

COMPANY ACCOUNTS

Accounting policies for the Company financial statements

The financial statements of TT electronics plc (the Company) have been prepared under the historical cost convention as modified by the revaluation of financial assets and derivatives held at fair value in accordance with applicable United Kingdom accounting standards.

The principal accounting policies of the Company are:**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less a provision for depreciation. Depreciation is calculated so as to write-off the cost less estimated residual value of tangible fixed assets, in equal instalments over their expected useful lives. No depreciation is provided on freehold land. The depreciation rates for the major categories of asset are given in note 1. The carrying values of fixed assets are reviewed for impairment when there is an indication that the assets may be impaired.

Investments

Investments in subsidiaries are carried at cost less amounts written-off.

Deferred taxation

Deferred taxation is the taxation attributable to timing differences between the results computed for taxation purposes and results as stated in the financial statements. It is recognised on all timing differences where the transaction or event which gives the Company an obligation to pay more tax, or the right to pay less tax in the future, has occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using the rates of tax enacted or substantively enacted by the balance sheet date.

Pension costs

The Company is a member of a multi-employer defined benefit scheme. The Company cannot identify its share of the scheme assets and liabilities. Pension costs are therefore accounted for under the rules for defined contribution schemes and represent the contributions payable in respect of the period.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

Share-based payments

The fair value at the date of grant of share-based remuneration is calculated using appropriate pricing models and charged to the profit and loss account on a straight-line basis over the vesting period of the award. The charge to the profit and loss account takes account of the estimated number of shares that will vest. All share-based remuneration is equity settled.

Leases

Payments on operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Financial instruments

Derivative financial instruments used to manage exposure to interest rate risk and to changes in currency exchange rates are measured at fair value. All changes in fair value are recognised in the profit and loss account.