Assembléon United Kingdom Limited

Directors' report and financial statements

31st December 2007

Registered number 4000607

WEDNESDAY
A23
AVF2N5XB
24/12/2008
COMPANIES HOUSE
103

Assembléon United Kingdom Limited

Directors' Report and Financial Statements

Contents Page

Directors' report	1 - 3
Report of the Independent Auditors	4
Profit and loss account	5
Balance sheet	6
Notes	7 - 14

Assembléon United Kingdom Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st December 2007.

Principal Activities

The principal activity of the company is the supply and service of surface mount technology equipment for the digital electronics industry.

Review of the Business

The company's results for the year are set out in the profit and loss account on page 5.

Business Environment

Assembléon UK Limited is a small and specialised business unit that is included within Philips 'Other Businesses and Activities'. The company is a subsidiary undertaking of Assembléon BV, incorporated in the Netherlands. The ultimate controlling party is Koninklijke Philips Electronics NV, incorporated in the Netherlands.

Strategy, Principal Risks and Uncertainties

Assembléon UK Limited applies the strategies set out by the ultimate parent company, Koninklijke Philips Electronics NV. The parent company has defined six strategic drivers to enable the group to attain its goals:

- Increase profitability through re-allocation of resources towards opportunities offering more consistent and higher returns
- Leverage the Philips brand and our core competencies in healthcare, lifestyle and technology to grow in selected categories
- Build partnerships with key customers and suppliers, both in the business-to-business and business-to-consumer areas
- Continue to invest in maintaining world class innovation and leverage our strong intellectual property position
- Strengthen our leadership competencies
- Drive productivity through business transformation and operational excellence

Key Performance Indicators

The directors of Assembléon UK Limited manage the company's operations based on policies and strategies of the ultimate parent company Koninklijke Philips Electronics NV. Details of the development, performance and position of the ultimate parent company and specifically 'Other Activities', which includes this company, are discussed on pages 78-84 of the groups' annual report.

The key data used to evaluate the performance of Assembléon UK Limited is shown on the table below:

Directors' Report (continued)

	2007	2006	Definition, method of calculation and analysis
Financial KPI			
Growth in Sales (%)	-28.1%	-0.1%	Year on year sales growth expressed as a percentage.
EBIT EBIT as % of sales	£(6)k -0.5%	£152k 10.5%	Earnings before interest and tax as stated in the profit and loss account. Also expressed as a percentage of turnover.
Debtor days	13.9	26.1	Calculated as trade debtors divided by turnover and multiplied by 365. Equal to the average number of days that a debt is outstanding

Directors

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

R J O'Dell (resigned 18 May 2007)
S P Brunnen (resigned 9 October 2008)
P Williams (appointed 14 December 2007)
A Veltman (appointed 9 October 2008)

Proposed Dividend

No interim dividend has been declared and no final dividend is proposed in respect of the year ended 31st December 2007 (2006: £nil).

Political and Charitable Contributions

The company made no political or charitable contributions during the year (2006: £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.

Directors' Report (continued)

Directors' Statement as to Disclosure of Information to Auditors

Each person who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all of the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable laws (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have 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

17/12/08

Pierre Williams
Director

Philips Centre
Guildford Business Park
Guildford
Surrey GU2 8XH

17 December 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASSEMBLÉON UNITED KINGDOM LIMITED

We have audited the financial statements of Assembleon United Kingdom Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

19 December 2008

KPMG LLP
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC47 8BB

Assembléon United Kingdom Limited

Profit and Loss Account
for the year ended 31st December 2007

	Note	2007	2006
		£'000	£'000
Turnover	2	**1,061**	1,454
Cost of Sales		**(978)**	(1,115)
Gross profit		**83**	339
Administration costs		**(89)**	(187)
Operating (loss)/profit	3	**(6)**	152
Interest receivable and similar income	6	**58**	40
Interest payable and similar charges	7	**(3)**	(2)
Profit on ordinary activities before taxation		**49**	190
Tax on profit on ordinary activities	8	**(3)**	(16)
Retained profit for the financial year	14	**46**	174

All activities relate to continuing operations.

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

The notes on pages 7 to 14 form part of these financial statements.

Balance sheet
at 31st December 2007

	Note	2007		2006	
		£'000	£'000	£'000	£'000
Current assets					
Stocks	9	**4**		1	
Debtors: due within one year	10	**1,335**		1,100	
		1,339		1,101	
Creditors: amounts falling due within one year	11	**(368)**		(164)	
Net current assets			**971**		937
Total assets less current liabilities			**971**		937
Provisions for liabilities and charges	12		**(8)**		(20)
Net assets			**963**		917
Capital & reserves					
Called up share capital	13		**30**		30
Share premium account	14		**2,270**		2,270
Profit and loss account	14		**(1,337)**		(1,383)
Equity shareholders' funds			**963**		917

The notes on pages 7 to 14 form part of these financial statements.

These financial statements were approved by the board of directors on 17 December 2008 and were signed on its behalf by:

17/12/08

P Williams
Director

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, except as noted below.

Basis of preparation

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).

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.

Leases

All leases qualify as and 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.

Notes *(continued)*

1. Accounting Policies (continued)

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.

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 as if the scheme was a defined contribution scheme.

Particulars of the most recent actuarial valuation, which was at 31 March 2007, were disclosed in the report and accounts of Philips Electronics UK Limited for the year ended 31 December 2007. The net pension deficit as at 31 December 2007 was £50.1m (2006: £46.0m).

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.

	2007	2006
	£'000	£'000
United Kingdom	**988**	1,394
EU excluding United Kingdom	**73**	60
	1,061	1,454

Notes *(continued)*

3	**Operating (loss)/profit**	**2007**	2006
		£'000	£'000
	Operating profit is stated after charging		
	Auditors' remuneration:		
	- audit	**8**	8
	Rentals payable under operating leases:		
	- plant and machinery	**21**	25
	Foreign exchange trading result	**40**	10

4 Staff costs and numbers

The average monthly number of persons employed by the company (including directors) during the year was 3 (2006: 4).

The aggregate payroll costs of these persons were as follows:

	2007	2006
	£'000	£'000
Wages and salaries	**160**	157
Social security costs	**16**	17
Other pension costs	**24**	32
	200	206

The company made contributions to the defined benefit and defined contribution pension schemes of £2k (2006: £8k) and £22k (2006: £24k) respectively.

5 Remuneration of directors

No retirement benefits are accruing to directors (2006: retirement benefits were accruing for no directors).

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.

Notes *(continued)*

6 Interest receivable and similar income

	2007 £'000	2006 £'000
Receivable from group undertakings	**58**	40

7 Interest payable and similar charges

	2007 £'000	2006 £'000
Loans from group undertakings	**3**	2

Notes *(continued)*

8 Taxation

		2007 £'000		2006 £'000
Current tax on income for the period		-		-
Adjustments in respect of prior periods		-		8
Total Current tax		-		8
Deferred tax				
Origination/reversal of timing differences	4		8	
Adjustment in respect of previous years	(1)		-	
		3		8
Tax on profits on ordinary activities		3		16

Factors affecting the tax charge for the current period

The current tax credit for the period is lower (2006: lower) than the standard rate of corporation tax in the UK (30%, 2006: 30%). The differences are explained below.

	2007 £'000	2006 £'000
Current tax reconciliation		
Profit on ordinary activities before tax	49	190
Current tax at 30% (2006: 30%)	15	57
Effects of:		
Short term timing differences	(4)	(2)
Capital allowances for period higher than depreciation	-	(1)
Utilisation of group relief tax losses	(11)	(54)
Adjustments to tax charge in respect of previous periods	-	8
Total current tax charge (see above)	-	8

The company has recognised a deferred tax asset of £7k (2006: £10k) in these accounts.

Notes *(continued)*

9 Stocks

	2007 £'000	2006 £'000
Finished goods and goods for resale	**4**	1

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

10 Debtors

	2007 £'000	2006 £'000
Amounts falling due in less than one year		
Trade debtors	**55**	104
Loans to group undertakings	**1,182**	865
Trading amounts owed by group undertakings	**2**	32
Other debtors	**2**	2
Corporation tax receivable	**87**	87
Deferred tax asset	**7**	10
	1,335	1,100

Loans to group undertakings accrue interest at an agreed group rate.

Deferred taxation

The elements of deferred taxation comprise:

	2007 £'000	2006 £'000
Accelerated capital allowances	**4**	4
Provisions	**3**	6
	7	10

Notes (continued)

11 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	11	16
Loans from group undertakings	36	40
Trading amounts owed to group undertakings	222	13
Other taxation and social security	-	6
Accruals and deferred income	99	89
	368	**164**

Loans from group undertakings incur interest at an agreed group rate.

12 Provisions for liabilities and charges

	At beginning of year	Utilised	Charge to profit & loss account	At end of year
	£'000	£'000	£'000	£'000
Long service awards	5	-	-	5
Warranty provision	15	(24)	12	3
	20	**(24)**	**12**	**8**

The provision in respect of long service awards is calculated by the company's actuaries and is based on the anticipated service lives of existing employees.
The warranty provision relates to product replacement or free of charge service costs associated with product guarantees.

13 Called up share capital

	2007 £'000	2006 £'000
Authorised, called up and fully paid ordinary shares of £1 each	**30**	30

Notes (continued)

14 Reconciliation of movements in shareholders' funds

	Share capital & share premium account	Profit & loss account	Total
	£'000	£'000	£'000
At 1st January 2006	2,300	(1,557)	743
Profit for the year	-	174	174
At 31st December 2006	2,300	(1,383)	917
Profit for the year	-	46	46
At 31st December 2007	**2,300**	**(1,337)**	**963**

15 Commitments

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

	2007 Other	2006 Other
	£'000	£'000
Operating leases which expire:		
within one year	11	4
two-five years inclusive	-	18
	11	22

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 BV, 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, Philips Centre, Guildford Business Park, Guildford, Surrey, GU2 8XH.