

Midland Electronics Limited

Annual report and financial statements

Registered number 675333

31 December 2016

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Strategic Report

The directors present their strategic report on Midland Electronics Limited (the Company) and financial statements for the year ended 31 December 2016.

Review of the business

The Company is an intermediate holding company.

Results and performance

The profit for the year after taxation amounted to £3,345,000 (2015: £2,867,000).

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.

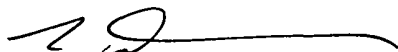
Interest rate risk

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.

By order of the Board



L D Boardman
Secretary
22 June 2017

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

Directors' Report

Principal activities

The principal activity of the Company is that of an intermediate holding company.

Business review

The profit for the year, after taxation amounted to £3,345,000 (2015: £2,867,000).

Proposed dividend

The directors do not recommend the payment of a dividend.

Details of dividends paid are in the Statement of Changes in Equity.

Directors

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

L D Boardman
J Leighton-Jones
M Hoad


Disclosure of information to auditor

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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.

By order of the Board



L D Boardman
Secretary
22 June 2017

Registered office:
Fourth Floor
St Andrews House
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Surrey
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United Kingdom

Statement of directors' responsibilities in respect of the annual 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 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 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 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.

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

We have audited the financial statements of Midland Electronics Limited for the year ended 31 December 2016 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its result for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

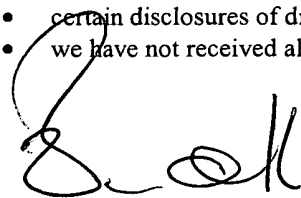
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.




Mike Barradell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square

London

E14 5GL

 June 2017

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Other operating income/(charges)	2	<u>21</u>	<u>(141)</u>
Operating profit/(loss)		21	(141)
Income from shares in group undertakings	6	<u>3,324</u>	<u>3,008</u>
Profit on ordinary activities before taxation		3,345	2,867
Profit for the financial year		<u>3,345</u>	<u>2,867</u>

The Company has no other income or expenses other than the results for the year as set out above. The total comprehensive income for the year is therefore £3,345,000 (2015: £2,867,000).

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

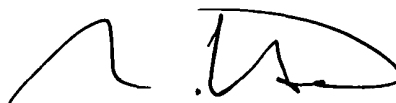
Balance Sheet
at 31 December 2016

	<i>Note</i>	2016 £000	£000	2015 £000	£000
Fixed assets					
Investments	7		8,298		8,298
			8,298		8,298
Current assets					
Debtors (including nil (2015: nil) due after more than one year)	8	7,544		4,427	
		7,544		4,427	
Current liabilities					
Creditors (including nil (2015: nil) due after more than one year)	8	(3,096)		-	
		(3,096)		4,427	
Net assets			12,746		12,725
Capital and reserves					
Called up share capital	10		8		8
Capital redemption reserve			3		3
Other reserves			24		24
Profit and loss account			12,711		12,690
Shareholders' funds			12,746		12,725

These financial statements were approved by the Board of directors on 22 June 2017 and were signed on its behalf by:



L D Boardman
Director



M Hoad
Director

Company registered number: 675333

Statement of Changes in Equity

	Called up Share capital £000	Capital Redemption reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	8	3	24	9,823	9,858
Total comprehensive income for the year					
Profit or loss	-	-	-	2,867	2,867
Balance at 1 January 2016	8	3	24	12,690	12,725
Total comprehensive income for the year					
Profit for the year	-	-	-	3,345	3,345
Dividends paid	-	-	-	(3,324)	(3,324)
Balance at 31 December 2016	8	3	24	12,711	12,746

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

Notes

(forming part of the financial statements)

1 Accounting Policies

Midland Electronics Limited 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"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

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 IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
 - Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosure

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.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year relate to the carrying value of 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.

Notes (continued)

1 Accounting Policies (continued)

1.2 Going concern

No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the directors.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 1.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 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.

Notes (continued)

1 Accounting Policies (continued)

1.5 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.

1.6 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.

1.10 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.

Notes (continued)

2 Other operating income/(charges)

	2016 £000	2015 £000
Net gain/(loss) on foreign currency translation	-	(135)
Bank Charges	13	-
Other operating income/(charges)	8	(6)
	<u>21</u>	<u>(141)</u>

Auditor's remuneration:

The auditor's remuneration for the audit of these financial statements 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 ultimate parent, TT Electronics plc.

3 Directors' remuneration

The directors received remuneration totalling £5,000 (2015: £5,000) in respect of their services to the Company. The remuneration was paid by the ultimate parent, TT Electronics plc

4 Staff numbers and costs

The Company had no employees in either period.

5 Taxation

Reconciliation of effective tax rate

	2016 £000	2015 £000
Profit for the year	3,345	2,867
Total tax expense	-	-
Profit excluding taxation	-	2,867
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	669-	581
Non-deductible expenses	(664)-	(609)
Group relief	(5)-	28
Total tax expense	-	-

6 Income from shares in group undertakings

	2016 £000	2015 £000
Paid during the year	3,324	3,008
Equity dividends on ordinary shares	<u>3,324</u>	<u>3,008</u>

Notes (continued)

7 Fixed asset investments

	Shares in group undertakings £000
Cost	
At beginning of year	11,794
At end of year	11,794
Provisions	
At beginning of year	3,496
At end of year	3,496
Net book value	
At 31 December 2016	8,298
At 31 December 2015	8,298

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.

8 Debtors

	2016 £000	2015 £000
Amounts owed by group undertakings	7,544	4,427
	<u>7,544</u>	<u>4,427</u>

9 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts owed by group undertakings	3,096	-
	<u>3,096</u>	<u>-</u>

10 Capital and reserves

Share capital

	Ordinary shares 2016	2015
In thousands of shares		
On issue at 1 January	8	8
On issue at 31 December – fully paid	<u>8</u>	<u>8</u>

Notes (continued)

10 Capital and reserves (continued)

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	8	8
	<u>8</u>	<u>8</u>

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.

11 Contingencies

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 2016, the total facilities to which the Company is a cross-guarantor amounted to £104.2 million (2015: £95.4million).

12 Ultimate parent company and related undertakings

The Company is a subsidiary undertaking of AB Electronic Products Group Limited. The ultimate parent undertaking and 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 and wholly trading subsidiaries of the company are:

Name of Subsidiary Undertaking	Country of Incorporation	Proportion of Shares held	Share Class	Registered office/ principal place of business
AB Mikroelektronik GmbH	Austria	100.00%	Ordinary	(1)
TT Electronics SAS	France	100.00%	Ordinary	(2)
TT Electronics Sensing and Control India Private Limited	India	51.004%	Ordinary	(3)
TT Electronics SRL	Italy	100.00%	Ordinary	(4)
BI Technologies Corporation sdn bhd	Malaysia	100.00%	Ordinary and Preference	(6)
AB Electronic Manufacturing Mexico SA de CV ¹	Mexico	99.998%	Ordinary	(7)
TT Electronics Integrated Manufacturing Services SRL	Romania	100.00%	Ordinary	(8)
TT Electronics Sensing and Control SRL	Romania	100.00%	Ordinary	(8)
AB Elektronik Holdco Limited	United Kingdom	100.00%	Ordinary	(9)

(1) A-5020 SALZBURG, JOSEF-BRANDSTATTER-STRASSE 2, AUSTRIA

(2) 4 PLACE LOUIS ARMAND, 75012 PARIS, France

(3) 201-204, 42-B TOP FLOOR HANUMAN LANE, CONNAUGHT PLACE, NEW DELHI-110001, India

(4) VIA SANTA REDEGONDA N. 11, MILANO, Italy

(5) KAKUMARU BUILDING, 1-10, TOYO 7-CHOME, KOTO-KU, TOKYO, JAPAN

(6) LOT 6.05, LEVEL 6, KMPG TOWER, 8 FIRST AVENUE, BANDAR UTAMA 47800 PETALING JAYA, SELANGOR, DARUL EHSAN, Malaysia

(7) RIO BRAVO 1551-A, PARQUE INDUSTRIAL RIO BRAVO, CD. JUAREZ CHIHUAHUA, MEXICO

(8) REMETEA MARE, NR. 637, OLYMPIAN PARK TIMISOARA, HALA 4, PARTEA B, DN6/E70, TIMIS COUNTY, 307350, ROMANIA

(9) FOURTH FLOOR, ST ANDREWS HOUSE, WEST STREET, WOKING, SURREY, GU21 6EB, ENGLAND

¹ Owned by a subsidiary undertaking other than Midland Electronics Limited