

Assembléon United Kingdom Limited

Directors' report and financial statements

31st December 2003

Registered number 4000607



Assembléon United Kingdom Limited

Directors' Report and Financial Statements

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Assembléon United Kingdom Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st December 2003.

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. During the year the company vacated its premises in Cambridge and now operates from premises shared with other group companies.

Directors and Directors' Interests

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

C Hoogland (appointed 1st September 2003)
T Van de Kerkhof (resigned 1st September 2003)
R J O'Dell

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 2003 (2002: £nil).

Political and Charitable Contributions

The company made no political or charitable contributions during the year (2002: £nil).

Auditors

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

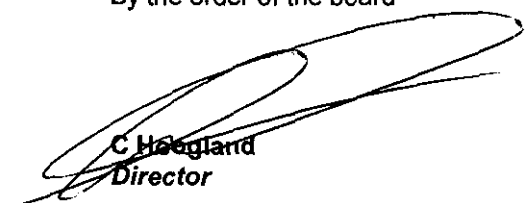
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year.

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



C Hoegland
Director

The Philips Centre
Guildford Business Park
Guildford
Surrey GU2 8XH

19th October 2004

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 17.

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.

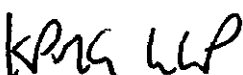
Basis of Audit Opinion

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 2003 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

21 October 2004

Assembléon United Kingdom Limited

Profit and Loss Account for the year ended 31st December 2003

	Note	2003 £'000	2002 £'000
Turnover	2	885	1,074
Net operating costs	3	(880)	(1,428)
Operating profit/(loss)		<u>5</u>	<u>(354)</u>
Interest receivable and similar income	7	-	11
Profit/(Loss) on ordinary activities before taxation		<u>5</u>	<u>(343)</u>
Tax on profit/(loss) on ordinary activities	8	(66)	237
Retained loss for the financial year	15	<u>(61)</u>	<u>(106)</u>

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 17 form part of these financial statements.

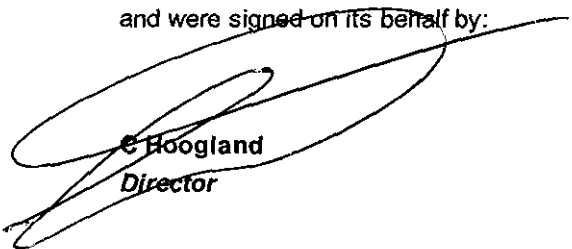
Assembléon United Kingdom Limited

Balance sheet at 31st December 2003

	Note	2003		2002	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		-		92
			-		92
Current assets					
Stocks	10	9		12	
Debtors : due within one year	11	618		632	
Cash at bank and in hand		166		24	
		793		668	
Creditors: amounts falling due within one year	12				
		(128)		(146)	
Net current assets			665		522
Total assets less current liabilities			665		614
Provisions for liabilities and charges	13		(162)		(50)
Net assets			503		564
Capital & reserves					
Called up share capital	14		30		30
Share premium account	15		2,270		2,270
Profit and loss account	15		(1,797)		(1,736)
Equity shareholders' funds			503		564

The notes on pages 6 to 17 form part of these financial statements.

These financial statements were approved by the board of directors on 19th October 2004
and were signed on its behalf by:


E. 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 NV, has indicated that it intends to provide until 31st October 2005, 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).

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

All 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 and is recognised on acceptance of goods by customers.

Assembléon United Kingdom Limited

Notes (continued)

1 Accounting Policies (continued)

Pension costs and other post retirement benefits

The company is a member of the Philips UK pension fund, of which the principal employer is Philips Electronics UK Limited. There is both a defined benefit and a defined contribution scheme.

The company is a member of a pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS17 'Retirement Benefits' the scheme will be accounted for by the company, when the accounting standard is fully adopted by the company, as if the scheme was a defined contribution scheme. Such a policy is consistent with that currently adopted within the Philips Group in the UK.

Particulars of the most recent actuarial valuation, which was at 31 March 2003, were disclosed in the report and accounts of Philips Electronics UK Limited for the year ended 31 December 2003. The net pension deficit in 2003 was £108m.

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.

	2003 £'000	2002 £'000
United Kingdom	855	887
EU excluding United Kingdom	41	156
Asia	(11)	31
	<u>885</u>	<u>1,074</u>

3 Net operating costs

	2003 £'000	2002 £'000
Change in stocks of finished goods	(3)	(25)
Raw materials, finished goods and consumables	(195)	(565)
Other external charges	(172)	(209)
Other external charges - exceptional	(183)	-
Staff costs (note 5)	(277)	(498)
Depreciation and other amounts written off		
tangible fixed assets	(13)	(20)
Other operating charges	(37)	(111)
	<u>(880)</u>	<u>(1,428)</u>

The exceptional charge relates to the premises vacated during the course of the year.

Assembléon United Kingdom Limited

Notes (continued)

4	Operating loss	2003	2002
		£'000	£'000
	<i>Operating loss is stated after charging</i>		
	Auditors' remuneration:		
	- audit	15	15
	Depreciation and other amounts written-off tangible fixed assets:		
	- owned	13	20
	Rentals payable under operating leases:		
	- plant and machinery	27	-
	- other assets	-	97
	Loss on disposal of tangible fixed assets	32	-
	Foreign exchange trading result	3	-
	<i>and after crediting</i>		
	Foreign exchange trading result	-	(4)

5 Staff costs and numbers

The average monthly number of persons employed by the company (including directors) during the year was 7 (2002: 11).

The aggregate payroll costs of these persons were as follows:

	2003	2002
	£'000	£'000
Wages and salaries	228	451
Social security costs	37	46
Other pension costs	12	1
	277	498

The company made contributions to the defined benefit and defined contribution pension schemes of £5k and £7k respectively.

Assembléon United Kingdom Limited

Notes (continued)

6 Remuneration of directors

	2003 £'000	2002 £'000
Aggregate emoluments	-	-

Retirement benefits are accruing to one director (2002: 1 director) under a defined benefit scheme.

The directors of the company are remunerated by another group company in respect of their services to the group as a whole and they receive no emoluments for services to this company.

7 Interest receivable and similar income

	2003 £'000	2002 £'000
Receivable from group undertakings	-	11
	-	11

Assembléon United Kingdom Limited

Notes (continued)

8 Taxation

	2003 £'000	2002 £'000
Current tax on income for the period	63	(102)
Adjustments in respect of prior periods	3	(135)
Total Current tax	66	(237)
Tax on losses on ordinary activities	66	(237)

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2002: higher) than the standard rate of corporation tax in the UK (30%, 2002:30%). The differences are explained below.

	2003 £'000	2002 £'000
<i>Current tax reconciliation</i>		
Profit/(Losses) on ordinary activities before tax	5	(343)
Current tax at 30% (2002: 30%)	2	(103)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	46	1
Capital allowances for period lower than depreciation	15	-
Adjustments to tax charge in respect of previous periods	3	(135)
Total current tax charge/(credit) (see above)	66	(237)

The company has a potential deferred tax asset of £12k (2002: £9k) which has not been recognised in these accounts due to uncertainty surrounding its future recovery.

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
Disposals	(144)	(44)	(188)
At end of year	-	-	-
Depreciation and diminution in value			
At beginning of year	52	44	96
Charge for year	13	-	13
Disposals	(65)	(44)	(109)
At end of year	-	-	-
Net book value			
at 31st December 2003	-	-	-
Net book value			
at 31st December 2002	92	-	92

Assembléon United Kingdom Limited

Notes (continued)

10 Stocks

	2003 £'000	2002 £'000
Finished goods and goods for resale	9	12

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

11 Debtors

	2003 £'000	2002 £'000
<i>Amounts falling due in less than one year</i>		
Trade debtors	172	138
Loans to group undertakings	13	425
Trading amounts owed by group undertakings	392	57
Other debtors	3	-
Corporation tax receivable	38	-
Prepayments and accrued income	-	12
	618	632

Loans to Group Undertakings are interest free.

12 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Payments received on account	3	9
Trade creditors	6	10
Loans from group undertakings	30	-
Trading amounts owed to group undertakings	34	31
Other taxation and social security	6	12
Accruals and deferred income	49	84
	128	146

Loans from Group Undertakings are interest free.

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
Property related provision	-	(39)	183	144
Other provisions	39	(49)	17	7
	<u>50</u>	<u>(88)</u>	<u>200</u>	<u>162</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 property related provision relates to the premises vacated during the year.

14 Called up share capital

	2003 £'000	2002 £'000
Authorised, called up and fully paid ordinary shares of £1 each	<u>30</u>	<u>30</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 2002	2,300	(1,630)	670
Loss for the year	-	(106)	(106)
At 31st December 2002	2,300	(1,736)	564
Loss for the year	-	(61)	(61)
At 31st December 2003	2,300	(1,797)	503

16 Commitments

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

	2003		2002	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
two-five years inclusive	-	20	-	20
over five years	-	-	51	-
	-	20	51	20

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, Guildford Business Park, Guildford, Surrey, GU2 8XH.