Financial Controller has assisted as far as possible with any issues which have arisen, however he inherited a system which was not up-to-date, there was no record available in support of the various journal entries made, and the previous Financial Controller could not be contacted to discuss matters.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

- The prime accounting records available to us appear to be incomplete, possibly due to the removal from site after operations ceased, and those which were available have not been maintained in any reasonable order

There were no alternative audit procedures available to us to satisfy ourselves in relation to various entries in the accounting records and therefore the resultant figures in the financial statements

### **Opinion: disclaimer on view given by financial statements**

Due to the limitation in evidence available to us, as described above, we are unable to form an opinion as to whether the financial statements give a true & fair view of the state of the company's affairs as at 31 March 2008 or of its loss for the year then ended. In all other respects, in our opinion, the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986

In respect alone of the limitation on our work,

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit
- we were unable to determine whether proper accounting records had been maintained



ARTHUR BOYD & COMPANY  
Chartered Accountants and Registered Auditors  
Belfast, United Kingdom

Date 20 October 2009

# **FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**Year ended 31 March 2008**

	<b>Note</b>	<b>2008 £</b>	<b>2007 £</b>
<b>TURNOVER</b>	2	2,363,150	5,140,972
Cost of sales		(1,924,431)	(4,445,631)
<b>GROSS PROFIT</b>		438,719	695,341
Administrative expenses		(3,253,469)	(1,251,796)
<b>OPERATING LOSS</b>	3	(2,814,750)	(556,455)
Interest receivable and similar income		64,691	50,280
Interest payable and similar charges	6	(181,904)	(79,285)
Other income		-	22,066
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(2,931,963)	(563,394)
Taxation	7	-	-
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>	13	(2,931,963)	(563,394)

All activities in the current period have arisen from continuing operations

There are no recognised gains and losses other than the loss for the financial period. Accordingly, no statement of total recognised gains and losses is given.



# **FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

## **BALANCE SHEET**

**At 31 March 2008**

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	8	-	370,337
<b>CURRENT ASSETS</b>			
Debtors	9	489,969	2,096,539
Cash at bank and in hand		-	-
		489,969	2,096,539
<b>CREDITORS : amounts falling due within one year</b>	10	(2,927,033)	(1,971,977)
<b>NET CURRENT ASSETS</b>		(2,437,064)	124,562
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(2,437,064)	494,899
<b>NET ASSETS</b>		(2,437,064)	494,899
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	2	2
Share premium account	12	237,406	237,406
Capital contribution	12	120,000	120,000
Profit and loss account	12	(2,794,472)	137,491
<b>SHAREHOLDERS' FUNDS</b>	13	(2,437,064)	494,899

These financial statements were approved by the Board of Directors on 25 September 2009

Signed on behalf of the Board of Directors

  
Director

# **FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the year ended 31 March 2008**

### **1. ACCOUNTING POLICIES**

The principle accounting policies are summarised below. They have been applied consistently throughout the year and preceeding year.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

#### **Going concern**

The company ceased to trade in November 2007 and the financial statements have been prepared on a basis other than that of going concern. The company's assets have been written down to Net Realisable Value and provision has been made for onerous contractual commitments at the balance sheet date. Future costs of terminating the business are not included in these financial statements except to the extent that such were present at the balance sheet date.

#### **Tangible Fixed Assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned.

The cost of fixed assets is depreciated over the expected useful lives of the assets as follows:

Test Equipment	5 years
Computer Equipment	5 years
Office Equipment	3 years
Computer Software	Shorter of the Asset's Useful life or 3 years

#### **Research and Development**

Expenditure on research and development is expensed in the year in which it is incurred.

#### **Turnover**

Turnover represents the invoiced value of goods supplied during the year excluding value added tax.

#### **Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

## **FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the year ended 31 March 2008**

#### **Taxation (continued)**

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **Pensions**

The company participates in a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### **Foreign Currencies**

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction. All assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting gain or loss is dealt with in the profit and loss account.

#### **Cash Flow**

The company is a wholly owned subsidiary undertaking of Flextronics International (HK) Limited whose consolidated financial statements, within which Flextronics (UK) Design Limited is included, are publicly available. Consequently the company has taken advantage of the exemption in FRS1 from preparing a cash flow statement.

### **2. TURNOVER**

Turnover is the amount derived from the provision of services falling within the company's ordinary activities after deduction of value added tax.

The whole of the company's turnover and loss on ordinary activities before taxation arose from its provision of Design Services within the United Kingdom.

No analysis of turnover and results is presented as the directors consider such disclosure to be seriously prejudicial to the company's interests.

### **3. OPERATING PROFIT**

	2008 £	2007 £
Operating profit is stated after charging		
Depreciation - own assets	129,294	172,513
Auditors' remuneration – audit fees	18,500	18,334
Exchange gain/(loss)	137,515	31,157

### **4. DIRECTORS' REMUNERATION**

None of the directors received any emoluments during the year.

# **FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the year ended 31 March 2008**

### **5. INFORMATION REGARDING EMPLOYEES**

	<b>2008</b>	<b>2007</b>
	<b>No.</b>	<b>No.</b>
Average number of persons employed by the company (including directors)		
Consultancy / Design Services	34	63
Administration	3	3
	<u>37</u>	<u>66</u>
	<b>£</b>	<b>£</b>
Staff costs incurred during the period		
Wages and salaries	1,211,019	2,821,009
Social security costs	148,005	263,824
Pension costs (note 15)	124,341	176,171
	<u>1,483,365</u>	<u>3,261,004</u>

### **6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Interest payable on loans from group companies	178,095	77,300
Interest payable on current accounts	3,809	1,985
	<u>181,904</u>	<u>79,285</u>

### **7. TAXATION**

% There is no actual actual tax charge for the current or prior period due to the incidence of trading losses in both years

# **FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the year ended 31 March 2008**

### **8. TANGIBLE FIXED ASSETS**

	<b>Test Equipment £</b>	<b>Computer Equipment &amp; Software £</b>	<b>Office Equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2007	409,047	405,003	4,472	818,522
Additions	20,614	6,918	12,400	39,932
Disposals	(429,661)	(411,921)	(16,872)	(858,454)
At 31 March 2008	-	-	-	-
<b>Accumulated depreciation</b>				
At 1 April 2007	273,780	171,312	3,093	448,185
Charge for year	35,124	92,601	1,569	129,294
Eliminated on Deposit	(308,904)	(263,913)	(4,662)	(577,479)
At 31 March 2008	-	-	-	-
<b>Net book value at 31 March 2008</b>	-	-	-	-
<b>Net book value at 31 March 2007</b>	135,267	233,691	1,379	370,337

### **9. DEBTORS**

	<b>2008 £</b>	<b>2007 £</b>
Amount recoverable in less than one year		
Trade debtors	25,352	1,187,007
Other debtors	19,927	9,236
Prepayments and accrued income	14,737	804,799
Amount owed by group companies	429,953	95,497
	<u>489,969</u>	<u>2,096,539</u>

# **FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the year ended 31 March 2008**

### **10. CREDITORS: amounts falling due within one year**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank overdraft	3,300	5,648
Trade creditors	14,577	80,378
Other taxes and social security costs	79,312	210,141
Other creditors	3,670	33,744
Accruals and deferred income	242,362	718,813
Amounts owed to group companies	2,583,812	923,253
	<u>2,927,033</u>	<u>1,971,977</u>

Interest is charged on the amounts owed to group companies at LIBOR plus margin

### **11. CALLED UP SHARE CAPITAL**

#### **Authorised**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

#### **Allotted, called up and fully paid**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### **12. STATEMENT OF MOVEMENT ON RESERVES**

	<b>Share premium account</b>	<b>Capital contribution</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2007	237,406	120,000	137,491	494,897
Loss for the financial year	-	-	(2,931,963)	(2,931,961)
At 31 March 2008	<u>237,406</u>	<u>120,000</u>	<u>(2,794,472)</u>	<u>(2,437,064)</u>

## **FLEXTRONICS (UK) DESIGN SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the year ended 31 March 2008**

#### **13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Issue of ordinary share capital	-	-
Share premium	-	-
Capital contribution	-	-
(Loss)/Profit for the financial period	(2,931,963)	(563,394)
Net addition to shareholders' funds	(2,931,963)	(563,394)
Opening shareholders' funds	494,899	1,058,293
Closing shareholders' funds	(2,437,064)	494,899

#### **14. PENSIONS**

The company participates in a group defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Payments to the scheme during the year amounted to £124,341 (2007: £176,171).

#### **15. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemptions contained in Financial Reporting Standard Number 8 – 'Related Party Disclosures' not to disclose transactions with its parent undertakings or fellow subsidiary undertakings on the grounds that it is a 100% owned subsidiary.

#### **16. ULTIMATE CONTROLLING PARTY**

The company is a subsidiary of Flextronics International (HK) Ltd. The ultimate controlling party is Flextronics International (HK) Ltd. Copies of the Group accounts of Flextronics International (HK) Limited may be obtained from the Investor Relations Department, 2090 Fortune Drive, San Jose, California, 95131.