

**FAG (UK) Limited**

**Director's report and financial  
statements**

**Registered number 491002**

**For the year ended 31 December 2004**



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**COMPANIES HOUSE**

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**28/10/2005**

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## Director's report

The director presents his annual report and audited financial statements for the year ended 31 December 2004.

### Principal activity

The principal activity of the company in the year under review was that of property rental.

### Business review

The company has made a profit before taxation of £148,634 (2003: £163,750).

### Dividends

No dividend is recommended by the director (2003: £Nil).

### Director and director's interests

The director who held office during the year was:

D Fellermann

The director does not have any interests in the shares of the company or any other group company registered in the United Kingdom.



PA Phipps  
Secretary

Forge Lane  
Minworth  
Sutton Coldfield  
West Midlands  
B76 1AP

26 October 2005

## Statement of directors' responsibilities

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 for that year. 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.



KPMG LLP  
2 Cornwall Street  
Birmingham  
B3 2DL

## **Report of the independent auditors to the members of FAG (UK) Limited**

We have audited the financial statements on pages 4 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors***

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### ***Basis of audit opinion***

We conducted our audit in accordance with 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 company'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 the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*  
**KPMG LLP**  
Chartered Accountants  
Registered Auditor

26 October 2005

**Profit and loss account**  
*for the year ended 31 December 2004*

	<i>Note</i>	<b>2004</b> £	2003 £
Other operating income	1	30,375	135,579
Other operating charges		(6,182)	(54,186)
		<hr/>	<hr/>
<b>Operating profit</b>		<b>24,193</b>	81,393
Other interest receivable and similar income	3	124,441	82,359
Interest payable and similar charges	4	-	(2)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	2	<b>148,634</b>	163,750
Tax on profit on ordinary activities	5	(36,546)	(24,969)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation and retained for the financial year</b>	11	<b>112,088</b>	138,781
		<hr/> <hr/>	<hr/> <hr/>

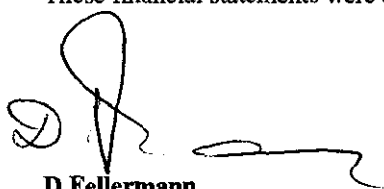
There were no recognised gains or losses in either the current or previous year other than those disclosed in the profit and loss account.

Movements in reserves are set out in note 11.

**Balance sheet**  
*at 31 December 2004*

	Note	2004	2003
		£	£
<b>Fixed assets</b>			
Investments	6	2	2
<b>Current assets</b>			
Debtors	7	3,603,000	3,491,111
Cash at bank and in hand		26,078	76,878
		<u>3,629,078</u>	<u>3,567,989</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(91,227)</u>	<u>(142,226)</u>
<b>Net current assets</b>		<u>3,537,851</u>	<u>3,425,763</u>
<b>Total assets less current liabilities</b>		<u>3,537,853</u>	<u>3,425,765</u>
<b>Provisions for liabilities and charges</b>	9	<u>(208,400)</u>	<u>(208,400)</u>
<b>Net assets</b>		<u>3,329,453</u>	<u>3,217,365</u>
<b>Capital and reserves</b>			
Called up share capital	10	2,000,000	2,000,000
Share premium account	11	650,000	650,000
Profit and loss account	11	679,453	567,365
<b>Equity shareholders' funds</b>	12	<u>3,329,453</u>	<u>3,217,365</u>

These financial statements were approved by the director on 26 October 2005

  
**D Fellermann**  
Director

## **Notes**

*(forming part of the financial statements)*

### **1 Principal accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

#### ***Basis of preparation***

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable Accounting Standards.

#### ***Cash flow statement***

Under the provisions of Financial Reporting Standard No 1 ("cash flow statements") the company is exempt from preparing a cash flow statement on the grounds of its size.

#### ***Taxation***

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard No 19 ("deferred tax").

#### ***Foreign currencies***

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the year end rates of exchange. Translation differences arising at the balance sheet date are dealt with in the profit and loss account.

#### ***Operating leases***

Operating lease payments are charged to the profit and loss account in equal annual amounts over the period of the leases.

#### ***Investments***

Shares in group companies are stated at cost less any provision for permanent diminution in value.

#### ***Other operating income***

Other operating income relates to rents receivable.

**Notes (continued)**

**2 Profit on ordinary activities before taxation**

	2004 £	2003 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging/(crediting)</i>		
Property rental	32,750	32,750
Auditors' remuneration in respect of:		
Audit work	6,000	2,500
Other services	5,350	2,750
Rental income	(30,375)	(29,206)
Exchange gain	(3,953)	(88,693)
	<u>          </u>	<u>          </u>

The company has no employees apart from the director. The director did not receive or waive any emoluments during the year (2003: £Nil).

**3 Other interest receivable and similar income**

	2004 £	2003 £
Bank interest	1,128	1,341
Interest receivable from FAG Kugelfischer AG, a group undertaking	123,307	43,851
Other interest	6	37,167
	<u>          </u>	<u>          </u>
	124,441	82,359
	<u>          </u>	<u>          </u>

Other interest receivable comprises the compensation due with respect to the advance corporation tax refund claim.

**4 Interest payable and similar charges**

	2004 £	2003 £
Other interest	-	2
	<u>          </u>	<u>          </u>

## Notes (continued)

### 5 Tax on profit on ordinary activities

#### Analysis of charge in year

	2004	2003
	£	£
<i>UK corporation tax</i>		
Current tax on income for the year	47,000	37,500
Adjustment in respect of prior year	(10,454)	(23,731)
	<hr/>	<hr/>
Total current tax charge	36,546	13,769
<i>Deferred tax</i>		
Deferred tax charge in respect of current year (see note 9)	-	11,200
	<hr/>	<hr/>
Tax on profit on ordinary activities	36,546	24,969
	<hr/>	<hr/>

#### Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2003: lower) than the standard rate of corporation tax in the UK 30% (2003: 30%). The differences are explained below:

	2004	2003
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	148,634	163,750
	<hr/>	<hr/>
Current tax at 30% (2003: 30%)	44,590	49,125
<i>Effects of:</i>		
Utilisation of ACT previously written off	-	(3,118)
Expenses not deductible for tax purposes	8,635	2,643
Decrease in general provisions	-	(11,150)
Other timing differences	(6,225)	-
Adjustment in respect of prior year	(10,454)	(23,731)
	<hr/>	<hr/>
Total current tax charge	36,546	13,769
	<hr/>	<hr/>

**Notes (continued)**

**6 Investments held as fixed assets**

	2004 £	2003 £
Shares in group companies at cost:		
Subsidiaries	2	2
	<u>2</u>	<u>2</u>

The company owned the entire issued share capital of the following non trading subsidiary:

Subsidiary	Country of incorporation
FAG Bearing Company Limited	England and Wales

FAG Bearing Company Limited is a dormant company.

**7 Debtors**

	2004	2003 £
Amounts owed by FAG Kugelfischer AG, a group undertaking	3,603,000	3,490,448
Other debtors	-	663
	<u>3,603,000</u>	<u>3,491,111</u>

**8 Creditors: amounts falling due within one year**

	2004 £	2003 £
Corporation tax	47,000	37,500
Accruals and deferred income	44,227	104,726
	<u>91,227</u>	<u>142,226</u>

**9 Provisions for liabilities and charges**

	Deferred tax £
At beginning and end of year	<u>208,400</u>

## Notes (continued)

### 9 Provisions for liabilities and charges (continued)

The elements of deferred taxation liabilities are as follows:

	2004 £	2003 £
Other timing differences	208,400	208,400

### 10 Called up share capital

	2004 £	2003 £
<i>Authorised, allotted, called up and fully paid:</i>		
Equity: Ordinary shares of £1 each	2,000,000	2,000,000

### 11 Reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2004	650,000	567,365
Profit for the year	-	112,088
<b>Balance at 31 December 2004</b>	<b>650,000</b>	<b>679,453</b>

### 12 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Retained profit for the year	112,088	138,781
Opening shareholders' funds	3,217,365	3,078,584
<b>Closing shareholders' funds</b>	<b>3,329,453</b>	<b>3,217,365</b>

**Notes** *(continued)*

**13 Commitments**

At 31 December 2004, the company was committed to making the following annual payments in respect of operating leases:

	Land and buildings	
	2004	2003
	£	£
Leases which expire:		
Within one year	32,750	32,750

**14 Immediate and ultimate parent**

The immediate parent company is FAG Kugelfischer GmbH, a company registered in Germany.

The ultimate parent and controlling party is INA-Holding Schaeffler KG, a partnership registered in Germany.