

Tamura Hinchley Limited
Annual report
for the year ended 31 December 2000

Registered no: 463530



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Tamura Hinchley Limited
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for the year ended 31 December 2000
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Directors and advisors

Executive directors

P J Cleary
H Tanino

Non-executive directors

M Hayashi
T Yokoyama
A Totemotsu
M Hidaka

Secretary and registered office

A M Khan
Hopton Park Industrial Estate
London Road
Devizes
Wiltshire
SN10 2EY

Auditors

PricewaterhouseCoopers
31 Great George Street
Bristol
BS1 5QD

Solicitors

Morris Goddard & Ward
28 St John's Street
Devizes
Wiltshire

Russell & Aitken
King's Court
High Street
Falkirk
FK1 1PQ

Principal bankers

Bank of Tokyo
12 - 15 Finsbury Circus
London
EC2M 7BT

Report of the directors for the year ended 31 December 2000

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The consolidated profit and loss account for the year is set out on page 6.

The principal activity of the group is the manufacture and sale of transformers and power supplies from its existing premises in Devizes, Wiltshire. The group has a wholly owned subsidiary in Sweden and an information office in Germany.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends and transfers to reserves

The directors recommend the payment of a dividend in respect of the year of £567,500 (1999: £567,500). The retained profit for the year of £390,000 (1999 : £262,000) has been taken to reserves.

Directors

The directors of the company during the year to 31 December 2000, were:

P J Cleary
H Tanino
M Hayashi
A Totemotsu
T Yokoyama
M Hidaka (appointed 6 July 2000)

Directors' interests in shares of the company

The directors of the company had no interest in the shares of the company at any time during the year ended 31 December 2000.

Changes in fixed assets

The movements in fixed assets during the year are set out in notes 10 to 12 to the financial statements.

Employee involvement

During 2000, the company continued the established pattern of communication and consultation with employees and their representatives. At appropriate times, the directors of the company hold joint meetings with managers, supervisors, and staff to review the overall state of the business.

Disabled persons

It is the company's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint the PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'A M Khan', with a long horizontal stroke extending to the right.

A M Khan
Company Secretary
14 June 2001

Report of the auditors to the members of Tamura Hinchley Limited

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

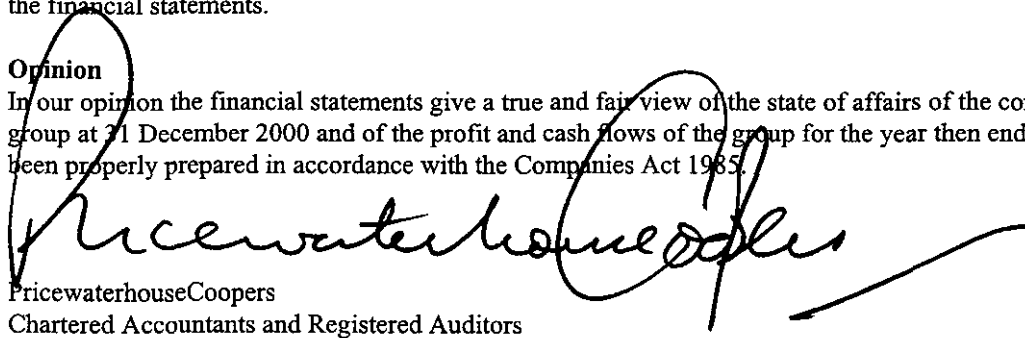
Basis of audit opinion

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 affairs of the company and group at 31 December 2000 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Bristol 21 June 2001.

**Consolidated profit and loss account
for the year ended 31 December 2000**

	Notes	2000 £'000	1999 £'000
Turnover - continuing operations	2	52,030	45,004
Cost of sales - continuing operations		(47,044)	(39,977)
Gross profit		4,986	5,027
Net operating expenses - continuing operations	3	(3,394)	(3,445)
Operating profit - continuing operations	4	1,592	1,582
Interest payable and similar charges	7	(50)	(317)
Profit on ordinary activities before taxation		1,542	1,265
Taxation	8	(584)	(436)
Profit on ordinary activities after taxation		958	829
Dividends	9	(568)	(567)
Retained profit for the year		390	262

Statement of total recognised gains and losses

	2000 £'000	1999 £'000
Profit for the financial year	390	262
Currency translation differences on foreign currency net investments	(30)	(15)
Total gains and losses recognised since last annual report	360	247

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Balance sheets at 31 December 2000

	Notes	Group		Company	
		2000 £'000	1999 £'000	2000 £'000	1999 £'000
Fixed assets					
Intangible assets	10	91	270	91	270
Tangible assets	11	4,803	5,734	4,235	4,958
Investments	12	-	-	970	970
		4,894	6,004	5,296	6,198
Current assets					
Stocks	13	3,371	3,345	2,885	2,629
Debtors	14	10,588	11,982	10,338	11,750
Cash at bank and in hand		2,490	4,428	2,172	4,343
		16,449	19,755	15,395	18,722
Creditors: amounts falling due within one year	15	(13,837)	(17,364)	(12,876)	(17,278)
Net current assets		2,612	2,391	2,519	1,444
Total assets less current liabilities		7,506	8,395	7,815	7,642
Creditors: amounts falling due after more than one year	16	(36)	(1,285)	(36)	(172)
Net assets		7,470	7,110	7,779	7,470
Capital and reserves					
Called up share capital	19	7,094	7,094	7,094	7,094
Profit and loss account	20	376	16	685	376
Equity shareholders' funds	27	7,470	7,110	7,779	7,470

The financial statements on pages 5 to 20 were approved by the board of directors on 14 June 2001 and were signed on its behalf by:

P J Cleary
Director



**Consolidated cash flow statement
for the year ended 31 December 2000**

	Notes	2000 £'000	1999 £'000
Net cash inflow from operating activities	24	913	9,394
Returns on investments and servicing of finance			
Interest paid		(210)	(441)
Interest received		160	172
Interest paid on finance leases		-	(48)
Net cash outflow from returns on investments and servicing of finance		(50)	(317)
Taxation			
UK corporation tax paid		(581)	-
Overseas tax paid		-	-
		(581)	
Capital expenditure			
Purchase of tangible fixed assets		(360)	(1,252)
Proceeds of disposals of fixed assets		-	-
		(360)	(1,252)
Equity Dividends			
Equity dividends paid		(567)	-
		(567)	-
Net cash (outflow)/inflow before management of liquid resources and financing		(645)	7,825
Financing			
Movement in net debt	26	(1,293)	(6,255)
Net cash (outflow) from financing	26	(1,293)	(6,255)
(Decrease)/increase in cash in the period	26	(1,938)	1,570

Notes to the financial statements for the year ended 31 December 2000

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below:

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertaking made up to 31 December 2000. Intragroup sales and profits are eliminated fully on consolidation.

Foreign currencies

Assets, liabilities and the results of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial. Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies are taken to reserves and are reported in the statement of total recognised gains and losses. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

Tangible fixed assets

The cost of 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 fixed useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Other plant (including furniture and fittings)	10% - 20%
Computers	20% - 33%
Tooling	10%
Freehold Buildings	4%

Freehold land is not depreciated.

Goodwill

Goodwill arising on the acquisition of the trade of a Swedish company is being written off over its estimated useful economic life of 5 years.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes material, direct labour and all overheads appropriate to the relevant stage of production. Net realisable value represents the estimated amount at which stocks and work in progress will be realised after taking into account all relevant marketing, selling and distribution costs.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension contributions

The company operates a defined benefit pension scheme which is contracted out of the state scheme. Until 1 January 1992 when the new scheme started, the company participated in a group structure scheme operated by Graseby Plc. Pension costs are accounted for on the basis of charging in each accounting period the regular cost, ie. the consistent ongoing cost of providing pensions over the period during which the company benefits from the employees' services, adjusted for any variations in cost arising from the experience of the scheme. The effects of variations from the regular cost are spread over the expected remaining working lifetime of members of the scheme.

2 Turnover

The geographical analysis of turnover is as follows:

	2000	1999
	£'000	£'000
United Kingdom	12,380	18,261
EEC	31,918	20,142
USA	1,952	662
Rest of the world	5,780	5,939
	52,030	45,004

3 Net operating expenses

Operating expenses are made up as follows:

	2000	1999
	£'000	£'000
Distribution and selling costs	1,654	1,235
Administration expenses	1,740	2,210
	3,394	3,445

4 Operating Profit

Operating Profit is stated after charging the following:

	2000 £'000	1999 £'000
Goodwill & legal exps. Amortisation	180	180
Depreciation charge for the year		
Tangible fixed assets		
- owned	1,282	1,437
- under hire purchase agreements	-	21
Auditors' remuneration for:		
- Audit (company £28,050; 1999 : £25,750)	33	32
- Other services to the group	19	37
Operating lease rentals		
- Land and buildings	122	488
- Plant and machinery	195	150
Loss on disposal of fixed assets	9	21

5 Directors' emoluments

The remuneration paid to the directors of Tamura Hinchley Limited was as follows:

	2000 £	1999 £
Aggregate emoluments	234,645	271,913
Amounts paid to Money Purchase Pension Scheme	4,870	4,047

Retirement benefits are accruing to one director (1999 : one) under the group's defined benefit scheme.

Emoluments payable to the highest paid director:

	2000 £	1999 £
Emoluments	136,464	123,224

6 Employee information

The average weekly number of persons (including executive directors) employed during the year was:

	2000	1999
	Number	Number
Production	211	234
Distribution and selling	23	19
Administration	31	30
	265	283

	2000	1999
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	4,595	4,586
Social security costs	542	571
Other pension costs	202	200
	5,339	5,357

7 Interest payable and similar charges

	2000	1999
	£'000	£'000
Net interest:		
Interest payable on hire purchase agreements	-	48
Interest payable on bank loans and overdrafts	210	441
Bank interest receivable	(160)	(172)
Other interest receivable	-	-
	50	317

8 Taxation

	2000	1999
	£'000	£'000
United Kingdom corporation tax @ 30% (1999: 30.25%) - current	584	436

9 Dividends

	2000	1999
	£'000	£'000
Proposed final dividend of 8p per share (1999: 8p)	568	567

10 Intangible fixed assets

Group and company	Goodwill
	£'000
Cost	
At 1 January 2000 and at 31 December 2000	899
Amortisation	
At 1 January 2000	629
Charge for year	180
At 31 December 2000	809
Net book value	
At 31 December 2000	90
Net book value	
At 31 December 1999	270

11 Tangible fixed assets

Group	Freehold Land and Buildings £'000	Plant and machinery £'000	Furniture, Fixtures, tools and equipment £'000	Total £'000
Cost				
At 1 January 2000	2,177	9,567	2,671	14,415
Additions	-	102	258	360
Disposals	-	(1,040)	(40)	(1,080)
At 31 December 2000	2,177	8,629	2,889	13,695
Depreciation				
At 1 January 2000	251	7,030	1,400	8,681
Charge for year	114	876	292	1,282
Disposals	-	(1,040)	(31)	(1,071)
At 31 December 2000	365	6,866	1,661	8,892
Net book value				
At 31 December 2000	1,812	1,763	1,228	4,803
Net book value				
At 31 December 1999	1,926	2,537	1,271	5,734

Company	Freehold Land and Buildings £'000	Plant And Machinery £'000	Furniture, Fixtures, tools and equipment £'000	Total £'000
Cost				
At 1 January 2000	2,177	7,302	2,037	11,516
Additions	-	83	196	279
Disposals	-	-	(6)	(6)
At 31 December 2000	2,177	7,385	2,227	11,789
Depreciation				
At 1 January 2000	251	5,246	1,061	6,558
Charge for year	114	690	194	998
Disposals	-	-	(2)	(2)
At 31 December 2000	365	5,936	1,253	7,554
Net book value				
At 31 December 2000	1,812	1,449	974	4,235
At 31 December 1999	1,926	2,056	976	4,958

12 Fixed asset investments

Interests in group undertakings

The financial statements include the results and financial position of Tamura Sweden AB a wholly owned company incorporated in Sweden. The principal activity of the company is the manufacture and sale of ferrites and transformers.

The cost and net book value of the investment in the subsidiary in the company's accounts at 31 December 2000 is £970,000 (1999 : £970,000).

13 Stocks

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Raw materials and consumables	1,573	1,665	1,232	1,189
Work in progress	626	413	537	324
Finished goods and goods for resale	1,172	1,267	1,116	1,116
	3,371	3,345	2,885	2,629

14 Debtors

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	9,534	11,039	9,414	10,985
Other debtors	867	753	841	703
Prepayments and accrued income	187	190	83	62
	10,588	11,982	10,338	11,750

15 Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	2,446	2,489	1,386	2,126
Trade creditors - parent company	6,284	6,126	6,212	6,126
- other	2,948	5,411	2,763	5,237
Proposed dividends	568	567	568	567
Corporation Tax	380	360	380	360
Other taxation and social security	144	159	115	106
Accruals and deferred income	1,067	2,252	1,452	2,756
	13,837	17,364	12,876	17,278

The bank loans and overdrafts are unsecured.

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank Loan	36	1,285	36	172
	36	1,285	36	172

Bank loans and overdrafts

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Repayable as follows:				
In one year or less	2,446	2,489	1,386	2,126
Between one and two years	36	560	36	172
Between two and five years	-	725	-	-
	2,482	3,774	1,422	2,298

17 Deferred taxation

Deferred tax, provided in the financial statements, and the amount unprovided of the potential liabilities are as follows:

	Amount provided		Amount unprovided	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Group and Company				
Accelerated capital allowances	-	-	148	196
Other	-	-	(12)	(5)
Losses	-	-	-	-
	-	-	136	191

18 Pensions

The company's principal pension arrangements are provided through the Tamura Hinchley Pension scheme, which is a defined benefit scheme to which eligible employees contribute, and whose assets are held in separate trustee administered funds. The contributions are determined by a professionally qualified independent actuary on the basis of triennial valuations using the projected unit method. The last actuarial assessment of the Scheme was on 1 January 1998.

The total pension cost for the company was £122,540 (1999 : £117,024). The most recent actuarial valuation showed that the market value of the scheme's assets was £2,823,000 and that the actuarial value of those assets represented 108% of the benefits that had accrued to members after allowing for expected future increases in earnings. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 8.5% per annum and that salary growth would be 6.5% and that present and future pensions would increase at the rate of 4% per annum. The contribution of the company and employees are 7.7% and 5% of pensionable earnings respectively.

19 Called-up share capital

	2000	1999
	£'000	£'000
Authorised		
10,000,000 ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
7,093,750 ordinary shares of £1 each	7,094	7,094

All shares have equal voting rights, equal priority on winding up and equal rights to dividends.

20 Profit and loss account

	Group	Company
	£'000	£'000
At 1 January 2000	16	376
Exchange differences	(30)	-
Retained profit for the year	390	309
At 31 December 2000	376	685

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements and its profit for its financial year amounted to £958,000 (1999 : £889,000).

21 Outstanding commitments for capital expenditure

Group and Company	2000	1999
	£'000	£'000
Capital expenditure contracted for but not yet incurred	-	-

22 Contingent liabilities

Guarantees and performance bonds given by banks to third parties on behalf of the company amount to £Nil (1999 : £Nil).

23 Financial commitments

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

Group	2000		1999	
	Land and Buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	152	103	-	147
Expiring between two and five years inclusive	287	75	138	100
	439	178	138	247

Company	2000		1999	
	Land and Buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry within one year	27	65	-	142
Expiring between two and five year inclusive	13	54	13	69
	40	119	13	211

24 Reconciliation of operating profit to net cash outflow from operating activities

	2000 £'000	1999 £'000
Operating profit	1,592	1,582
Depreciation on tangible fixed assets	1,282	1,458
Goodwill amortised	180	180
Loss on disposal of fixed assets	9	21
(Increase)/decrease in stocks	(26)	1,974
Decrease/(increase) in debtors	1,394	(141)
(Decrease)/increase in creditors	(3,518)	4,320
Net cash inflow from operating activities	913	9,394

25 Reconciliation of net cash flow to movement in net debt

	2000		1999	
	£'000	£'000	£'000	£'000
(Decrease)/increase in cash in the period	(1,938)		1,570	
Cash outflow from decrease in debt and lease financing	1,293		6,255	
Change in net debt resulting from cash flows	(645)		7,825	
Other non-cash items:				-
New finance leases				-
Movement in net debt in the period		(645)		7,825
Net debt at 1 January 2000		653		(7,172)
Net debt at 31 December 2000		8		653

26 Analysis of net debt

	At 1 Jan 2000	Cash Flow	At 31 December 2000
	£'000	£'000	£'000
Cash in hand, at bank	4,428	(1,938)	2,490
	4,428	(1,938)	2,490
Debt due after 1 year	(1,286)	1,250	(36)
Debt due within 1 year	(2,489)	43	(2,446)
	(3,775)	1,292	(2,482)
Total	653	(645)	8

27 Reconciliation of movements in shareholders' funds

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Profit for the financial year	958	829	877	889
Dividends paid and proposed	(568)	(567)	(568)	(567)
Exchange difference	(30)	(15)	-	-
Opening shareholders' funds	7,110	6,863	7,470	7,148
Closing shareholders' funds	7,470	7,110	7,779	7,470

28 Related party transactions

The company has taken advantage of the exemptions available to it in paragraph 17 of Financial Reporting Standard 8 'Related party disclosures', not to disclose any transactions or balances with entities that are part of the Group or investees of the Group qualifying as related parties.

29 Ultimate parent company

The directors regard Tamura Corporation, a company incorporated in Japan, as the ultimate parent company. According to the register kept by the company, Tamura Corporation had a 100% interest in the equity capital of Tamura Hinchley Limited at 31 December 2000.

Copies of the parent's consolidated financial statements may be obtained from the secretary.

**Profit and loss account
for the year ended 31 December 2000**

	2000	1999
	£'000	£'000
Turnover	51,442	43,944
Cost of sales	(46,831)	(39,194)
Gross profit	4,611	4,750
Net operating expenses	(3,171)	(3,203)
Operating profit	1,440	1,547
Interest payable and similar charge	21	(222)
Profit on ordinary activities before taxation	1,461	1,325
Taxation	(584)	(436)
Profit on ordinary activities after taxation	877	889
Dividends	(568)	(567)
Retained profit for the year	309	322

This page does not form part of the audited financial statements