

Crystalate Electronics Limited

Annual report and financial statements
Registered number 691591
31 December 2018

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Strategic Report

Business Review and future developments

Crystalate Electronics Limited's (the "Company") core business is an investment holding company.

Review of the business

The principal activity of its ultimate subsidiary undertakings continues to be the manufacture of resistive components.

Principal Risks and Uncertainties

The principal risks and uncertainties relate to those of its subsidiary undertakings, which support the value of the investment held by the company.

Interest rate risk

The company finances its operations through a mixture of retained profits, inter-company accounts and bank overdrafts. The company's exposure to interest rate fluctuations is managed on a group basis.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts and bank overdraft facilities.

Results and dividend

The loss for the year after taxation amounted to £229,000 (2017: £193,000). The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2018 (2017: nil).

Corporate responsibility

The Group's corporate sustainability strategy and performance is published on its website at www.ttelectronics.com.

A summary of the year's activities is included in the TT Electronics plc consolidated financial statements for the year ended 31 December 2018, which is available on the Group's website: <http://www.ttelectronics.com/investor-overview>.

Approved by the board of directors on 12 June 2019 and signed on its behalf by:

By order of the Board



L D Boardman
Secretary
12 June 2019

Registered office:
Fourth Floor
St Andrews House
West Street
Woking
Surrey
GU21 6EB
United Kingdom

Directors' Report

The directors present their annual report on the affairs of the Company, together with the audited Financial Statements and the independent auditor's report, for the year ended 31 December 2018.

Directors

The directors who served during the year and up to the date of signing these Financial Statements are included in the table below:

Name	
L D Boardman	
C A Jewell	
J Leighton-Jones	Resigned 30/09/2018
S G Harrow	Appointed 30/09/2018

Directors' remuneration

Directors' remuneration has been disclosed in note 2 to the Financial Statements.

Share capital

Full details of the Company's issued share capital, including changes during the year, can be found in note 8 to the Financial Statements.

Disclosure of information to auditors

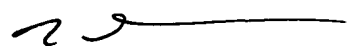
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Political donations

The Company made no political donations or incurred any political expenditure during the year ended 31 December 2018 (2017: nil).

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.



L D Boardman
Secretary
12 June 2019

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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:

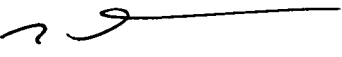
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Going concern

The Directors have reviewed the budgets for 2019. They have also assessed the potential impact on the Company's operations arising from Brexit which is not anticipated to be significant. Based on this, the Directors are satisfied that the Company has adequate resources to continue in operational existence for at least 12 months from the date of the financial statements. For the reason, they continue to adopt the going concern basis in preparing the financial statements.

Approved by the board of directors on 12 June 2019 and signed on its behalf by:


L D Boardman
Secretary
12 June 2019

Registered office:
Fourth Floor
St Andrews House
West Street
Woking
Surrey
GU21 6EB
United Kingdom

Independent auditor's report to the members of Crystalate Electronics Limited

Opinion

We have audited the financial statements of Crystalate Electronics Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Gemma Hancock

Gemma Hancock
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

17th June 2019

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2018

	<i>Note</i>	2018 £000	2017 £000
Impairment of investment		(229)	(164)
Loss on ordinary activities before taxation		(229)	(164)
Tax on profit on ordinary activities	4	-	(29)
Loss for the financial year		(229)	(193)

The company has no other income or expenses other than the loss for the year as set out above.

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

Balance Sheet
at 31 December 2018

	<i>Note</i>	2018 £000	£000	2017 £000	£000
Fixed assets					
Investments	5		36,737		36,966
			<u>36,737</u>		<u>36,966</u>
Current assets					
Debtors (including nil (2017: nil) due after more than one year)		31,613		29,113	
Cash at bank and in hand		12		2,541	
		<u>31,625</u>		<u>31,654</u>	
Creditors: (including nil (2017: nil) due after more than one year)	7	(4,715)		(4,744)	
Net current assets		<u>26,910</u>		<u>26,910</u>	
Total assets less current liabilities			<u>63,647</u>		<u>63,876</u>
Net assets			<u><u>63,647</u></u>		<u><u>63,876</u></u>
Capital and reserves					
Called up share capital	8	10,000		10,000	
Profit and loss account		53,647		53,876	
Shareholders' funds			<u><u>63,647</u></u>		<u><u>63,876</u></u>

These financial statements were approved by the Board of directors on 12 June 2019 and were signed on its behalf by:

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

L D Boardman
Director

12 June 2019

Company registered number: 691591



C Jewell
Director

12 June 2019

Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2017	10,000	54,069	64,069
Total comprehensive income for the year			
Loss	-	(193)	(193)
Balance at 1 January 2018	10,000	53,876	63,876
Total comprehensive income for the year			
Loss	-	(229)	(229)
Balance at 31 December 2018	10,000	53,647	63,647

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

Notes

(forming part of the financial statements)

1 Accounting Policies

Crystalate Electronics Limited (the "Company") is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, TT Electronics Plc includes the Company in its consolidated financial statements. The consolidated financial statements of TT Electronics Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Fourth Floor, St Andrews House, West Street, Woking, Surrey, GU21 6EB.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of TT Electronics plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures* or
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

Notes (continued)

1 Accounting Policies (continued)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The most significant judgements and estimates in applying these accounting policies relate to the carrying value of the fixed asset investments.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.2 Going concern

The Directors have reviewed the budgets for 2019. They have also assessed the potential impact on the Company's operations arising from Brexit which is not anticipated to be significant. Based on this, the Directors are satisfied that the Company has adequate resources to continue in operational existence for at least 12 months from the date of the financial statements. For the reason, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.4 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes (continued)

1 Accounting Policies (continued)

1.5 Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

2 Directors' remuneration

The directors received remuneration totalling £3,000 (2017: £5,000) in respect of their services to the Company. The remuneration was paid by the ultimate parent, TT Electronics plc

3 Staff numbers and costs

The company had no employees in either period.

Auditor's remuneration:

The auditor's remuneration for the audit of these financial statements of £4,000 was borne by the ultimate parent company in the current period. Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, TT Electronics plc.

Notes (continued)

4 Taxation

Tax charged in the income statement

	2018 £000	2017 £000
Current Tax:		
UK Corporation tax on profits for the period	-	-
Adjustment in respect of previous periods	-	(29)
Total current tax	-	(29)
Deferred Tax:		
Origination and reversal of temporary differences	-	-
Total deferred tax	-	-
Total tax expense	-	(29)

Reconciliation of effective tax rate

	2018 £000	2017 £000
Loss for the year	(229)	(193)
Total taxation	-	(29)
Loss excluding taxation	(229)	(164)
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	44	32
Items not subject to taxation	(44)	(32)
Adjustment from previous periods	-	(29)
Total tax expense	-	(29)

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

5 Fixed asset investments

	Shares in group undertakings £000
Cost	
At beginning of year	37,130
Additions	-
Disposals	-
At end of year	<u>37,130</u>
Provisions	
At beginning of year	(164)
Additions	(229)
At end of year	<u>(393)</u>
Net book value	
At 31 December 2018	<u>36,737</u>
At 31 December 2017	<u>36,966</u>

In the opinion of the directors the value of investments in subsidiaries is not less than the value at which they are included in the balance sheet. The impairment in the year related to the investment held in TT Electronics Ltd.

6 Debtors

	2018 £000	2017 £000
Amounts owed to group undertakings	31,613	29,113
	<u>31,613</u>	<u>29,113</u>

7 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Amounts owed to group undertakings	4,715	4,715
Taxation payable	-	29
	<u>4,715</u>	<u>4,744</u>

Notes (continued)

8 Capital and reserves

Share capital

In thousands of shares	Ordinary shares 2018	2017
On issue at 1 January	10,000	10,000
On issue at 31 December – fully paid	10,000	10,000
	2018	2017
	£000	£000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	10,000	10,000
	10,000	10,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

9 Contingencies

There was a cross guarantee between certain companies in the group on all bank overdrafts with HSBC Bank plc. At 31 December 2018 the total borrowings which the company is a cross-guarantor to amounted to £4,371,858 (2017: £14,374,745).

The company is a cross guarantor together with certain other companies within the TT Electronics PLC Group on the Group's main debt facilities. At 31 December 2018, the total facilities to which the company is a cross-guarantor amounted to £83,500,000 (2017: nil).

Notes (continued)

10 Ultimate parent company and related undertakings

The Company is a subsidiary undertaking of TT Electronics Plc which is the ultimate parent company. The ultimate controlling party is TT Electronics Plc.

No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from Fourth Floor, St Andrews House, West Street, Woking, Surrey, GU21 6EB.

The directly held subsidiaries of the Company are:

Name of Subsidiary Undertaking	Country of Incorporation	Proportion of Shares held	Share Class	Registered office/ principal place of business
TT Electronics Ltd	Barbados	100.00%	Ordinary	(1)
Taishan Precision International Co. Limited ¹	China	100.00%	Ordinary	(2)
Precision International Holdings Limited ¹	Hong Kong	100.00%	Ordinary	(3)
BI Technologies S.A. De C.V. ¹	Mexico	99.99%	Ordinary	(4)
Optron De Mexico S.A. De C.V. ¹	Mexico	100.00%	Ordinary	(5)
AB Interconnect, Inc. ¹	United States	100.00%	Ordinary	(6)
Apsco Holdings, Inc. ¹	United States	100.00%	Ordinary	(6)
Bi Technologies Corporation ¹	United States	100.00%	Ordinary	(6)
Cletronics N.A. Inc. ¹	United States	100.00%	Ordinary	(7)
International Resistive Company Inc ¹	United States	100.00%	Ordinary	(6)
International Resistive Company Of Texas, LLC ¹	United States	100.00%	Ordinary	(8)
Optek Technology Inc ¹	United States	100.00%	Ordinary	(6)
Precision Inc ¹		100.00%	Ordinary	(9)
Shallcross Inc. ¹	United States	100.00%	Ordinary	(6)
TT Electronics, Inc ¹	United States	100.00%	Ordinary	(6)
TT Electronics Integrated Manufacturing Services, Inc ¹	United States	100.00%	Ordinary	(10)
TT Group Industries, Inc.	United States	100.00%	Ordinary	(6)

(1) Newton Industrial Park, Christchurch, Barbados, West Indies

(2) 4/F No 132 Fu Cheng Avenue, Taishan City, Peoples Republic of China

(3) 16th Floor, Wing On Centre 111 Connaught Road Central, Hong Kong,

(4) Ave Circulo De La Amistad No.102, Parque Industrial Mexicali IV, Mexico

(5) Rio Bravo 1551-A, Parque Industrial Rio Bravo, Cd. Juarez Chihuahua, Mexico

(6) Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States

(7) Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801, United States

(8) Corporation Service Company, 211 East 7th Street, Suite 620, Austin TX78701-3218, United States

(9) 1700 Freeway Boulevard, Minneapolis, MN 55430. USA

(10) CT Corporation System, 4400 Easton Commons Way, Suite 125, Columbus OH 43219, United States

¹ Owned by a subsidiary undertaking other than Crystalate Electronics Limited