

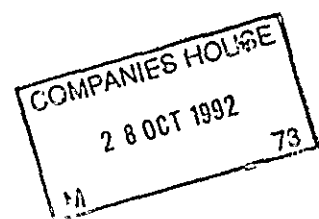
**KPMG** Peat Marwick

**FF Developments Limited**

**Directors' report and consolidated  
financial statements**

**31 December 1991**

**Registered number 1029568**



# FF Developments Limited

## Directors' report and consolidated financial statements

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# FF Developments Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1991.

### Principal activities

The principal activities of the group are automobile design and engineering, specialising in chassis, driveline and transmissions.

### Business review

The Company's performance both in the UK and USA was very pleasing considering the poor economic conditions prevailing throughout the year.

1992 should see sales volumes up with a similar level of profit on sales. However in order to achieve this it is expected that capital expenditure will again increase.

### Proposed dividend and transfer to reserves

The directors recommend that an ordinary dividend of £90,000 be paid.

After deducting the dividends the profit for the year retained by the group is £505,798.

### Fixed assets

The group has purchased fixed assets of £330,142 during the year being primarily plant and machinery required for the continued expansion of the business.

### Directors and directors' interests

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

SR Rolt	
RM Price	
APR Rolt	
JT Braithwaite	(resigned 27 February 1991)
EA Reickert	
TR Seaman	(appointed 27 February 1991)
RW Johnson	(resigned 1 September 1991)
PT Bray	(appointed 1 September 1991)

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the company:

	Class of share	Interest at end of year	Interest at beginning of year
SR Rolt	New 'A' ordinary shares	5,610	5,610

# FF Developments Limited

## Directors' report

### Directors and directors' interests (continued)

No other director had an interest in the new 'A' ordinary shares. No director had an interest in the 'B' ordinary shares of the company at any time during the year. A consultant in KPMG Peat Marwick has a non-beneficial interest as trustee in 2,556 new 'A' ordinary shares of the company.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board

SR Rolt  
Director



Wolston Business Park  
Main Street  
Wolston  
Coventry

5 October 1992

Report of the auditors to the members of FF Developments Limited

We have audited the financial statements on pages 4 to 20 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 December 1991 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Peat Marwick*

**KPMG Peat Marwick**  
*Chartered Accountants*  
*Registered Auditor*

5 October 1992

# FF Developments Limited

## Consolidated profit and loss account for the year ended 31 December 1991

	Note	1991 £	1990 £
Turnover	2	6,834,935	6,024,099
Cost of sales		(4,700,124)	(4,219,793)
Gross profit		2,134,811	1,804,306
Distribution costs		(325,663)	(391,399)
Administrative expenses		(1,007,408)	(815,889)
Trading profit		801,740	597,018
Losses from interest in associated undertaking		(67,025)	-
Income from fixed asset investments	6	350	564
Other interest receivable and similar income		126,304	160,839
Interest payable and similar charges	7	(13)	(2,304)
Exchange differences		463	(64,229)
Profit on ordinary activities before taxation		861,819	691,888
Tax on profit on ordinary activities	8	(266,021)	(280,090)
Profit on ordinary activities after taxation		595,798	411,798
Dividends proposed	10	(90,000)	(62,000)
Retained profit for the financial year		505,798	349,798
Retained profit brought forward		2,500,568	2,127,156
Exchange differences on retranslation		1,855	23,614
Retained profit carried forward		3,008,221	2,500,568

# FF Developments Limited

## Consolidated balance sheet at 31 December 1991

	Note	1991 £	£	1990 £	£
<b>Fixed assets</b>					
Intangible assets	11	56,618		-	
Tangible assets	12	892,979		865,220	
Investments	13	31,164		58,219	
		<u>980,761</u>		<u>923,439</u>	
<b>Current assets</b>					
Stocks	14	662,486		407,728	
Debtors	15	1,871,008		1,140,807	
Cash at bank and in hand		<u>1,242,115</u>		<u>1,460,500</u>	
		3,775,609		3,009,035	
<b>Creditors: amounts falling due within one year</b>	16	<u>1,731,821</u>		<u>1,409,389</u>	
<b>Net current assets</b>		<u>2,043,788</u>		<u>1,599,646</u>	
<b>Total assets less current liabilities</b>		3,024,549		2,523,085	
<b>Provisions for liabilities and charges</b>	17	<u>(1,328)</u>		<u>(7,517)</u>	
<b>Net assets</b>		<u>3,023,221</u>		<u>2,515,568</u>	
<b>Capital and reserves</b>					
Called up share capital	18	11,000		11,000	
Share premium account		4,000		4,000	
Profit and loss account		<u>3,008,221</u>		<u>2,500,568</u>	
		<u>3,023,221</u>		<u>2,515,568</u>	

# FF Developments Limited

Parent company balance sheet  
at 31 December 1991

	Note	1991		1990	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		511,019		497,723
Investments	13		31,739		58,794
			<u>542,758</u>		<u>556,517</u>
<b>Current assets</b>					
Stocks	14	621,091		379,900	
Debtors	15	1,833,311		1,370,082	
Cash at bank and in hand		1,070,633		1,333,860	
		<u>3,525,035</u>		<u>3,083,842</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>1,215,349</u>		<u>1,149,382</u>	
<b>Net current assets</b>			<u>2,309,686</u>		<u>1,934,460</u>
<b>Total assets less current liabilities</b>			<u>2,852,444</u>		<u>2,490,977</u>
<b>Provisions for liabilities and charges</b>	17		-		(2,173)
<b>Net assets</b>			<u>2,852,444</u>		<u>2,488,804</u>
<b>Capital and reserves</b>					
Called up share capital	18		11,000		11,000
Share premium account			4,000		4,000
Profit and loss account			2,837,444		2,473,804
			<u>2,852,444</u>		<u>2,488,804</u>

These financial statements were approved by the board of directors on 5 October 1992 and were signed on its behalf by:

SR Rolt  
Director



# FF Developments Limited

## Consolidated statement of source and application of funds for the year ended 31 December 1991

	1991		1990	
	£	£	£	£
<b>Source of funds</b>				
Profit on ordinary activities before taxation		861,819		691,888
<b>Adjustments for items not involving the movement of funds</b>				
Depreciation and amortisation		278,259		205,116
Provision against investment and loans to associated undertaking		67,025		-
Surplus on sale of tangible fixed assets		(2,674)		(18,157)
Exchange differences arising on consolidation		(5,023)		34,717
<b>Funds generated from operations</b>		<u>1,199,406</u>		<u>913,564</u>
<b>Funds from other sources</b>				
Proceeds of sale of tangible fixed assets		35,882		78,408
<b>Application of funds</b>		<u>1,235,288</u>		<u>991,972</u>
Purchase of intangible fixed assets	58,824		-	
Purchase of tangible fixed assets	330,142		580,110	
Investment in associated undertaking	-		27,055	
Tax paid	286,779		73,715	
Dividends paid	62,000	(737,745)	-	(680,880)
<b>Increase in working capital</b>		<u>497,543</u>		<u>311,092</u>
<b>Components of increase in working capital</b>				
Stocks	254,758		185,957	
Debtors	716,701		(800,962)	
Creditors falling due within one year	(255,531)		1,126,627	
		<u>715,928</u>		<u>511,622</u>
<b>Movements in net liquid funds</b>				
Decrease in cash at bank and in hand		(218,385)		(200,530)
		<u>497,543</u>		<u>311,092</u>

# FF Developments Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### *Basis of preparation*

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

#### *Basis of consolidation*

The consolidated financial statements combine the results of FF Developments Limited and its subsidiary undertaking, FF Developments USA Inc.

Uniform accounting policies are followed throughout the group and the financial statements of the subsidiary undertaking are prepared to the same accounting date and for an identical accounting period as the parent company.

The profit shown in the profit and loss account excludes all unrealised profits arising from trading between members of the group.

#### *Associated undertaking*

The cost of the investment and loan to Vehicle Engineering Service Limited has been included at cost less the group share of retainer losses.

#### *Intangible assets and amortisation*

Amortisation is provided by group to write off the cost less estimated residual value over their estimated residual value of intangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Licence agreement	-	10% per annum
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#### *Fixed assets and depreciation*

Depreciation is provided by the group to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	3.5% per annum
Building alterations	-	15% per annum
Plant and machinery	-	15% per annum
Motor vehicles	-	25% per annum

# FF Developments Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Foreign currencies*

Assets, liabilities and trading results in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Differences arising from the retranslation of the opening net investment in the overseas subsidiary are transferred directly to reserves. Other exchange differences are taken into account as part of the profit on ordinary activities.

#### *Operating leases*

The annual rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Pension costs*

The group operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the group in an independently administered funds. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

#### *Stocks*

Stocks and work in progress stated at the lower of cost and net realisable value on basis consistent with those applied in previous years. Cost includes an appropriate proportion of production and administration overheads.

#### *Long term contracts*

The value of work done on long term contracts is transferred to the profit and loss account together with related costs.

The amount of which recorded turnover is in excess of payments on account received is classified as "amounts recoverable on contracts" and separately disclosed within debtors.

The balance of payments on account in excess of the value of work done are separately disclosed within creditors.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Turnover*

Turnover represents the invoice value of goods and services sold less returns and allowances, excluding value added tax, together with the value of work done on long term work in progress.

# FF Developments Limited

Notes (continued)

## 2 Analysis of turnover

	1991 £	1990 £
United Kingdom	3,530,703	2,919,732
Europe	499,678	414,016
America	2,492,570	2,541,285
Asia/Australia	311,984	149,066
	<u>6,834,935</u>	<u>6,024,099</u>

## 3 Profit on ordinary activities before taxation

	1991 £	1990 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration	15,000	14,000
Depreciation and other amounts written off tangible and intangible fixed assets	278,259	205,116
Hire of assets-operating leases	79,562	77,012
<i>after crediting</i>		
Profit on sale of tangible fixed assets	<u>2,674</u>	<u>18,157</u>

# FF Developments Limited

Notes (continued)

## 4 Remuneration of directors

	1991 £	1990 £
Directors' emoluments		
As managers	231,400	262,291
Ex gratia payment to former director	32,000	-
	<hr/>	<hr/>
	263,400	262,291
	<hr/>	<hr/>

The emoluments, excluding pension contributions, of the chairman were £89,631 (1990:£74,294)

The emoluments, excluding pension contributions, of the directors (including the chairman) were within the following ranges:

	Number of directors	
	1991	1990
£0 - £5,000	4	3
£35,001 - £40,000	1	1
£40,001 - £45,000	1	-
£65,001 - £70,000	-	1
£70,001 - £75,000	-	2
£85,001 - £90,000	2	-

## 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1991	1990
Production	67	60
Distribution	2	2
Administrative	26	22
	<hr/>	<hr/>
	95	84
	<hr/>	<hr/>

# FF Developments Limited

Notes (continued)

## 5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	1991 £	1990 £
Wages and salaries	2,142,165	1,433,381
Social security costs	192,411	121,704
Other pension costs (see note 20)	32,978	25,457
	<u>2,367,554</u>	<u>1,580,542</u>

## 6 Income from fixed asset investments

	1991 £	1990 £
Income from listed fixed asset investments	<u>350</u>	<u>564</u>

## 7 Interest payable and similar charges

	1991 £	1990 £
On bank loans, overdrafts and other loans wholly repayable within five years	<u>13</u>	<u>2,304</u>

## 8 Taxation

	1991 £	1990 £
UK corporation tax at 33.25% (1990 : 34.25%) on the profit for the year on ordinary activities	323,113	253,857
Tax attributable to associated undertaking	(16,550)	-
Deferred taxation	(10,356)	20,934
Tax attributable to franked investment income	87	67
Double tax relief	-	(1,505)
Adjustment relating to an earlier year	(30,273)	6,737
	<u>266,021</u>	<u>280,090</u>

# FF Developments Limited

## Notes (continued)

### 9 Holding company profit and loss account

As permitted by s230 (4) of the Companies Act 1985, FF Developments Limited has not presented its own profit and loss account.

	1991 £	1990 £
The amount of the consolidated profit dealt with in the financial statements of FF Developments Limited is:	<u>453,640</u>	<u>408,648</u>

### 10 Dividends

	1991 £	1990 £
Ordinary shares:		
Interim (since paid)		
New 'A' ordinary at 763.6p per share	42,838	31,620
'B' ordinary at 763.6p per share	41,162	30,380
Final proposed		
New 'A' ordinary at 54.5p per share	3,060	-
'B' ordinary at 54.5p per share	2,940	-
	<u>90,000</u>	<u>62,000</u>

### 11 Intangible fixed assets

Group	Licence agreement £
<i>Cost</i>	
At beginning of year	-
Additions	<u>58,824</u>
At end of year	<u>58,824</u>
<i>Amortisation</i>	
At beginning of year	-
Charged in year	<u>2,206</u>
At end of year	<u>2,206</u>
<i>Net book value</i>	
At 31 December 1991	<u>56,618</u>
At 31 December 1990	<u>-</u>

# FF Developments Limited

Notes (continued)

## 12 Tangible fixed assets

Group	Freehold buildings	Leasehold building alterations	Plant machinery and motor vehicles	Total
	£	£	£	£
<i>Cost</i>				
At beginning of year	102,159	78,396	1,172,255	1,352,810
Exchange differences	1,912	473	5,827	8,212
Additions	-	418	329,724	330,142
Disposals	-	-	(71,807)	(71,807)
	<u>104,071</u>	<u>79,287</u>	<u>1,435,999</u>	<u>1,619,357</u>
<i>Depreciation</i>				
At beginning of year	3,250	31,057	453,283	487,590
Exchange differences	61	131	1,142	1,334
Charge for year	3,784	20,479	251,810	276,053
On disposals	-	-	(38,599)	(38,599)
	<u>7,095</u>	<u>51,647</u>	<u>667,636</u>	<u>726,378</u>
<i>Net book value</i>				
At 31 December 1991	<u>96,976</u>	<u>27,640</u>	<u>768,363</u>	<u>892,979</u>
At 31 December 1990	<u>98,909</u>	<u>47,339</u>	<u>718,972</u>	<u>865,220</u>

# FF Developments Limited

Notes (continued)

## 12 Tangible fixed assets (continued)

Company	Leasehold building alterations	Plant machinery and motor vehicles	Total
	£	£	£
<i>Cost</i>			
At beginning of year	53,072	860,943	914,015
Additions	418	203,486	203,904
Disposals	-	(67,008)	(67,008)
	<hr/>	<hr/>	<hr/>
At end of year	53,490	997,421	1,050,911
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	24,066	392,226	416,292
Charge for year	8,008	153,294	161,302
On disposals	-	(37,702)	(37,702)
	<hr/>	<hr/>	<hr/>
At end of year	32,074	507,818	539,892
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 1991	21,416	489,603	511,019
	<hr/>	<hr/>	<hr/>
At 31 December 1990	29,006	468,717	497,723
	<hr/>	<hr/>	<hr/>

# FF Developments Limited

Notes (continued)

## 13 Fixed asset investments

Group	Shares in subsidiary undertakings	Other investments	Shares and loans to associated undertakings	Total
	£	£	£	£
<i>Cost</i>				
At beginning and end of year - shares	-	31,164	500	31,664
- loans	-	-	26,555	26,555
	<hr/>	<hr/>	<hr/>	<hr/>
	-	31,164	27,055	58,219
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Provisions</i>				
At beginning of year	-	-	-	-
Charge in year	-	-	27,055	27,055
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	27,055	27,055
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 1991	-	31,164	-	31,164
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1990	-	31,164	27,055	58,219
	<hr/>	<hr/>	<hr/>	<hr/>

Provision has been made for the groups share of losses arising in the associated undertaking net of tax £50,475 as follows:

	£
Provision against shares and loans	27,055
Other creditors (note 16)	23,420
	<hr/>
	50,475
	<hr/>

# FF Developments Limited

Notes (continued)

## 13 Fixed asset investments (continued)

Company	Shares in subsidiary undertakings	Other investments	Shares and loans to associated undertakings	Total
	£	£	£	£
<i>Cost</i>				
At beginning and end of year - shares	575	31,164	500	32,239
- loans	-	-	26,555	26,555
	<u>575</u>	<u>31,164</u>	<u>27,055</u>	<u>58,794</u>
<i>Provisions</i>				
At beginning of year	-	-	-	-
Charge in year	-	-	27,055	27,055
	<u>-</u>	<u>-</u>	<u>27,055</u>	<u>27,055</u>
At end of year	-	-	27,055	27,055
	<u>-</u>	<u>-</u>	<u>27,055</u>	<u>27,055</u>
<i>Net book value</i>				
At 31 December 1991	<u>575</u>	<u>31,164</u>	<u>-</u>	<u>31,739</u>
At 31 December 1990	<u>575</u>	<u>31,164</u>	<u>27,055</u>	<u>58,794</u>

Included in other investments are listed investments amounting to £31,164 (1990:£31,164). At 31 December 1991 the market value of these investments, all of which are listed on The London Stock Exchange, was £29,815 (1991:£23,978).

The companies in which the company's interest is more than 10% are as follows:

	Country of registration	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
FF Developments USA Inc	United States of America	Automobile Engineering	100%
<i>Associated undertakings</i>			
Vehicle Engineering Services Limited	England	Automobile Engineering	50%

In the opinion of the directors the investments in and amounts due from the company's subsidiary and associated undertakings are worth at least the amounts at which they are stated in the balance sheet.

# FF Developments Limited

Notes (continued)

## 14 Stocks

	Group		Company	
	1991 £	1990 £	1991 £	1990 £
Raw materials and consumables	398,964	84,955	398,964	84,955
Work in progress	317,822	341,278	276,427	313,450
Payments on account	(54,300)	(18,505)	(54,300)	(18,505)
	<u>662,486</u>	<u>407,728</u>	<u>621,091</u>	<u>379,900</u>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

## 15 Debtors

	Group		Company	
	1991 £	1990 £	1991 £	1990 £
Trade debtors	1,815,261	973,643	1,212,267	788,487
Amounts owed by subsidiary undertakings	-	-	577,020	485,421
Amounts owed by associated undertakings	-	68,153	-	-
Other debtors	21,279	35,066	16,463	35,066
Prepayments and accrued income	34,468	63,945	27,561	61,108
	<u>1,871,008</u>	<u>1,140,807</u>	<u>1,833,311</u>	<u>1,370,082</u>

## 16 Creditors: amounts falling due within one year

	Group		Company	
	1991 £	1990 £	1991 £	1990 £
Payments received on account	2,960	2,226	2,960	2,226
Trade creditors	639,866	384,472	513,108	361,747
Corporation tax	354,559	339,078	281,506	332,666
Other taxes and social security	82,508	51,929	82,508	51,929
Other creditors	181,210	-	23,456	-
Accruals and deferred income	380,718	569,684	221,811	338,814
Dividends proposed (part since paid)	90,000	62,000	90,000	62,000
	<u>1,731,821</u>	<u>1,409,389</u>	<u>1,215,349</u>	<u>1,149,382</u>

# FF Developments Limited

Notes (continued)

## 17 Provisions for liabilities and charges

### Deferred taxation

	Group £	Company £
At beginning of year	7,517	2,173
Utilised during year	20,667	20,667
Credit for the year in profit and loss account	(10,356)	(6,340)
Current taxation	(16,500)	(16,500)
	<u>1,328</u>	<u>-</u>

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1991		1990	
	Provided £	Unprovided £	Provided £	Unprovided £
<b>Group</b>				
Difference between accumulated depreciation and capital allowances	17,828	-	25,744	-
Advance corporation tax recoverable	(16,500)	-	(20,667)	-
Other timing differences	-	-	2,440	-
	<u>1,328</u>	<u>-</u>	<u>7,517</u>	<u>-</u>
<b>Company</b>				
Difference between accumulated depreciation and capital allowances	16,500	-	20,400	-
Advance corporation tax recoverable	(16,500)	-	(20,667)	-
Other timing differences	-	-	2,440	-
	<u>-</u>	<u>-</u>	<u>2,173</u>	<u>-</u>

# FF Developments Limited

Notes (continued)

## 18 Called up share capital

	1991 £	1990 £
<i>Authorised, allotted, called up and fully paid</i>		
New 'A' ordinary shares of £1 each	5,610	5,610
'B' ordinary shares of £1 each	5,390	5,390
	<u>11,000</u>	<u>11,000</u>

## 19 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Group		Company	
	Land and buildings		Land and buildings	
	1991 £	1990 £	1991 £	1990 £
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	79,034	79,034	44,000	44,000
Over five years	-	-	-	-
	<u>79,034</u>	<u>79,034</u>	<u>44,000</u>	<u>44,000</u>

## 20 Pension scheme

The company operates a number of defined contribution pension schemes. The pension cost charge for the period represents contributions payable by the company to the funds and amounted to £32,978 (1990:£25,457).