

ACTIVE ELECTRONICS Plc

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1999

Company No 1531348

ACTIVE ELECTRONICS Plc

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

Company Registration Number:	1531348
Registered Office:	Albion House Gordon Road High Wycombe Bucks *HP13 6ET*
Directors:	P H Jones G L Ireland C L Homewood
Secretary:	G L Ireland
Bankers:	Lloyds Bank Plc 13 High Street High Wycombe Bucks HP11 2BD
Solicitors:	Charsley Harrison Riding Court Riding Court Road Datchet Slough Berks SL3 9LF
Auditors:	Grant Thornton Chartered Accountants Edinburgh House Windsor Road Slough Berks SL1 2EE

ACTIVE ELECTRONICS Plc

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FOR THE YEAR ENDED 31 DECEMBER 1999

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The directors present their report together with financial statements for the year ended 31 December 1999.

Principal activities

The company is principally engaged in the distribution of electronic components and equipment.

Results and future development

The profit for the year after taxation was £185,575 (1998: £146,849). A total dividend of £33,600 (1998: £33,600) was paid during the year, leaving a profit of £151,975 (1998: £113,249) which has been transferred to reserves.

Directors

The directors in office during and at the end of the year are listed below.

The interests of the directors and their families in the shares of the company, were as follows:

	Ordinary shares 1999 and 1998
P H Jones	-
J B Fuller (resigned 7 July 1999)	-
G L Ireland	-
C L Homewood	-

No director had, during or at the end of the year, material interest in any contract which was significant in relation to the group's business.

Directors' responsibilities for the financial statements

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 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 group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Payment policy

The group aims to pay suppliers when their liabilities fall due on average 30 days (1998: 30 days) in the United States and 30 days (1998 average: 30 days) in the United Kingdom.

The Euro

The group has considered the impact of the Euro in both financial and operational terms, and does not consider that any disruption, nor material costs, are likely to be incurred by the group as a result of its introduction. The group already maintains multi-currency capabilities and will observe the development of the currency with interest.

Year 2000 Compliance

The company reviewed it's computer systems for the impact of the year 2000 date change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the year 2000 date change and through any roll-over procedures that occured at a later date.

The issue is complex and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading partners, any impact that has occured on their systems will affect the company's business to a greater or lesser extent.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

Director

30 March 2000



REPORT OF THE AUDITORS TO THE MEMBERS OF

ACTIVE ELECTRONICS Plc

We have audited the financial statements on pages 5 to 21 which have been prepared under the accounting policies set out on pages 5 and 6.

Respective responsibilities of directors and auditors

As described on page 2 the group's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 group'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 the company at 31 December 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
THAMES VALLEY OFFICE
SLOUGH

30 MARCH 2000

Basis of Preparation

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

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and of its subsidiaries. The financial statements of each company in the group have been prepared to 31 December 1999. All intra-group profits are eliminated on consolidation.

Turnover

Turnover is the total amount receivable by the group in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful lives.

The rates generally applicable are:

Office equipment	15%
Motor vehicles	25%

Stocks

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

Cost means purchase price including transport and handling costs less trade discounts, calculated on a first in first out basis.

Net realisable value means estimated selling price (less trade discounts) less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account except where they relate to the retranslation of the opening net investment on a foreign enterprise in which case the difference is recorded as a movement on reserves. The accounting policy for foreign currency translation is as prescribed by Statement of Standard Accounting Practice Number 20.

Leased assets

Where assets are financed by leasing agreements which give risk and rewards approximate to ownership ("finance leases") they are treated as if they had been purchased outright on credit. They are therefore initially recorded as a fixed asset and a liability at a sum equal to the fair value of the asset. Leasing payments on such assets are regarded as consisting of a capital element which reduces the outstanding liability and an interest charge (calculated on a straight-line basis).

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Deferred tax

Deferred tax is the tax attributable to timing differences between profits or losses as computed for tax purposes and results as stated in the financial statements.

Deferred tax is provided to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Deferred tax is computed under the liability method using the rates at which it is estimated that the tax will be paid (or recovered) when the timing differences reverse.

Contributions to pension funds

Defined contribution scheme

The pension costs charged in the profit and loss account represent the amount of the contributions payable to the scheme in respect of the accounting period.

ACTIVE ELECTRONICS Plc

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	1999 £	1998 £
Turnover	1	9,837,443	8,912,965
Cost of sales		(7,731,257)	(6,997,070)
Gross Profit		2,106,186	1,915,895
Distribution costs		(104,206)	(106,445)
Administrative expenses		(1,766,683)	(1,696,451)
Operating profit		235,297	112,999
Other interest receivable and similar income		38,945	68,070
Interest payable and similar charges	2	(1,105)	(2,168)
Profit on ordinary activities before taxation	1	273,137	178,901
Tax on profit on ordinary activities	4	(87,562)	(32,052)
Profit on ordinary activities after taxation		185,575	146,849
Dividends	5	(33,600)	(33,600)
Profit for the financial year retained	12	151,975	113,249

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

ACTIVE ELECTRONICS Plc

GROUP BALANCE SHEET AT 31 DECEMBER 1999

	Note	£	1999 £	£	1998 £
Fixed assets					
Tangible assets	7		156,588		187,965
Current assets					
Stocks	9	843,015		600,061	
Debtors	10	1,976,049		1,652,480	
Cash at bank and in hand		997,173		919,114	
		3,816,237		3,171,655	
Creditors: amounts falling due within one year	11	(1,712,526)		(1,257,440)	
Net current assets			2,103,711		1,914,215
Total assets less current liabilities			2,260,299		2,102,180
Capital and reserves					
Called up share capital	12		50,009		50,009
Profit and loss account	12		2,210,290		2,052,171
Shareholders' funds			2,260,299		2,102,180

The financial statements were approved by the Board of Directors on 30 March 2000.

Directors

30/3/00

The accompanying accounting policies and notes form an integral part of these financial statements.

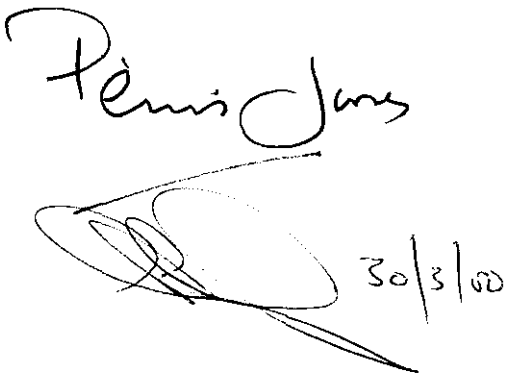
ACTIVE ELECTRONICS Plc

COMPANY BALANCE SHEET AT 31 DECEMBER 1999

	Note	£	1999 £	£	1998 £
Fixed assets					
Tangible assets	7		141,467		167,797
Investments	8		1,178		1,178
			142,645		168,975
Current assets					
Stocks	9	828,546		551,920	
Debtors	10	1,931,615		1,619,511	
Cash at bank and in hand		952,142		753,183	
		3,712,303		2,924,614	
Creditors: amounts falling due within one year	11	(1,794,928)		(1,195,677)	
Net current assets			1,917,375		1,728,937
Total assets less current liabilities			2,060,020		1,897,912
Capital and reserves					
Called up share capital	12		50,009		50,009
Profit and loss account	12		2,010,011		1,847,903
Shareholders' funds			2,060,020		1,897,912

The financial statements were approved by the Board of Directors on 30 March 2000.

Directors



The accompanying accounting policies and notes form an integral part of these financial statements.

ACTIVE ELECTRONICS Plc

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	£	1999 £	£	1998 £
Net cash inflow from operating activities	13		137,498		2,399
Returns on investments and servicing of finance					
Interest received		41,341		70,834	
Interest paid		(1,105)		(333)	
Finance lease interest paid		-		(1,835)	
Net cash inflow from returns on investments and servicing of finance			40,236		68,666
Taxation					
UK corporation tax paid		(24,909)		(159,414)	
Overseas tax received		(15,542)		-	
Net cash outflow received from taxation			(40,451)		(159,414)
Capital expenditure and financial investment					
Purchase of fixed assets		(31,424)		(132,037)	
Proceeds on sale of fixed assets		5,800		48,875	
Net cash outflow from capital expenditure and financial investment			(25,624)		(83,162)
Equity dividends paid			(33,600)		(33,600)
Financing					
Capital element of finance lease rentals	15	-		(12,055)	
Net cash outflow from financing			-		(12,055)
(Decrease)/increase in cash in the period	15		78,059		(217,166)

The accompanying accounting policies and notes form an integral part of these financial statements.

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation are attributable to one activity, the distribution of electronic components and equipment.

An analysis of turnover by geographical market is given below:

	1999 £	1998 £
United Kingdom	9,390,656	8,462,762
Europe	185,315	168,917
Rest of the world	261,472	281,286
	9,837,443	8,912,965

The net assets of the group are used in proportion to the turnover generated in each geographical market.

The profit on ordinary activities is stated after:

	1999 £	1998 £
Auditors' remuneration		
- Audit fee	17,500	17,500
- Non audit fees	5,868	3,499
Depreciation		
- assets owned by group	55,572	41,898
- held under finance leases	-	5,990
Hire of plant and machinery	63,718	63,416
Other operating lease payments	132,105	128,948

2 INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
On bank loans, overdrafts and other loans		
- repayable within 5 years, otherwise than by instalments	1,105	332
Finance charges in respect of finance leases	-	1,835
Interest on overdue tax	-	1
	1,105	2,168

3 DIRECTORS AND EMPLOYEES

The average number of employees of the group during the year and their aggregate emoluments are shown below:

	1999 £	1998 £
Wages and salaries	949,670	903,395
Social security	94,411	90,496
Pension costs	41,032	38,463
	1,085,113	1,032,354

The average number of employees of the group during the year was:

	1999	1998
Administration	25	26
Selling	25	24
	50	50

Staff costs include remuneration in respect of directors, as follows:

	1999 £	1998 £
Directors remuneration	224,603	219,557

Total pension contributions in respect of directors were:

	1999 £	1998 £
Pension contributions to directors	19,209	20,437

The emoluments of the directors, excluding pension contributions, were as follows:

	1999 £	1998 £
The Chairman	14,934	12,943
The highest paid director	86,671	73,365

During the year 4 directors (1998: 4 directors) participated in money purchase pension schemes.

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents:

	1999 £	1998 £
United Kingdom corporation tax		
charge @ 30% (1998: 31%)	86,000	26,000
Overseas taxation	-	7,227
Adjustment in respect of prior year	1,562	(1,175)
	87,562	32,052

5 DIVIDENDS

	1999 £	1998 £
Equity dividend		
Ordinary shares - interim dividend of 67.2p (1998: 67.2p) per share paid 27 March 1999 (27 March 1998)	33,600	33,600

6 PROFIT FOR THE FINANCIAL YEAR

The company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group profit for the year includes a profit before dividends but after taxation of £195,708 (1998: £117,009) which is dealt with in the financial statements of the parent company.

7 TANGIBLE FIXED ASSETS

The group	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 January 1999	133,672	151,587	285,259
Exchange rate movement	781	-	781
Additions	13,623	17,801	31,424
Disposals	-	(28,813)	(28,813)
At 31 December 1999	148,076	140,575	288,651
Depreciation			
At 1 January 1999	53,334	43,960	97,294
Exchange rate movement	215	-	215
Provided in the year	21,174	34,398	55,572
Disposals	-	(21,018)	(21,018)
At 31 December 1999	74,723	57,340	132,063
Net book value at 31 December 1999	73,353	83,235	156,588
Net book value at 31 December 1998	80,338	107,627	187,965

TANGIBLE FIXED ASSETS (CONTINUED)

The company	**Office equipment** £	**Motor vehicles** £	**Total** £
Cost			
At 1 January 1999	106,330	151,587	257,917
Additions	13,623	17,801	31,424
Disposals	-	(28,813)	(28,813)
At 31 December 1999	119,953	140,575	260,528
Depreciation			
At 1 January 1999	46,160	43,960	90,120
Provided in the year	15,561	34,398	49,959
Disposals	-	(21,018)	(21,018)
At 31 December 1999	61,721	57,340	119,061
Net book value at 31 December 1999	58,232	83,235	141,467
Net book value at 31 December 1998	60,178	107,627	167,797

8 FIXED ASSET INVESTMENTS

	Shares in group companies £
Cost at 31 December 1999 and 1 January 1999	1,178

At 31 December 1999 the group had equity investments in the following companies:

Company name	Class of share capital held	Proportion of allotted share capital held	Nature of business
Roe Electronics Limited	Ordinary	100% *	Not trading
Genspark Limited	Ordinary	100% *	Distribution of electronic components and equipment

Roe Electronics Limited is incorporated in the United Kingdom and operates in England and Wales. Genspark Limited is incorporated in and trades from the USA, New York State.

* Direct shareholding.

9 STOCKS

	The group		The company	
	1999 £	1998 £	1999 £	1998 £
Goods for resale	843,015	600,061	828,546	551,920

10 DEBTORS

	The group		The company	
	1999 £	1998 £	1999 £	1998 £
Trade debtors	1,849,396	1,550,062	1,820,303	1,528,651
Other debtors	61,726	38,364	48,284	29,789
Prepayments and accrued income	64,927	64,054	63,028	61,071
	1,976,049	1,652,480	1,931,615	1,619,511

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group		The company	
	1999 £	1998 £	1999 £	1998 £
Trade creditors	1,316,143	920,801	973,011	649,380
Amounts owed to group undertaking	-	-	434,657	228,187
Current taxation	86,000	33,227	86,000	26,000
Social security and other taxes	171,874	136,078	171,874	136,078
Other creditors	48,272	88,731	41,906	85,578
Accruals and deferred income	90,237	78,603	87,480	73,454
	1,712,526	1,257,440	1,794,928	1,195,677

12 SHAREHOLDERS' FUNDS

The group	Share capital £	Profit and loss account £	Total £
At 1 January 1998	50,009	1,941,200	1,991,209
Retained profit for the year		113,249	113,249
Exchange differences		(2,278)	(2,278)
At 1 January 1999	50,009	2,052,171	2,102,180
Retained profit for the year		151,975	151,975
Exchange differences		6,144	6,144
At 31 December 1999	50,009	2,210,290	2,260,299

The group's share capital consists of 1,000,000 authorised ordinary shares of which 50,009 are allotted, called up and fully paid.

SHAREHOLDERS' FUNDS (CONTINUED)

The company	Share capital £	Profit and loss account £	Total £
At 1 January 1998	50,009	1,764,494	1,814,503
Retained profit for the year		83,409	83,409
At 1 January 1999	50,009	1,847,903	1,897,912
Retained profit for the year		162,108	162,108
At 31 December 1999	50,009	2,010,011	2,060,020

The company's share capital consists of 1,000,000 authorised ordinary shares of which 50,009 are allotted, called up and fully paid.

13 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1999 £	1998 £
Operating profit	235,297	112,999
Depreciation	55,572	47,888
Profit on sale of tangible fixed assets	1,995	(17,872)
Unrealised exchange adjustment	5,552	(2,144)
Increase in stocks	(242,954)	(70,847)
Decrease/(increase) in debtors	(317,881)	170,073
(Decrease)/increase in creditors	399,917	(232,148)
Other non-cash movements	-	(5,550)
Net cash inflow from operating activities	137,498	2,399

14 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 1999 £	Cashflow £	At 31 December 1999 £
Cash in hand and at bank	919,114	78,059	997,173

15 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

		1998 £
Decrease in cash	78,059	(217,166)
Cash flow from debt and lease financing	-	12,055
Change in net funds arising from cashflows	78,059	(205,111)
Net funds at start of period	919,114	1,124,225
Net funds at end of period	997,173	919,114

16 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 1999 or 31 December 1998.

17 CONTINGENT LIABILITIES AND GUARANTEES

There were no contingent liabilities at 31 December 1999 or 31 December 1998 other than given to HM Customs and Excise amounting to £200,000 (1998: £200,000) in respect of a customs bond attached to the import of goods.

18 LEASING COMMITMENTS

The group

Operating lease payments amounting to £182,302 (1998: £188,394) are due within one year. The leases to which these amounts relate expire as follows:

	1999		1998	
	Land and building £	Other £	Land and building £	Other £
In one year or less	-	4,351	-	12,183
Between two and five years	-	45,254	-	45,044
In five years or more	132,697	-	131,167	-
	132,697	49,605	131,167	57,227

LEASING COMMITMENTS (CONTINUED)

The company

Operating lease payments amounting to £151,892 (1998: £146,906) are due within one year. The leases to which these amounts relate expire as follows:

	1999		1998	
	Land and building £	Other £	Land and building £	Other £
In one year or less	-	4,351	-	5,128
Between two and five years	-	38,541	-	32,778
In five years or more	109,000	-	109,000	-
	109,000	42,892	109,000	37,906

19 PENSIONS

The group operates a defined contribution pension scheme for the benefit of the directors and senior employees. The assets of the scheme are administered by trustees in a fund independent from those of the group.

20 POST BALANCE SHEET EVENTS

No significant events have taken place since the balance sheet date.

21 ULTIMATE CONTROLLING PARTY

P H and J M Jones are considered by the directors as the ultimate controlling parties of the parent undertaking as trustees of the "G A Roe Will", holders of 48,486 ordinary shares of £1 each, representing 97% of the issued share capital of Active Electronics Plc.

22 RELATED PARTY TRANSACTIONS

The parent undertaking holds 100% of the voting rights of all of its subsidiary undertakings and as such has taken the exemption under FRS 8 paragraph 3 not to disclose transactions between group entities.

The following loan balances existed at the year end with related parties:

	Group and Company 1999 £	Group and company 1998 £
Mrs J A Roe - widow of G A Roe (deceased) * - loan to group	(5,424)	(5,922)
S Roe - son of G A Roe (deceased) * - loan from group	33,000	15,000
'G A Roe Will' - loan to group	(19,178)	(19,178)

* These are considered to be related parties as beneficiaries of the 'G A Roe Will'.

The 'G A Roe Will' is considered to be a related party as described in note 21.