

COMPANY NO: 3633101

HOLDERS TECHNOLOGY UK LIMITED

ANNUAL REPORT

◆ *Year ended 30 November 2002* ◆



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COMPANY INFORMATION

Directors	R W Weinreich M McKemmie
Secretary	M McKemmie
Registered office	Northway House 1379 High Road Whetstone London N20 9LP
Website	www.holders.co.uk
Registered number	3633101
Auditors	RSM Robson Rhodes Chartered Accountants Daedalus House Station Road Cambridge CB1 2RE
Bankers	Barclays Bank plc Fortis Bank S.A./N.V.
Solicitors	Osmond, Gaunt & Rose Osbourne Clarke

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report and the audited financial statements for the year ended 30 November 2002.

Principal activities

The principal activity of the company is to provide specialised materials, equipment and services for the electronics and telecommunications industries.

Business review and future developments

Trading conditions during 2002 continued to be difficult. This led to a 34.5% decline in turnover to £3,189,000.

Whilst the industry may take some time to recover, the directors believe that the company is well positioned to benefit from any improvement in trading conditions.

Results and dividends

The company made a loss on ordinary activities after taxation of £55,000 (2000: profit £7,000). The directors do not recommend the payment of a dividend (2001: £Nil).

Single European currency

The company continues its policy of considering and when appropriate reducing, its exposure to potential major currency fluctuations. The euro for the moment is considered as any other major currency.

Directors

The directors currently holding office are listed on page 1. All of the directors served throughout the year. The directors had no interest in the share capital of the company at the period end. Where the directors of the company are directors of the holding company any interests in the share capital of the holding company are disclosed in the accounts of that company. M McKemmie had no interests in the share capital of the holding company.

REPORT OF THE DIRECTORS (continued)

Statement of directors' responsibilities for the Annual Report

Company law in the United Kingdom requires the directors to prepare financial statements for each financial period 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 these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

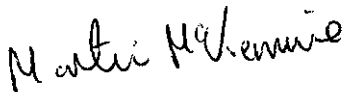
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

Auditors

The auditors, RSM Robson Rhodes, are willing to continue in office and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

The report of the directors was approved by the Board on 25 February 2003 and signed on its behalf by:



M McKemmie
Secretary

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
OF HOLDERS TECHNOLOGY UK LIMITED**

We have audited the financial statements on pages 5 to 14.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's 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 shareholders 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and the 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 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 with the company is not disclosed.

We read the information contained in the Annual Report and consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

Basis of audit 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 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 as at 30 November 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes
Chartered Accountants and Registered Auditors
Cambridge, England

25 February 2003

PROFIT AND LOSS ACCOUNT
for the year ended 30 November 2002

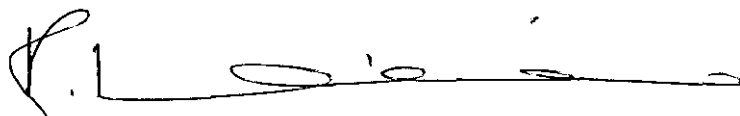
	Note	2002 £'000	2001 £'000
Turnover - continuing operations	2	3,189	4,869
Cost of sales		(2,437)	(3,769)
Gross profit		752	1,100
Distribution costs		(53)	(87)
Administrative expenses		(821)	(968)
Other operating income		32	5
Operating (loss) / profit - continuing operations	5	(90)	50
Interest receivable		40	31
Interest payable	6	-	(12)
(Loss) / profit on ordinary activities before taxation		(50)	69
Tax on (loss) / profit on ordinary activities	7	(5)	(62)
Retained (loss) / profit for the year	15	(55)	7

There were no other recognised gains or losses other than those reported above.

BALANCE SHEET
at 30 November 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Tangible assets	8	238	193
Current assets			
Stocks	9	398	758
Debtors	10	1,026	1,587
Cash at bank and in hand		92	166
		1,516	2,511
Creditors: Amounts falling due within one year	11	(1,247)	(2,138)
Net current assets		269	373
Total assets less current liabilities		507	566
Creditors: Amounts falling due after more than one year	12	-	-
Provision for liabilities and charges	13	-	(4)
		507	562
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account	15	407	462
Equity shareholders' funds	16	507	562

The financial statements were approved by the Board on 25 February 2003 and signed on its behalf by:



R W Weinreich
Director

NOTES TO THE FINANCIAL STATEMENTS
30 November 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention.

FRS 19 "Deferred Tax" has been adopted in these accounts. The new accounting policy for deferred tax is described below. Comparative figures have not been restated.

Turnover

Turnover comprises amounts invoiced during the year for goods and services supplied to third parties net of value added tax.

Depreciation

Depreciation is calculated to write off assets by equal instalments over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Depreciation is calculated at the following rates:

Leasehold buildings	- over the period of the lease
Motor vehicles	- 20% on written down value
Plant and machinery	- 20% - 33% on written down value
Office equipment	- 25% on cost

Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in first-out basis. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. The company and certain subsidiaries are able to relieve their taxable losses by surrendering them where capacity to utilise losses exists. Such losses will be paid for by the recipient company at that company's marginal rate of tax. Full provision for deferred taxation is made without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the periods of the leases.

Assets held under finance leases are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Foreign currencies

Assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at each period-end. All other currency differences are taken to the profit and loss account. Profits and losses on forward exchange contracts are recognised when the contracts mature.

Research Expenditure

Expenditure on pure and applied research is written off in the year it is incurred.

NOTES TO THE FINANCIAL STATEMENTS
30 November 2002

1. ACCOUNTING POLICIES (continued)

Cash flow statement

The company is exempt from publishing a cash flow statement as it is a wholly owned subsidiary of Holders Technology plc, which publishes a consolidated cash flow statement.

2. TURNOVER

An analysis of turnover by geographical market is as follows:

	2002 £'000	2001 £'000
United Kingdom	2,986	4,397
Rest of Europe	188	394
Rest of World	15	78
	3,189	4,869

3. EMPLOYEES AND STAFF COSTS

	2002 £'000	2001 £'000
Wages and salaries	268	312
Social security costs	23	28
Other pension costs	2	-
	293	340

Other pension costs represent company contributions to certain employees' stakeholder pension plans.

Average monthly number of employees, including directors:

	2002 No.	2001 No.
Administration and sales	5	6
Service and fabrication	10	11
	15	17
Part-time	1	2
	16	19

NOTES TO THE FINANCIAL STATEMENTS
30 November 2002**4. DIRECTORS' REMUNERATION**

	2002 £'000	2001 £'000
Emoluments	39	38
Pension costs	1	-
	40	38

R W Weinreich is the Chairman of Holders Technology plc, the parent company. His remuneration is shown in that company's accounts in recognition of his overall services to the group.

5. OPERATING LOSS

	2002 £'000	2001 £'000
Operating loss is stated after charging / (crediting):		
Depreciation of tangible fixed assets	77	67
Provision against balance due from group undertaking	119	167
Operating leases - land buildings	50	50
Exchange differences	(32)	(5)
Auditors remuneration	9	9

6. INTEREST RECEIVABLE

	2002 £'000	2001 £'000
Bank interest receivable	2	-
Interest receivable on group balances	38	31
	40	31

NOTES TO THE FINANCIAL STATEMENTS
30 November 2002

7. INTEREST PAYABLE

	2002 £'000	2001 £'000
Bank overdraft	-	11
Finance lease	-	1
	<u>-</u>	<u>12</u>

8. TAXATION

	2002 £'000	2001 £'000
United Kingdom corporation tax		
Current tax on income for the year at 30% (2000: 30%)	26	75
Adjustment in respect of prior year	(17)	(6)
	<u>9</u>	<u>69</u>
Current taxation	9	69
Deferred taxation	(4)	(7)
	<u>5</u>	<u>62</u>

Current taxation reconciliation

	2002 £'000	2001 £'000
(Loss) / profit on ordinary activities before taxation	(50)	69
	<u>(15)</u>	<u>21</u>
Theoretical tax at UK corporation tax rate of 30%	(15)	21
Effects of:		
Accelerated capital allowances	5	7
Expenses not deductible for taxation purposes	36	51
Adjustments in respect of prior years	(17)	(6)
Small companies relief	-	(4)
	<u>9</u>	<u>69</u>

The company paid £26,000 (2001: £65,000) to fellow group subsidiaries for taxation losses of £86,000 (2001: £220,000). The provision against a balance due from a group undertaking of £119,000 (2001: £167,000) charged against operating profit is deemed disallowable for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS
30 November 2002

9. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £'000	Motor vehicles £'000	Plant and machinery £'000	Office equipment £'000	Total £'000
Cost					
At 1 December 2001	94	71	364	120	649
Additions	-	-	3	1	4
Transfer from current assets	-	-	123	-	123
Disposals	-	(10)	-	(5)	(15)
At 30 November 2002	94	61	490	116	761
Depreciation					
At 1 December 2001	22	34	308	92	456
Provided in year	9	9	47	12	77
Disposals	-	(5)	-	(5)	(10)
At 30 November 2002	31	38	355	99	523
Net book value					
At 30 November 2002	63	23	135	17	238
At 30 November 2001	72	37	56	28	193

The net book value of tangible fixed assets includes £nil (2001: £22,000) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £5,000 (2000: £5,000).

10. STOCKS

	2001 £'000	2000 £'000
Goods for resale	398	758

The replacement cost of the above stocks would not be significantly different from the values stated.

NOTES TO THE FINANCIAL STATEMENTS
30 November 2002

11. DEBTORS

	2002 £'000	2001 £'000
Trade debtors	721	874
Amounts due from group undertakings	264	692
Other debtors	41	21
	1,026	1,587

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000	2001 £'000
Finance lease obligations	-	5
Trade creditors	270	447
Amounts due to group undertakings	877	1,577
Corporation tax	10	25
Other taxation and social security	17	39
Accruals	73	45
	1,247	2,138

Finance lease obligations are secured on the assets concerned.

13. PROVISION FOR LIABILITIES AND CHARGES

	Deferred taxation £'000
At 1 December 2001	4
Transfer to profit and loss account	(4)
At 30 November 2002	-

NOTES TO THE FINANCIAL STATEMENTS
30 November 2002

13. PROVISION FOR LIABILITIES AND CHARGES (continued)

Deferred taxation comprises the following (assets) / liabilities:

	Amounts provided		Amounts not provided	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Accelerated capital allowances	1	4	-	-
Other timing differences	(1)	-	(85)	(50)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	4	(85)	(50)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14. SHARE CAPITAL

	2002	2001
	£'000	£'000
Authorised		
100,000 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted and fully paid		
100,000 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

15. RESERVES

	Profit and loss account £ '000
At 1 December 2001	462
Retained loss for the financial year	(55)
	<u> </u>
At 30 November 2002	407
	<u> </u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£'000	£'000
(Loss) / profit for the financial year	(55)	7
Opening shareholders' funds	562	555
	<u> </u>	<u> </u>
Closing shareholders' funds	507	562
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
30 November 2002**17. FINANCIAL COMMITMENTS****Operating lease commitments**

The annual commitments under operating leases are analysed according to the period in which each lease expires, as follows:

	2002 £'000	2001 £'000
Land and buildings		
- within one to five years	51	51

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the disclosure exemption in relation to transactions with group companies that are 90% or more owned by the parent company.

During the year the company provided £130,000 (2001: £107,000) to Justfone Limited to assist with the management of working capital. Justfone Limited surrendered taxation losses of £87,000 (2001: £204,000) to the company for £26,000 (2001: £60,000) consideration. Interest of £15,000 (2001: £12,000) was charged to Justfone Limited in respect of the total balance owing to the company.

At 30 November 2002 a total net amount of £286,000 (2001: £167,000) was due to the company. The company has made current year provision of £119,000 (2001: £167,000) against the amount due from Justfone Limited. The total provision made at 30 November 2002 is £286,000 (2001: £167,000)

Justfone Limited is a related party due to it being an 81% owned subsidiary of Holders Technology plc.

19. CONTINGENT LIABILITIES

The company is party to a multi-lateral guarantee between the parent company and the other main trading subsidiaries.

20. PARENT COMPANY AND CONTROLLING PARTY

The parent company is Holders Technology plc, a company incorporated in England and Wales. It is situated at the address shown on page 1 and its financial statements may be obtained from Companies House in Cardiff.

In the opinion of the directors, R W Weinreich is the ultimate controlling party by virtue of his shareholding in the parent company.