Samsung Europe PLC

Annual Report
for the year ended 31 December 2000

Registered no: 3086621



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Samsung Europe PLC

Annual Report
for the year ended 31 December 2000

	Pages
Directors and advisers	1
Directors' report	2-5
Statement of directors' responsibilities	4-5
Auditors' report	6
Consolidated profit and loss account	7
Consolidated balance sheet	8
Company balance sheet	9
Notes to the financial statements	10 - 25

Samsung Europe PLC

Directors and advisers

Director

B Y An	Resigned 21 January 2000
H M Kim	Resigned 29 February 2000
S H Park	
C H Yoon	
K S Yoon	
N Y Cho	Appointed 1 February 2000

Secretary

B Y An	Resigned 21 January 2000
N Y Cho	Appointed 1 February 2000

Auditors
PricewaterhouseCoopers
1 Embankment Place
LONDON, WC2N 6RH

Registered Office
Great West House
Great West Rd
Brentford
MDDLESEX, TW8 9DQ

Directors' report for the year ended 31 December 2000

The directors submit their annual report and audited financial statements of the group for the year ended 31 December 2000.

Principal activities

The parent company's principal activities during the year were as follows:

- European head office
- Purchase and sale of components and capital equipment

The principal activities of the subsidiary companies during the period were as follows:

- Importers and distributors of electronic and electrical goods
- Manufacturer of electrical and electronic products
- Importers and distributors of semiconductor and TFT products
- Importers and distributors of telecommunication systems

Review of the business and future developments

The directors are pleased to announce a group profit on ordinary activities after taxation of £6,250,000. (1999: £5,805,000). All subsidiaries are now contributing a profit and are expected to continue to be profitable in the future.

By company:

- Samsung Semiconductors Europe Limited had a very strong year with turnover increasing by 48%. The aim for the future is to continue to improve logistic and sales routes to ensure that Customer Indices are maximised.
- Samsung Electronics (UK) Limited had a satisfactory year and the directors expect the present level of activity will be sustained for the foreseeable future.
- Samsung Electronics Manufacturing (UK) Limited had a profitable year, with substantial increases in productivity in terms of the number of units produced per man-hour. The strength of sterling has hindered profitability in the year.
- Samsung Europe PLC sold the data systems business to Samsung (SDS) Europe Limited on the 1 September 2000. All assets were transferred at book value.

Note 1 of these financial statements mentions the economic uncertainties and volatility within the Asia Pacific region. The directors review of the current Korean economy is showing continued improvement in key indicators and will have no significant impact on the current and future business.

The directors are looking forward to another successful year in 2001.

Directors' report for the year ended 31 December 2000 (Continued)

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors of the company as at 31 December 2000, were:

B Y An	Resigned 21 January 2000
H M Kim	Resigned 29 January 2000
S H Park	
C H Yoon	
K S Yoon	
N Y Cho	Appointed 1 January 2000

Directors' interests

The interests of the directors in the shares of the company and other group companies at 31 December 2000, were:

Company	1 January 2000	31 December 2000
B Y An (Ordinary shares of £1)	1	1

Apart from the shareholding disclosed above no directors had any interests in the share capital of the company or other group companies.

Creditor payment policy

The group's policy is to use its purchasing power fairly and to pay suppliers promptly and under the agreed terms. A variety of payment terms exist with suppliers. Terms for payment under major contracts, both in the United Kingdom and overseas, are specified within the contracts negotiated with individual suppliers. Payments for other purchases are made by the end of the month following the month of invoice. Terms of payment are communicated on the company's standard purchase order or, where appropriate, on the individual contracts agreed with suppliers.

The group's average creditor payment period at 31 December 2000 was 32 days (1999: 47 days).

Fixed assets

Changes to fixed assets are shown in note 11 of these financial statements.

Charitable donations

The contribution made by the Group during the year for charitable purposes was £80,806 (1999: £6,974).

Directors' report for the year ended 31 December 2000 (Continued)

Employees

The group's policy is to consult and discuss with employees at meetings, matters likely to affect their interests.

Information on the group's performance factors is made available to its employees through the normal channels where appropriate.

The group's policy on recruitment is based on the ability of a candidate to perform the job. Full and fair consideration is given to applications for employment from disabled people where they have the appropriate skills and abilities to perform the job.

All necessary training and assistance is given to enable disabled employees to perform their duties. If employees become disabled during the course of their employment, consideration will be given to retraining and redeployment.

Auditors

A resolution to re-appoint the auditors, PricewaterhouseCoopers, will be proposed at the annual general meeting.

Directors' responsibilities

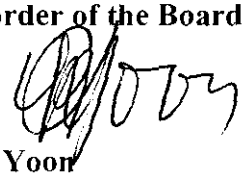
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- 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, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

Directors' report for the year ended 31 December 2000 (Continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

By order of the Board



K S Yoon
Director
20 March 2001

Auditors' report to the members of Samsung Europe PLC

We have audited the financial statements on pages 7 to 25.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, 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 group and of the company at 31 December 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
20 March 2001

Consolidated profit & loss account for the year ended 31 December 2000

	Notes	2000 Total £'000	1999 Total £'000
Turnover	2	**1,498,953**	1,136,296
Cost of sales	3	**(1,420,886)**	(1,059,589)
Gross profit		**78,067**	76,707
Distribution costs		**(29,154)**	(27,250)
Administration costs		**(38,665)**	(39,744)
Operating profit		**10,248**	9,713
Profit on disposal of fixed assets		**853**	-
Interest payable and similar charges	4	**(5,191)**	(6,685)
Interest receivable and similar income	5	**1,847**	3,229
Profit on ordinary activities before taxation	6	**7,757**	6,257
Taxation	9	**(1,507)**	(452)
Profit on ordinary activities after taxation		**6,250**	5,805
Equity minority interest		**(290)**	(290)
Retained profit for the financial year		**5,960**	5,515

The group has no recognised gains and losses other than as included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

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

The results of discontinued operations are not material to the results of the group.

The notes on pages 10 to 25 form an integral part of these financial statements.

Consolidated balance sheet
at 31 December 2000

	Notes	2000 £'000	2000 £'000	1999 £'000	1999 £'000
Fixed assets					
Tangible assets	11		**46,945**		53,061
Current assets					
Stocks	13		**75,967**		70,766
Debtors	14		**141,032**		99,394
Trade debtors subject to financing		**74,129**		77,944	
Less: non returnable amounts received		**(49,075)**	**25,054**	(51,060)	26,884
Cash at bank and in hand			**9,832**		17,176
			251,885		214,220
Creditors: amounts falling due within one year	15		**(197,639)**		(165,361)
Net current assets			**54,246**		48,859
Total assets less current liabilities			**101,191**		101,920
Creditors: amounts falling due after one year	16		**(8,803)**		(14,754)
Accruals and deferred income	19		**(5,275)**		(6,303)
Net assets			**87,113**		80,863
Capital and reserves					
Share capital	20		**109,546**		109,546
Profit and loss account	21		**(25,915)**		(31,875)
Shareholders' funds	22		**83,631**		77,671
Equity minority interests	23		**3,482**		3,192
Capital employed			**87,113**		80,863

The financial statements on pages 7 to 25 were approved by the board of directors on 20 MAR 2001 and were signed on its behalf by:

K S Yoon
Director

The notes on pages 10 to 25 form an integral part of these financial statements.

Company balance sheet
at 31 December 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	11	**73**	848
Investments	12	**98,546**	98,546
		98,619	99,394
Current assets			
Stocks	13	**1,059**	1,845
Debtors	14	**10,357**	22,608
Cash at bank and in hand		**6,229**	635
		17,645	25,088
Creditors: amounts falling due within one year	15	**(14,890)**	(23,736)
Net current assets		**2,755**	1,352
Net assets		**101,374**	100,746
Capital and reserves			
Share capital	20	**109,546**	109,546
Profit and loss account	21	**(8,172)**	(8,800)
Shareholders' funds	22	**101,374**	100,746

The financial statements on pages 7 to 25 were approved by the board of directors on 20 MAR 2001 and were signed on its behalf by:

K S Yoon
Director

The notes on pages 10 to 25 form an integral part of these financial statements.

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 Group accounting policies, which have been applied consistently, is set out below.

Accounting convention

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

Basis of consolidation

The consolidated financial statements include those of the company together with those of its subsidiaries, made up to the year ended 31 December 2000. Intragroup sales and profits are eliminated fully on consolidation.

Cash flow statement

In accordance with FRS1 (revised) the group has not prepared a statement of cash flows for the current year as it is a wholly owned subsidiary of Samsung Electronics Co., incorporated in Korea whose financial statements are publicly available.

Tangible fixed assets and depreciation

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 on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Factory building	- 3 1/3% - 6 2/3%
Commercial property	- 2%
Leasehold improvements	- Length of the lease
Motor vehicles	- 20% - 25%
Fixtures and fittings	- 15% - 20%
Equipment	- 25%
Plant and machinery	- 14-50%

Freehold land is not depreciated.

Deferred taxation

Deferred taxation is provided using the liability method on timing differences where, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1 Principal accounting policies (Continued)

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in/first out or average cost basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks. Goods in transit are valued at actual cost.

Foreign currencies

Transactions during the year have been converted at the average rate of exchange ruling during the month. Monetary assets and liabilities together with goods in transit are converted at the closing rate of exchange. All differences on exchange are taken directly to the profit and loss account.

Finance leases

Where fixed assets are financed by leasing agreements which transfer to the group substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. 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 in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Operating leases

Operating lease payments are charged to the profit and loss account in the period in which they are incurred.

Turnover

Turnover which excludes value added tax and sales between group companies represents the invoiced value of goods and services supplied.

Government grants

Government grants, made available for the purchase of tangible fixed assets, are recognised as revenue over the period of the expected useful life of the assets by treating the amount of the grant as a deferred income, a portion of which is released to the profit and loss account annually.

1 Principal accounting policies (Continued)

Pension costs

The group operates two pension schemes providing benefits based on final pensionable pay. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the Company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme after making suitable allowances for future withdrawals.

Basis of preparation of accounts

In connection with the Asian crisis which began in 1997, the Korean economy as well as other economies in the Asia Pacific region experienced significant adverse economic conditions which resulted in increases in: inflation, interest rates, bankruptcies, unemployment and a negative fluctuation in currency rates. These adversely affected the operations of the parent company and other companies in Korea and the Asia Pacific region.

The ultimate parent company's accounts for the year ended 31 December 2000 include the following statement: "Economic conditions in the Republic of Korea have improved as evidenced by the increased trade surplus, increases in foreign exchange reserves, record levels of foreign investment and economic growth, lower inflation and interest rates and stabilised foreign exchange rates. Notwithstanding the current recovery, significant uncertainties still exist related to the economy in Korea and in the Asia Pacific Region".

Minority Interests

Minority interests represent the share of the profits less losses on ordinary activities after taxation attributable to the interests of shareholders in subsidiaries which are not wholly owned by the group or its subsidiaries.

2 Segmentation Information

All turnover, profits and net assets of the group originate within the United Kingdom and Ireland due to the principal activities listed on page 2.

The geographical analysis of turnover by destination is:

	2000	1999
	£'000	£'000
United Kingdom	**821,680**	615,900
Europe	**546,614**	411,722
Rest of world	**130,659**	108,674
Total	**1,498,953**	1,136,296

No additional segmental information has been provided as, in the opinion of the directors, this would be seriously prejudicial to the interests of the group.

3 Exceptional costs

Included within the cost of sales for the year 2000 is an exceptional charge of £743,000 being the write down of stock held by Samsung Telecoms UK Limited. This stock was purchased in expectation of a project, which at this stage is not being pursued.

Included within the cost of sales for the year 1999 is an exceptional charge of £3,556,000 relating to the write-down of plant , machinery and equipment following the reorganisation of the colour television division of the subsidiary, Samsung Electronics Manufacturing (UK) Limited.

4 Interest payable and similar charges

	2000	1999
	£'000	£'000
On bank and other borrowings:		
Repayable within 5 years other than by instalments	**4,933**	6,109
On finance leases	**258**	576
	5,191	6,685

5 Interest receivable and similar income

	2000	1999
	£'000	£'000
On funds provided to fellow subsidiaries	**70**	301
On bank and other deposits	**1,776**	2,420
Commission receivable and other income	**1**	508
	1,847	3,229

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting) the following amounts:

	2000 £'000	1999 £'000
(Gains) / losses on foreign exchange	**(13)**	3,160
Depreciation charge for the year:		
Tangible owned fixed assets	**7,798**	7,712
Tangible fixed assets held under finance leases	**1,605**	1,637
Exceptional depreciation charge (see note 3)	**-**	3,556
Hire of plant and machinery	**930**	1,032
Hire of other assets	**154**	673
Auditors' remuneration group	**158**	165
Auditors' remuneration company	**15**	16
Auditors' remuneration for non-audit services	**180**	170
Group contribution to marketing costs	**(647)**	-
Amortisation of government grants	**(1,428)**	(1,348)

7 Directors' remuneration

Particulars of directors' emoluments, including pension contributions are as follows:

	2000 £'000	1999 £'000
Directors' remuneration		
Aggregate emoluments (Restated 1999)	**171**	238
Highest paid director		
Aggregate emoluments	**145**	105

None of the directors are accruing retirement benefits from the company.

The aggregate emoluments for 1999 have been restated to disclose the amount of emoluments of directors of the company only.

8 Employee Information

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

	2000 Number	1999 Number
By activity		
Administration	**309**	357
Sales and distribution	**278**	269
Production	**529**	689
	1,116	1,315

	2000 £'000	1999 £'000
Wages and salaries (including directors)	**27,080**	28,611
Social security costs	**2,161**	2,484
Pension costs (see note 25)	**1,109**	1,115
	30,350	32,210

9 Taxation

	2000 £'000	1999 £'000
Corporation tax at 30% (1999 30.25%)	**1,539**	324
Overseas tax	**7**	11
(Over) / under provisions in respect of prior years	**(39)**	117
	1,507	452

10 Profit and loss for holding company

The company Samsung Europe PLC, has taken advantage of the provisions of Section 230 of the Companies Act 1985 and not prepared a separate profit and loss account for the holding company. The profit after taxation dealt within the accounts of the holding company amounted to a profit of £628,000 (1999: loss of £19,000).

11 Tangible fixed assets

GROUP	Freehold Land & Buildings	Short Leasehold Buildings	Fixture & Fittings	Motor Vehicles	Plant & Machinery	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation:						
Cost at 1 January 2000	44,696	1,335	7,758	1,152	37,955	92,896
Additions	24	-	904	507	4,234	5,669
Disposals	(458)	(114)	(1,873)	(328)	(10,526)	(13,299)
At 31 December 2000	44,262	1,221	6,789	1,331	31,663	85,266
Depreciation:						
At 1 January 2000	7,100	1,081	6,532	602	24,520	39,835
Charge for period	1,898	125	765	352	6,263	9,403
Disposals	(78)	(40)	(1,440)	(269)	(9,090)	(10,917)
At 31 December 2000	8,920	1,166	5,857	685	21,693	38,321
Net Book Value at 31 December 2000	**35,342**	**55**	**932**	**646**	**9,970**	**46,945**
Net Book Value at 31 December 1999	37,596	254	1,226	550	13,435	53,061

The cost of freehold land included within land and buildings is £1,449,000 (1999: £1,449,000)

The net book value of tangible fixed assets includes an amount of £2,853,000 (1999:£4,474,000) in respect of assets held under finance leases and hire purchase contracts.

11 Tangible fixed assets (continued)

COMPANY	Short Leasehold Buildings	Fixture & Fittings	Total
	£'000	£'000	£'000
Cost or Valuation:			
Cost at 1 January 2000	1,335	1,617	2,952
Additions	-	66	66
Disposals	(114)	(1,599)	(1,713)
At 31 December 2000	1,221	84	1,305
Depreciation:			
At 1 January 2000	1,081	1,023	2,104
Charge for period	125	267	392
Disposals	(40)	(1,224)	(1,264)
At 31 December 2000	1,166	66	1,232
Net Book Value at 31 December 2000	**55**	**18**	**73**
Net Book Value at 31 December 1999	254	594	848

12 Fixed asset investments

COMPANY

Investment in subsidiaries	**2000**
	£'000
Cost at 1 January 2000	**98,546**
Additions	-
Disposals	-
At 31 December 2000	**98,546**

12 Fixed asset investments (continued)

GROUP

Interests in group undertakings

Name of undertaking	Country of Incorporation	Proportion of nominal value of issued shares held by:	
		Group %	Company %
Samsung Electronics UK Limited	England & Wales		95
Samsung Semiconductor Europe Limited	England & Wales		100
Samsung Telecoms (UK) Limited	England & Wales	95	
Samsung Electronics Manufacturing UK Limited	England & Wales	95	

The principal business activities of these subsidiary undertakings are:

(i) Samsung Electronics (UK) Limited - Importers and distributors of retail electronic goods.

(ii) Samsung Semiconductor Europe Limited - Importers and distributors of semiconductor and TFT products.

(iii) Samsung Telecoms (UK) Limited - Importers and distributors of telecommunication systems.

(iv) Samsung Electronics Manufacturing (UK) Limited - Manufacturer of retail electrical and electronic products.

13 Stocks

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Raw materials and consumables	**3,808**	7,568	-	-
Work-in-progress	**1,767**	3,678	-	-
Finished goods	**43,997**	42,163	-	-
Goods in transit	**26,395**	17,357	**1,059**	1,845
	75,967	70,766	**1,059**	1,845

The directors do not consider that there is a material difference between the value of the stock included in the financial statements and the value of stocks at replacement cost. Included within finished goods is £3,971,920 (1999: £640,096) of stock that was on consignment in Scotland and Ireland.

14 Debtors

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade debtors not subject to financing	**71,747**	39,783	**32**	598
Amounts owed by parent and fellow subsidiaries	**53,951**	36,505	**8,595**	6,996
Amounts owed by subsidiary undertakings	**-**	-	**140**	1,653
Other debtors	**9,434**	17,633	**151**	12,950
Prepayments	**2,414**	1,395	**1,306**	391
Other taxes	**3,460**	4,042	**133**	20
	141,006	99,358	**10,357**	22,608
Amounts falling due after one year:				
Other debtors	**26**	36	-	-
	141,032	99,394	**10,357**	22,608
Amounts falling due within one year subject to financing:				
Trade debtors subject to financing	**74,129**	77,944	-	-
Less: non returnable amounts received	**(49,075)**	(51,060)	-	-
	25,054	26,884	-	-

14 Debtors (Continued)

Other debtors includes loans made to staff to enable them to purchase motor vehicles for use on the Company's business. The loans are interest free and repayable within three years.

Throughout the period agreements were entered whereby trade debtors were sold on a monthly rotating basis.

The Group is not obliged (and does not intend) to support any credit-related profits arising from the debts against which cash has been advanced. The providers of the finance have confirmed in writing that, in the event of default in payment by a debtor, they will only seek repayment of cash advanced from the remainder of the pool of debts in which they hold an interest, and that repayment will not be sought from the Group in any other way.

During the period the group recognised £3,240,539 (1999: £3,215,000) of interest, program fees and purchasing fees for the securitisation and factoring of trade debtors.

15 Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year				
Bank loans and overdraft	**36,815**	22,303	**3,349**	10,903
Amounts owed by parent and fellow subsidiaries	**87,141**	75,345	**396**	272
Amounts owed by subsidiary undertakings	**-**	-	**1,611**	1,037
Other creditors	**276**	1,476	**7**	554
Obligations under finance leases	**2,419**	1,984	**-**	-
Trade creditors	**35,892**	28,632	**9,167**	10,200
Bills of exchange payable	**3,310**	287	**-**	-
Accruals	**24,286**	23,882	**142**	505
Other taxes and social security	**7,500**	11,452	**219**	265
	197,639	165,361	**14,891**	23,736

Obligations under finance leases are secured by the assets to which they relate.

16 Creditors: amounts falling due after one year

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Bank loans	**5,100**	8,500	-	-
Obligations under finance leases	**3,703**	6,254	-	-
	8,803	14,754	-	-

Bank loans and overdrafts are repayable as follows

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
In one year or less, or on demand	**36,815**	22,303	**3,349**	10,903
Between one and two years	**3,400**	3,400	-	
Between two and five years	**1,700**	5,100	-	-
	41,915	30,803	**3,349**	10,903

The net finance obligations to which the group is committed to are:

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
In one year or less	**2,419**	1,984	-	-
Between one and two years	**2,782**	2,290	-	-
Between two and five years	**921**	3,964	-	-
	6,122	8,238	-	-

17 Operating leases

Commitment under leases to pay annual rentals during the year following the year of these accounts are given below:

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Buildings				
Expiring within 1 year	**22**	289	-	-
Expiring during 2 to 5 years	**854**	565	**546**	156
Expiring after 5 years	**1,220**	78	-	-
	2,096	932	**546**	156
Plant & machinery				
Expiring within 1 year	**93**	157	-	70
Expiring during 2 to 5 years	**336**	1,011	-	546
	429	1,168	-	616

18 Deferred taxation

No provision for deferred tax has been included in the financial statements. The aggregate timing differences result in a net deferred tax asset which has not been recognised by the Group, or the Company. The unprovided elements of full potential deferred tax are as follows:

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Tax effect of timing differences as due to:				
Accelerated capital allowances	**(3,196)**	(3,222)	**(130)**	(140)
Other timing differences	**(411)**	(1,599)	**-**	(176)
Tax losses carried forward	**(5,246)**	(3,328)	**(961)**	(1,138)
Capital gains/revaluations	**(178)**	-	**(178)**	-
	(9,031)	(8,149)	**(1,269)**	(1,454)

19 Accruals and deferred income

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Government grants				
Cost at 1 January 2000	**6,303**	7,651	**-**	-
Received during the year	**400**	-	**-**	-
Amortisation	**(1,428)**	(1,348)	**-**	-
At 31 December 2000	**5,275**	6,303	**-**	-

20 Share capital

	Group & Company	
	2000	1999
	£'000	£'000
Authorised		
Ordinary shares of £1 each	**150,000**	150,000
Allotted, issued and fully paid		
Ordinary shares of £1 each	**109,546**	109,546

21 Profit and loss account

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
At 1 January 2000	**(31,875)**	(37,390)	**(8,800)**	(8,781)
Retained profit/(loss) for the year	**5,960**	5,515	**628**	(19)
At 31 December 2000	**(25,915)**	(31,875)	**(8,172)**	(8,800)

22 Reconciliation of movements in shareholders' funds

	Total
	£'000
GROUP	
At 1 January 2000	**77,671**
Retained profit for the year ended 31 December 2000	**5,960**
At 31 December 2000	**83,631**
COMPANY	
At 1 January 2000	100,746
Retained profit for the year ended 31 December 2000	628
At 31 December 2000	101,374

23 Equity minority interests

	Total
	£'000
At 1 January 2000	3,192
Profit for the year ended 31 December 2000	290
At 31 December 2000	3,482

The Korean parent, Samsung Electronics Co., Limited, holds an indirect minority holding in the share capital of Samsung Electronics (UK) Limited and its subsidiaries.

24 Capital commitments

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Committed contracts not provided for in the financial statements	**453**	300	-	-

25 Pensions

The group operates their pension schemes providing benefits based on final pensionable earnings. The assets of each scheme are held in a separate trustee administered fund. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates.

Samsung Electronics (UK) Limited operates a defined benefit scheme for employees at Samsung Electronics (UK) Limited, Samsung Europe PLC, Samsung Telecoms (UK) Limited and Samsung Semiconductors Europe Limited. This scheme was last valued on the 6 April 1997 using the projected unit method. The principal assumptions adopted in the valuation of the scheme were: investment return of 9% per annum, salary increases averaging 7% per annum, increases in salary offset used to define pensionable earnings of 5-7% per annum, growth in equity dividends of 4.25% per annum and present and future pensions once in payment increasing at 4.5% per annum on the gross minimum payment, otherwise nil.

At the date of the last actuarial valuation, the market value of the assets of the scheme was £1,599,000 and the actuarial values of the assets were sufficient to cover 107% of the benefits that had accrued to members after allowing for expected increases in earnings.

An actuarial valuation was completed in April 2000 and is due for approval at the next Trustee meeting.

Samsung Manufacturing (UK) Limited operates their own pension scheme. The latest actuarial valuation of the scheme was carried out on the 5 April 1999 using the projected unit method. The principal assumptions adopted in the valuation of the scheme were: investment return of 6.25% per annum, salary increases averaging 4.75% per annum, increases in salary offset used to define pensionable earnings of 2.75% per annum, growth in equity dividends of 2.75% per annum and rate of increase to pensions once in payment of 2.75% per annum on the gross minimum payment, otherwise nil.

At the date of the last actuarial valuations, the market value of the assets of the schemes was £3,279,547 and the actuarial values of the assets were sufficient to cover 116% of the benefits that had accrued to members, after allowing for expected increases in earnings.

The aggregate pension cost of the schemes was £1,150,000. (1999: £1,164,000). An accrual of £54,000 (1999: £108,000) is included in creditors being the unpaid obligations.

26 Related Party Transactions

In accordance with Financial Reporting Standard No 8: Related Party Disclosures, the group is exempt from disclosing transactions with entities that are part of the group, or investees of the group qualifying as related parties, as it is a wholly owned subsidiary of a parent publishing consolidated financial statements.

27 Contingent Liabilities

The group has given guarantees in respect of various Samsung affiliates' bank facilities totalling £79,159,000 (1999: £74,808,000) of which £15,491,000 (1999: £17,905,000) was drawn against these facilities.

At 31 December 2000, the group had outstanding forward exchange contracts amounting to £nil (1999: £6,964,433).

Samsung Telecoms (UK) Limited currently has an outstanding claim issued against them for the supply of faulty goods. The amount and timing of the claim were unknown at the time of the signing of the financial statements. The directors do not believe that this claim will result in a material liability for the group.

28 Ultimate holding company

Samsung Electronics Co., Limited, which is incorporated in the Republic of Korea and is an independent company operating under the Samsung name, is regarded by the directors as being the Company's ultimate holding company. The largest company in which the results of the Company are consolidated is that of Samsung Electronics Co., Limited which is the parent company. Copies of the company's accounts may be obtained from Samsung Main Building, 250 2-KA, Tae Pyung - RO, Chung-Ku, Seoul, Korea.