

Assembléon United Kingdom Limited

Directors' report and financial statements

31st December 2002

Registered number 4000607



LD5
COMPANIES HOUSE

L4EGHQ4U

0301
17/11/03

Assembléon United Kingdom Limited

Directors' Report and Financial Statements

Contents	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes	6 - 16

Assembléon United Kingdom Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st December 2002.

Principal Activities

The principal activity of the company is the supply and service of surface mount technology equipment.

Review of the Business

The company's results for the year are set out in the profit and loss account on page 4. The company has experienced a decline in turnover due to the recession in the Electronics market and reduced orders from customers.

Directors and Directors' Interests

The directors who held office during the year were as follows:

J J Gale	(resigned 21 st March 2002)
T Van de Kerkhof	(resigned 1 st September 2003)
R J O'Dell	(appointed 3 rd April 2002)
C Hoogland	(appointed 1 st September 2003)

None of the directors who held office during the financial year had any disclosable interest in the shares and debentures of the company or any other group company.

Proposed Dividend

No interim dividend has been declared and no final dividend is proposed in respect of the year ended 31st December 2002 (2001 £nil).

Political and Charitable Contributions

The company made no political or charitable contributions during the year.

Auditors

During the year our auditors KPMG transferred their business to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 11 June 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising.

In accordance with Section 386 of the Companies Act 1985, the company has dispensed with the requirement to appoint auditors annually. Thus KPMG LLP, the company's auditors, are deemed to be reappointed for the forthcoming financial year.

Assembléon United Kingdom Limited

Directors' Report (continued)

Directors' Responsibilities

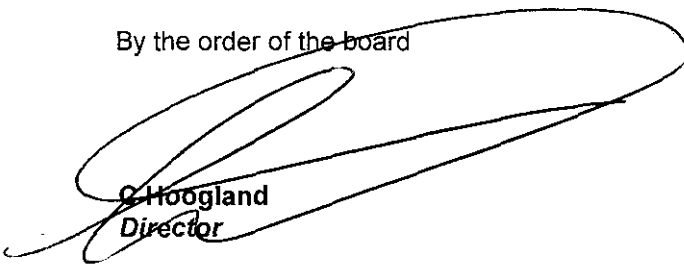
Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

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.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By the order of the board



G. Hoogland
Director

The Philips Centre
420-430 London Road
Croydon
Surrey CR9 3QR

11th November 2003

Assembléon United Kingdom Limited

Report of the independent auditors, KPMG LLP, to the members of Assembléon United Kingdom Limited

We have audited the financial statements on pages 4 to 16.

This report is made solely to the company's members, 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 members 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 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 are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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.

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 the company's affairs as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP
Chartered Accountants
Registered Auditor

8 Salisbury Square
London EC47 8BB

14 November 2003

Assembléon United Kingdom Limited

Profit and Loss Account **for the year ended 31st December 2002**

	Note	2002 £'000	2001 £'000
Turnover	2	1,074	2,632
Net operating costs	3	(1,428)	(4,239)
Operating loss		(354)	(1,607)
Interest receivable and similar income	7	11	11
Loss on ordinary activities before taxation		(343)	(1,596)
Tax on profit on ordinary activities	8	237	(34)
Retained loss for the financial year	15	(106)	(1,630)

All activities relate to continuing operations.

The company has no recognised gains or losses other than those included in the loss above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 6 to 16 form part of these financial statements.

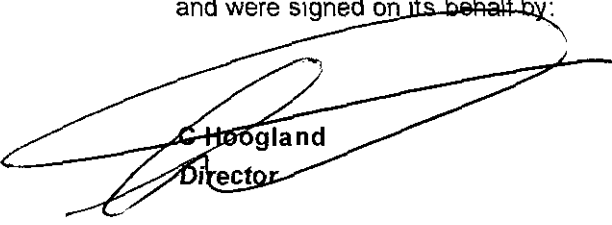
Assembléon United Kingdom Limited

Balance sheet at 31st December 2002

	Note	2002		2001	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		92		112
			<u>92</u>		<u>112</u>
Current assets					
Stocks	10	12		37	
Debtors : due within one year	11	632		960	
Cash at bank and in hand		24		36	
		<u>668</u>		<u>1,033</u>	
Creditors: amounts falling due within one year	12	<u>(146)</u>		<u>(419)</u>	
Net current assets			<u>522</u>		<u>614</u>
Total assets less current liabilities			<u>614</u>		<u>726</u>
Provisions for liabilities and charges	13		(50)		(56)
Net assets			<u>564</u>		<u>670</u>
Capital & reserves					
Called up share capital	14		30		30
Share premium account	15		2,270		2,270
Profit and loss account	15		(1,736)		(1,630)
Equity shareholders' funds			<u>564</u>		<u>670</u>

The notes on pages 6 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on 11th November 2003 and were signed on its behalf by:


C. Hoogland
Director

Assembléon United Kingdom Limited

Notes (forming part of the financial statements)

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

These financial statements have been prepared on a going concern basis which assumes that the company will continue to trade, as the immediate holding company, Assembléon BV, has indicated that it intends to provide until 30th November 2004, such funds as are necessary for the company to meet its existing and future financial obligations as they fall due

The financial statements have been prepared in accordance with applicable accounting standards, except as noted below, and under the historical cost accounting rules.

a) Cashflow Statement

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary of Koninklijke Philips Electronics NV, whose consolidated financial statements are publicly available (see note 17).

b) Related Party Disclosures

The company is exempt from the requirements of Financial Reporting Standard 8, Related Party Disclosures, insofar as they apply to transactions with group undertakings, as it is a wholly owned subsidiary of Koninklijke Philips Electronics NV whose consolidated financial statements are publicly available (see note 17).

c) Changes in Accounting Presentation

The company has adopted Financial Reporting Standard 19 'Deferred Tax' for the first time in these financial statements

Tangible fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

	% per annum
Fixtures, fittings, tools and equipment	33
Leasehold improvements	Life of lease

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Transactions in foreign currencies accounted for in the profit and loss account are recorded using the rate of exchange ruling at the date of the transaction.

Assembléon United Kingdom Limited

Notes (continued)

1. Accounting Policies (continued)

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

Assembléon United Kingdom Limited

Notes (continued)

1 Accounting Policies (continued)

Pension costs and other post retirement benefits

The following paragraphs are an extract from the financial statements of Philips Electronics UK Limited.

"The company is a member of a group pension scheme and its contributions to the funds are based on a common rate throughout the group. Pensions are provided under a defined benefit scheme operated by the group. The assets of the scheme are held separately from those of the company in a trustee administered fund. Charges are made to the profit and loss account at a regular ongoing cost.

Periodic adjustments to the fund are charged or credited to the profit and loss account over the average remaining service lives of employees, the excess or deficiency of the adjusted pension cost over actual contributions to the fund being equalised over the same period through provisions or prepayments respectively.

The calculation of the periodic adjustments is not performed in accordance with the requirements of Statement of Standard Accounting Practice No. 24 "Accounting for Pension Costs" as it takes into account not only the experience variation relating to the company but also those relating to employees whose employment costs are otherwise charged to participating undertakings of the scheme. The directors are of the opinion that this departure from the Standard has no material effect on the accounts.

The company also operates a defined contribution scheme, and the contributions payable for the financial year are charged to the profit and loss account.

A provision is made for the capital value of ex gratia pensions which the company pays direct to certain of its past employees.

The cost of providing other post retirement benefits is recognised on a basis similar to that adopted for pensions."

Assembléon United Kingdom Limited

Notes (continued)

2 Analysis of turnover

The company's activities fall within the one business segment of supply and service of surface mount technology equipment.

Turnover, all of which is of United Kingdom origin, is analysed by the geographical destinations shown below.

	2002 £'000	2001 £'000
United Kingdom	887	2,365
EU excluding United Kingdom	156	267
Asia	31	-
	<u>1,074</u>	<u>2,632</u>

3 Net operating costs

	2002 £'000	2001 £'000
Change in stocks of finished goods	(25)	37
Other operating income	-	19
Raw materials, finished goods and consumables	(565)	(1,863)
Other external charges	(209)	-
Staff costs (note 5)	(498)	(670)
Depreciation and other amounts written off		
tangible and intangible fixed assets	(20)	(1,207)
Other operating charges	(111)	(555)
	<u>(1,428)</u>	<u>(4,239)</u>

Assembléon United Kingdom Limited

Notes (continued)

4	Operating loss	2002	2001
		£'000	£'000
	<i>Operating loss is stated after charging</i>		
	Auditors' remuneration:		
	- audit	-	11
	Depreciation and other amounts written-off		
	tangible fixed assets:		
	- owned	20	25
	intangible fixed assets	-	1,182
	Rentals payable under operating leases:		
	- other assets	97	120
	<i>and after crediting</i>		
	Foreign exchange trading result	(4)	(19)

Auditors' remuneration for 2002 was paid on behalf of the company by Philips Electronics UK Ltd

5 Staff costs and numbers

The average monthly number of persons employed by the company (including directors) during the year was 11 (2001: 17).

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£'000	£'000
Wages and salaries	451	605
Social security costs	46	64
Other pension costs	2	1
	498	670

The company participates in the group pension scheme operated by Philips Electronics UK Limited. The details of the group pension scheme are disclosed in the financial statements of Philips Electronics UK Limited. The company has followed an actuarial recommendation that pension contributions should be suspended from 1 October 1990 until 31 December 2002.

Assembléon United Kingdom Limited

Notes (continued)

6 Remuneration of directors

	2002 £'000	2001 £'000
Aggregate emoluments	-	49

Retirement benefits are accruing to one director (2001: 1 director) under a defined scheme.

7 Interest receivable and similar income

	2002 £'000	2001 £'000
Receivable from group undertakings	11	11
	<u>11</u>	<u>11</u>

8 Taxation

	2002 £'000	2001 £'000
Current tax on income for the period	(102)	-
Adjustments in respect of prior periods	(135)	-
Total Current tax	<u>(237)</u>	<u>-</u>
Deferred tax		34
Tax on profits on ordinary activities	<u>(237)</u>	<u>34</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2001: lower) than the standard rate of corporation tax in the UK (30% , 2001:30%). The differences are explained below.

	2002 £'000	2001 £'000
<i>Current tax reconciliation</i>		
Profits on ordinary activities before tax	<u>(343)</u>	<u>(1,596)</u>
Current tax at 30% (2001: 30%)	(103)	(479)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1	367
Utilisation of tax losses	-	112
Adjustments to tax charge in respect of previous periods	<u>(135)</u>	<u>-</u>
Total current tax credit/charge (see above)	<u>(237)</u>	<u>0</u>

Assembléon United Kingdom Limited

Notes (continued)

9 Tangible fixed assets

	Leasehold Improvements	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000
Cost			
At beginning of year	144	44	188
At end of year	144	44	188
Depreciation and diminution in value			
At beginning of year	36	40	76
Charge for year	16	4	20
At end of year	52	44	96
Net book value			
at 31st December 2002	92	-	92
Net book value			
at 31st December 2001	108	4	112

Assembléon United Kingdom Limited

Notes (continued)

10 Stocks

	2002 £'000	2001 £'000
Finished goods and goods for resale	12	37

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

11 Debtors

	2002 £'000	2001 £'000
<i>Amounts falling due in less than one year</i>		
Trade debtors	138	382
Loans to group undertakings	425	-
Trading amounts owed by group undertakings	57	565
Other debtors	12	12
Prepayments and accrued income	-	1
	<u>632</u>	<u>960</u>

12 Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Payments received on account	9	-
Trade creditors	10	9
Trading amounts owed to group undertakings	31	226
Other taxation and social security	12	33
Other creditors	-	36
Accruals and deferred income	84	115
	<u>146</u>	<u>419</u>

Assembléon United Kingdom Limited

Notes (continued)

13 Provisions for liabilities and charges

	At beginning of year £'000	Utilised £'000	Charge to profit & loss account £'000	At end of year £'000
Long service awards	11	-	-	11
Other provisions	45	-	(6)	39
	<u>56</u>	<u>-</u>	<u>(6)</u>	<u>50</u>

The provision is in respect of long service awards and is calculated by the company's actuaries and is based on the anticipated service lives of existing employees.

The company has a potential deferred tax asset of £9k (2001: £137k) which has not been recognised in these accounts.

14 Called up share capital

	2002 £	2001 £
Authorised, called up and fully paid ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

Assembléon United Kingdom Limited

Notes (continued)

15 Reconciliation of movements in shareholders' funds

	Share capital & share premium account £'000	Profit & loss account £'000	Total £'000
At 1st January 2001	-	-	-
Issue of shares	2,300	-	2,300
Loss for the year	-	(1,630)	(1,630)
At 31st December 2001	2,300	(1,630)	670
Loss for the year	-	(106)	(106)
At 31st December 2002	2,300	(1,736)	564

16 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2002		2001	
	Land and buildings £m	Other £m	Land and buildings £m	Other £m
Operating leases which expire:				
two-five years inclusive	-	20	-	32
over five years	51	-	52	-
	51	20	52	32

Assembléon United Kingdom Limited

Notes (continued)

- 17 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a subsidiary undertaking of Assembléon NV, incorporated in the Netherlands. The ultimate controlling party is Koninklijke Philips Electronics NV, incorporated in the Netherlands.

The only group in which the results of the company are consolidated is that headed by Koninklijke Philips Electronics NV. The consolidated accounts of this group are available to the public and may be obtained from the Company Secretary, Philips Electronics UK Limited, The Philips Centre, 420-430 London Road, Croydon, Surrey, CR9 3QR.