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BRITAX WEATHERSHIELDS LIMITED

31st DECEMBER, 2 1988

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BRITAX WEATHERSHIELDS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31st December, 1988.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £81,492, which is to be set against reserves. The directors do not recommend the payment of a dividend.

REVIEW OF BUSINESS

The principal activity of the company continues to be the manufacture and distribution of accessories to the motor trade.

The turnover for the year at £10,670,078 was 0.65% lower than the previous year. The loss on ordinary activities before taxation amounted to £179,759 compared with a profit of £538,741 in the previous year.

The directors consider the state of affairs of the company to be satisfactory.

RESEARCH AND DEVELOPMENT

Total expenditure on research and development in the year was £472,367 (1987 £426,637).

DIRECTORS

The following were directors of the company at 31st December, 1988:

Mr. T.C. Cannon	)	Directors of B.S.G.
Mr. A.R. Starkey	)	International plc
Mr. E. <sup>c</sup> . Ainsworth		
Mr. A. Parsonage		
Mr. I.K. Showan		
Mr. H.J. McTernan		
Mr. G. Pyle		

Mr. T. Penny resigned as a director of the company with effect from 31st August, 1988.

Mr. J.A. Everard was appointed as a director of the company on 21st February, 1989.

All of the other directors served for the whole of the year.

In accordance with the Articles of Association none of the directors retire.

BRITAX WEATHERSHIELDS LIMITED

DIRECTORS' REPORT

DIRECTORS' SHAREHOLDINGS

None of the directors have any beneficial interest in the share capital of the company.

The beneficial interests of the directors in the shares of B.S.G. International plc (other than directors of that company) are set out below:

<u>Director</u>	<u>Ordinary shares of 10p each</u>	
	<u>1988</u>	<u>1987</u>
Mr. I.K. Showan	16,835	16,835
Mr. A. Parsonage	50,000	-

The directors (other than directors of the parent company) holding options under the B.S.G. International plc Executive Share Option Scheme 1985 are:

<u>Director</u>	<u>Ordinary shares of 10p each</u>	
	<u>1988</u>	<u>1987</u>
Mr. I.K. Showan	200,000	150,000
Mr. A. Parsonage	75,000	125,000

FIXED ASSETS

The movements in tangible fixed assets during the year are set out in the notes to the financial statements.

CLOSE COMPANY PROVISIONS

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors, Messrs. Kidsons, Chartered Accountants, have intimated their willingness to continue in office, subject to the approval of the members in general meeting.

Registered Office:

180, Sherlock Street,  
Birmingham  
B5 7EH

20th March, 1989

By Order of the Board,

R. Thorne,

for B.S.G. Secretarial Services Limited,

Secretary.

REPORT OF THE AUDITORS TO THE MEMBERS OF  
BRITAX WEATHERSHIELDS LIMITED

We have audited the financial statements on pages 4 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December, 1988 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Without qualifying our opinion above, we draw attention to the fact that the financial statements do not show the manner in which the operations of the company have been financed, or in which its financial resources have been used during the year, as required by Statement of Standard Accounting Practice No. 10. Such information is of little value as a result of the parent company's financial structuring of its subsidiary companies.

BIRMINGHAM

KIDSONS,

20th March, 1989

Chartered Accountants

# BRITAX WEATHERSHIELDS LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31st DECEMBER, 1988

1987

	<u>Note</u>	<u>£</u>	<u>£</u>
TURNOVER	2	10,670,078	10,740,097
Cost of sales		<u>(9,328,680)</u>	<u>(8,755,293)</u>
GROSS PROFIT		1,341,398	1,984,804
Distribution costs		(380,356)	(364,106)
Administrative expenses		<u>(819,599)</u>	<u>(820,332)</u>
TRADING PROFIT		141,443	800,366
Interest payable	3	<u>(321,202)</u>	<u>(261,625)</u>
(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(179,759)	538,741
Taxation credit (charge)	7	<u>98,267</u>	<u>(39,793)</u>
(LOSS) PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(81,492)	498,948
Proposed dividend	8	—	<u>(500,000)</u>
RETAINED LOSS FOR THE YEAR	15	<u>(81,492)</u>	<u>(1,052)</u>

Notes on financial statements - pages 6 to 12

## BRITAX WEATHERSHIELDS LIMITED

## BALANCE SHEET

31st DECEMBER, 19881987

	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	9		1,535,921		1,648,569
CURRENT ASSETS					
Stocks	10	2,284,043		1,969,196	
Debtors	11	2,117,091		1,670,908	
Cash in hand		<u>224,525</u>		<u>3,387</u>	
		4,625,659		3,643,491	
CREDITORS					
Amounts falling due within one year	12	(3,292,364)		(2,388,448)	
NET CURRENT ASSETS			<u>1,333,295</u>		<u>1,255,043</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,869,216		2,903,612
CREDITORS					
Amounts falling due after more than one year	12	(91,614)		(20,018)	
PROVISION FOR LIABILITIES AND CHARGES					
Deferred tax	13	<u>—</u>	<u>(91,614)</u>	<u>(24,500)</u>	<u>(44,518)</u>
			<u>2,777,602</u>		<u>2,859,094</u>
CAPITAL AND RESERVES					
Called up share capital	14	1,050,000		1,050,000	
Revaluation reserve	15	30,449		32,228	
Profit and loss account	15	<u>1,697,153</u>		<u>1,776,866</u>	
			<u>2,777,602</u>		<u>2,859,094</u>

The financial statements were approved by the Board of Directors on 20th March, 1989

T.C. Cannon )

) Directors

A.R. Starkey )

Notes on financial statements - pages 6 to 12

BRIXX WEATHERSHIELDS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1988

1. ACCOUNTING POLICIES

a. Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold and leasehold properties.

b. Depreciation

Depreciation is calculated on cost or revalued amounts on a straight line basis to write off the relevant assets over their expected useful lives. The principal annual rates used are as follows:

Plant and machinery	10% - 33.3%
Vehicles	25%
Computer hardware and software	20% or 33.3%
Office equipment	10% - 20%
Freehold buildings	1%
Leasehold properties	Amortised over the unexpired portion of the lease

c. Stocks

Stocks are stated at the lower of cost, including an appropriate proportion of production overheads, and net realisable value.

d. Deferred taxation

Deferred taxation is calculated on the liability method in respect of timing differences between profits as stated in the financial statements and as computed for tax purposes. Where it can be shown with reasonable probability that no such liability will become payable in the foreseeable future no provision is made.

e. Leases

The accounting policy has been changed so as to comply with Statement of Standard Accounting Practice 21 and comparative figures for fixed assets and creditors have been amended accordingly; the profit and loss account has not been amended since the effect on prior years is not material. Assets held under finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the term of the lease including any secondary period and the useful economic life based upon the depreciation policies above. Finance leases in existence at 1st January, 1988 have been capitalised at that date. The obligation to pay future rentals is included in creditors net of finance charges allocated to future periods. The finance charge element of rentals is calculated on the reducing balance of capital outstanding and charged to the appropriate accounting period through the profit and loss account.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

f. Research and development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

BRITAX WEATHERSHIELDS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1988

1. ACCOUNTING POLICIES (continued)

8. Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year and differences are taken to the profit and loss account.

2. TURNOVER

Turnover represents the invoiced value excluding value added tax of goods sold and services provided to customers.

The turnover and (loss) profit before taxation is attributable to the principal activity of the company, being the manufacture and distribution of accessories to the motor trade, and analysis by geographical area is as follows:

	1988	1987
	£	£
United Kingdom	5,390,207	5,133,552
Other European countries	4,154,961	4,170,426
Rest of the World	<u>1,124,910</u>	<u>1,436,119</u>
	10,670,078	10,740,097

3. INTEREST PAYABLE

Interest payable on loans repayable within 5 years:

	£	£
Bank interest	318,881	198,288
Group interest	-	60,120
Finance leases	<u>2,321</u>	<u>3,217</u>
	321,202	261,625

4. (LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss) profit on ordinary activities before taxation is stated after charging:

	£	£
Amortisation of lease	4,739	6,086
Depreciation:		
Owned assets	354,681	332,936
Assets held under finance leases	10,010	10,010
Directors' emoluments (see note 5)	129,913	183,751
Auditors' remuneration	9,379	8,141
Foreign exchange currency loss	134,027	7,456
Operating lease rentals:		
Land and buildings	-	603
Other:		
Hire of plant and machinery	2,946	19,868
Motor vehicles	<u>50,860</u>	<u>43,846</u>



BRITAN WEATHERSHIELDS LIMITED  
NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1988

	1988	1987
5. DIRECTORS' EMOLUMENTS	£	£
As directors	Nil	Nil
For management (including pension contributions)	129,913	183,751
Emoluments, excluding pension contributions are analysed as follows:		
Chairman	Nil	Nil
Highest paid director	32,933	51,118
Number of other directors whose emoluments were within the ranges:	Nos.	Nos.
£0 - £5,000	1	1
£10,001 - £15,000	2	-
£15,001 - £20,000	-	1
£20,001 - £25,000	3	1
£25,000 - £30,000	-	3

6. STAFF NUMBERS AND COSTS

- a. The average number of persons, including directors, employed by the company during the year was:

	1988	1987
Production	174	169
Sales and distribution	15	15
Administration	17	19
	206	203

- b. The aggregate costs of employment were as follows:

	£	£
Wages and salaries	1,962,806	1,940,418
Social security costs	207,831	193,002
Pension costs	21,565	16,115
	2,192,202	2,149,535

7. TAXATION

The taxation (credit) charge comprises:

	£	£
United Kingdom corporation tax at 35% (1986 7.5%) see note below	14,000	15,293
A.C.T. previously written off now written back	(87,767)	-
Deferred tax (see note 13)	(24,500)	24,500
	(98,267)	39,793

The United Kingdom corporation tax charge was reduced in 1987 by £56,074 being the free surrender of advance corporation tax from B.S.G. International plc.

# BRITAX WEATHERSHIELDS LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1988

	<u>1988</u>		<u>1987</u>	
	£		£	
8. DIVIDEND				
Proposed dividend on ordinary shares at Nil pence (1987 47.6 pence) per share	—		<u>500,000</u>	
	Land and Buildings	Plant, Machinery		
	Freehold	Long Leasehold	Equipment and	
9. TANGIBLE ASSETS			Motor Vehicles	Total
Cost or valuation at 1.1.88:	£	£	£	£
As previously reported	300,000	250,000	2,920,861	3,470,861
Finance leased assets	—	—	50,049	50,049
Restated	300,000	250,000	2,970,910	3,520,910
Additions	—	3,437	253,845	257,282
Disposals	—	—	(6,800)	(6,800)
31st December, 1988	<u>300,000</u>	<u>253,437</u>	<u>3,217,955</u>	<u>3,771,392</u>
Depreciation at 1.1.88:				
As previously reported	—	—	1,852,321	1,852,321
Finance leased assets	—	—	20,020	20,020
Restated	—	—	1,872,341	1,872,341
Charge for year	2,500	4,739	362,191	369,430
Disposals	—	—	(6,300)	(6,300)
31st December, 1988	<u>2,500</u>	<u>4,739</u>	<u>2,228,232</u>	<u>2,235,471</u>
Net book value:				
31st December, 1988	<u>297,500</u>	<u>248,698</u>	<u>989,723</u>	<u>1,535,921</u>
31st December, 1987	<u>300,000</u>	<u>250,000</u>	<u>1,098,569</u>	<u>1,648,569</u>

Opening figures have been restated to reflect the change in the method of accounting for finance leases as disclosed in the accounting policies on page 6. The net book value of plant and vehicles includes £99,857 (1987 £30,029) in respect of assets held under finance leases.

All fixed assets are shown at cost with the exception of freehold land and buildings which comprise £300,000 at valuation in 1987 and long leaseholds which comprise £250,000 at valuation in 1987 and subsequent additions at a cost of £3,437.

If the properties had not been revalued they would have been included at the following amounts:

	<u>1988</u>	<u>1987</u>
	£	£
Historical cost to fellow subsidiary on acquisition of properties and the cost of subsequent additions to date	339,829	336,392
Accumulated depreciation based on cost	<u>20,990</u>	<u>15,530</u>
Net book value	<u>318,839</u>	<u>320,862</u>
Depreciation for the year based on cost	<u>5,460</u>	<u>5,395</u>

# BRITAX WEATHERSHIELDS LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1988

	<u>1988</u>	<u>1987</u>
10. STOCKS	£	£
Raw materials	1,260,032	793,548
Work in progress	284,837	166,139
Finished products	<u>739,174</u>	<u>1,009,509</u>
	<u>2,284,043</u>	<u>1,969,196</u>
11. DEBTORS		
Amounts falling due within one year:	£	£
Trade debtors	1,251,369	1,093,366
Amounts owed by fellow subsidiaries	605,036	313,550
Taxes recoverable	143,038	176,436
A.C.T. recoverable	77,728	-
Prepayments	<u>39,920</u>	<u>87,556</u>
	<u>2,117,091</u>	<u>1,670,908</u>
12. CREDITORS		
a. Amounts falling due within one year:	£	£
Trade creditors	1,534,812	1,075,183
Amount owed to holding company	966,870	164,791
Amounts owed to fellow subsidiaries	213,442	26,340
Finance lease obligations	10,902	10,011
Taxes and social security	60,028	56,961
Corporation tax payable	19,254	15,293
Accruals	487,056	539,869
Proposed dividend	<u>-</u>	<u>500,000</u>
	<u>3,292,364</u>	<u>2,388,448</u>
b. Amounts falling due after more than one year:	£	£
Finance lease obligations payable between one and five years	<u>91,614</u>	<u>20,018</u>

BRITAX WEATHERSHIELDS LIMITED  
NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1988

13. DEFERRED TAX	<u>1988</u>	<u>1987</u>
The amount provided at 35% is as follows:	£	£
Accelerated capital allowances on plant and vehicles	-	82,500
Other timing differences	-	3,000
Advance corporation tax	<u>-</u>	<u>(61,000)</u>
	-	24,500
	<u>-</u>	<u>-</u>

The potential deferred tax liability at 31st December, 1988 arising on timing differences, calculated on the liability method at 35% is as follows:

	£
Accelerated capital allowances	46,400
Industrial buildings allowances	42,400
Other timing differences	<u>(31,000)</u>
	<u>57,800</u>

The potential liability which might arise on properties being sold at their revalued amounts has not been quantified as the directors have no present intention of disposing of properties.

	<u>Authorised</u>	<u>Issued and Fully Paid</u>
14. CALLED UP SHARE CAPITAL (1988 and 1987)	£	£
Ordinary shares of £1 each	<u>1,250,000</u>	<u>1,050,000</u>

	<u>Revaluation Reserve</u>	<u>Profit and Loss Account</u>	<u>Total</u>
15. RESERVES	£	£	£
Balance 1st January, 1988	32,228	1,776,860	1,809,094
Retained loss for the year	-	(81,492)	(81,492)
Transfer	<u>(1,779)</u>	<u>1,779</u>	<u>-</u>
Balance 31st December, 1988	<u>30,449</u>	<u>1,697,153</u>	<u>1,727,602</u>

# BRITAX WEATHERSHIELDS LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1988

### 16. LEASING OBLIGATIONS

Payments due in 1989 under operating leases, analysed by date of lease expiry, are as follows:

Date of lease expiry	<u>Other than Land and Buildings</u>
	£
1989	13,767
1990	24,156
1991 to 1993 inclusive	<u>2,959</u>
Total payable in 1989	<u>40,882</u>

### 17. TRANSACTIONS INVOLVING DIRECTORS

Directors' interest in contracts

No director has had any beneficial interest in any material contract to which the company was a party.

### 18. CAPITAL COMMITMENTS

Capital expenditure authorised up to 31st December, 1988 but not provided in these financial statements amounted to £291,495 (1987 £84,355) in respect of which contracts for £133,929 (1987 £84,355) had been placed.

### 19. CONTINGENT LIABILITIES

- i) The company has given a joint and several guarantee secured by a fixed first charge on its book and other debts in respect of the holding company's indebtedness to Barclays Bank PLC.
- ii) The company has given a guarantee to Barclays Bank plc in respect of deferred duty payable to H.M. Customs & Excise for an amount not to exceed £60,000.

### 20. PENSION COMMITMENTS

The BSG International plc group operates a pension scheme for the benefit of its employees. The fund is administered by trustees, is financially separate from the group, and independent actuaries complete triennial actuarial valuations. In accordance with their recommendations annual contributions are paid to the scheme so as to secure the benefits set out in the rules and the proportion borne by the subsidiary is charged against trading profit.

### 21. ULTIMATE HOLDING COMPANY

The company is a direct subsidiary of B.S.G. International plc, a company incorporated in England.