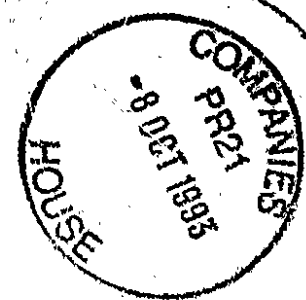


Ikeda Hoover Limited

Annual report

for the year ended 31 December 1992

Registered no: 1944236



Ikeda Hoover Limited

Annual report for the year ended 31 December 1992

	Pages
Directors and advisers	1
Directors' report	2 - 4
Report of the auditors	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 - 19

Directors and advisers

Directors

G B Fiori	(Resigned 7 April 1992)
J Barth	
M Matsumoto	(Resigned 7 April 1992)
S J Lang	(Managing Director)
H Sakasegawa	(Resigned 1 September 1992)
M Nagakura	(Chairman)
J Ide	(Appointed 7 April 1992)
J McDonough	(Appointed 7 April 1992)
T Wakabayashi	(Appointed 1 September 1992)

Secretaries and registered office

D Morrison
Cherry Blossom Way
Sunderland
Tyne & Wear
SR5 3TW

Registered auditors

Coopers & Lybrand
Hadrian House
Higham Place
Newcastle upon Tyne
NE1 8BP

Solicitors

Dickinson Dees
Cross House
Westgate Road
Newcastle upon Tyne
NE99 1SB

Bankers

Midland Bank plc
Washington Branch
17 Speculation Place
Washington
Tyne & Wear
NE37 2AN

Directors' report for the year ended 31 December 1992

The directors present their report and the audited financial statements for the year ended 31 December 1992.

Principal activity

The principal activity of the company for the year ended 31 December 1992 was that of a vehicle seat and interior trim manufacturer.

Review of business and future developments

During the year the company continued to achieve levels of build on existing product lines comparable to last year.

In August a significant additional production line manufacturing for Nissan Motor Manufacturing (UK) Limited's new product range was successfully brought into operation and had achieved targeted builds by the end of the year.

Dividends and transfers to reserves

The directors recommend the payment of a dividend of £1,000,000. After payment of this dividend £1,724,680 of the profit for the year will be transferred to reserves.

Fixed assets

The movements in fixed assets during the year are set out in note 8 to the financial statements.

Research and development activities

The company is involved in research and development activities on behalf of its customers.

Directors

The directors of the company as at 31 December 1992 and during the year ended on that date were as follows:

C B Fiori	(Resigned 7 April 1992)
J Barth	
M Matsumoto	(Resigned 7 April 1992)
S J Lang	(Managing Director)
H Sakasegawa	(Resigned 1 September 1992)
M Nagakura	(Chairman)
J Ide	(Appointed 7 April 1992)
J McDonough	(Appointed 7 April 1992)
T Wakabayashi	(Appointed 1 September 1992)

Directors' interests in shares of the company

No director held any interest in the shares of the company at any time during the year.

Employees

In the company's employee recruitment practices full consideration is given to job applications from disabled persons. Candidates are selected and appointed on the basis of their ability to perform the duties of the job. Encouragement is given in the training, career development and promotion of all employees according to the opportunities available, organisational requirements and individual aptitudes and abilities.

Any employee who becomes disabled is encouraged to remain in the company's employment, in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work which is available and any necessary training is arranged.

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees and a common awareness on the part of all employees of the financial and economic factors affecting the company's performance is given through the system of All Members Meetings.

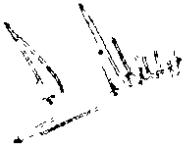
Charitable donations

The company made charitable donations amounting to £2,107 in the year.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting. Until 1 June 1992 the Firm practised in the name of Coopers & Lybrand Deloitte.

By order of the board



Secretary
6 April 1993

Report of the auditors to the members of Ikeda Hoover Limited

We have audited the financial statements on pages 6 to 19 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 31 December 1992 and of its profit and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Chartered Accountants and Registered Auditors
Newcastle upon Tyne
6 April 1993

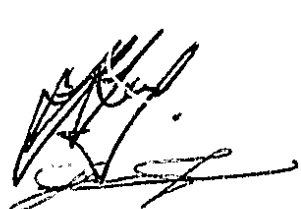
Profit and loss account for the year ended 31 December 1992

	Notes	1992 £	1991 £
Turnover		56,867,760	51,035,496
Cost of sales		(49,477,015)	(43,668,237)
Gross profit		<u>7,390,745</u>	<u>7,367,259</u>
Other operating expenses	2	(3,519,614)	(4,960,860)
Operating profit		<u>3,871,131</u>	<u>2,406,399</u>
Interest receivable and similar income		68,859	14,665
Interest payable and similar charges	5	(444,610)	(824,429)
Profit on ordinary activities before taxation	6	<u>3,495,380</u>	<u>1,596,635</u>
Taxation	7	(770,700)	(177,966)
Profit on ordinary activities after taxation		<u>2,724,680</u>	<u>1,418,669</u>
Dividend proposed		(1,000,000)	-
Profit retained for the year	18	<u><u>1,724,680</u></u>	<u><u>1,418,669</u></u>

**Balance sheet
at 31 December 1992**

	Notes	1992 £	1991 £
Fixed assets			
Tangible assets	8	<u>10,132,009</u>	<u>8,319,762</u>
Current assets			
Stocks	9	984,605	827,894
Debtors	10	7,121,250	8,681,717
Cash at bank and in hand		<u>1,700</u>	<u>1,700</u>
		<u>8,107,555</u>	<u>9,511,311</u>
Creditors: Amounts falling due within one year	11	<u>13,130,104</u>	<u>14,225,239</u>
Net current liabilities		<u>(5,022,549)</u>	<u>(4,713,928)</u>
Total assets less current liabilities		<u>5,109,460</u>	<u>3,605,834</u>
Creditors: Amounts falling due after more than one year	12	69,329	164,559
Provisions for liabilities and charges			
Deferred taxation	14	86,000	174,300
Accruals and deferred income	15	<u>989,534</u>	<u>1,027,058</u>
Net assets		<u>3,964,597</u>	<u>2,239,917</u>
Capital and reserves			
Called-up share capital	17	2,075,000	2,075,000
Profit and loss account	18	<u>1,889,597</u>	<u>164,917</u>
		<u>3,964,597</u>	<u>2,239,917</u>

The financial statements on pages 6 to 19 were approved by the board of directors on 6 April 1993 and were signed on its behalf by:


) Directors

Cash flow statement for the year ended 31 December 1992

	Notes	1992 £	1991 £
Net cash inflow from operating activities	20	<u>6,211,496</u>	<u>6,724,300</u>
Returns on investments and servicing of finance			
Interest received		66,527	14,665
Interest paid		(420,630)	(825,739)
Interest paid on finance leases		<u>(25,386)</u>	<u>(34,006)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(379,489)</u>	<u>(845,080)</u>
Taxation			
UK corporation tax paid		<u>(3,666)</u>	-
Tax paid		<u>(3,666)</u>	-
Investment activities			
Purchase of tangible fixed assets		(3,210,352)	(1,785,691)
Sale of tangible fixed assets		1,034,732	64,150
Government grants received		<u>190,894</u>	-
Net cash outflow from investing activities		<u>(1,984,726)</u>	<u>(1,721,541)</u>
Net cash inflow before financing		<u>3,843,615</u>	<u>4,157,679</u>
Financing			
Payment of principal under finance leases		<u>(95,230)</u>	<u>(95,231)</u>
Net cash outflow from financing	22	<u>(95,230)</u>	<u>(95,231)</u>
Increase in cash and cash equivalents	21	<u><u>3,748,385</u></u>	<u><u>4,062,448</u></u>

Notes to the financial statements for the year ended 31 December 1992

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

(b) Cash flow

The company has adopted the provisions of FRS 1 in these financial statements. Accordingly, a cash flow statement has replaced the statement of source and application of funds presented last year.

(c) Tangible fixed assets

All tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold buildings	4
Plant and machinery	10 to 20
Fixtures and fittings, office equipment and computers	10 to 33.3
Motor vehicles	33.3

Freehold land and assets in the course of construction are not depreciated.

(d) Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Where fixed assets are financed by leasing agreements, which transfer to the company substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the estimated useful lives of equivalent owned assets.

(e) Government grants

Revenue grants are credited to the profit and loss account when received. Capital grants are credited to deferred income and released to the profit and loss account over the estimated useful lives of the qualifying assets.

(f) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general cost is determined on a first in first out basis and includes transport and handling costs; in the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks.

(g) Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses are included in the profit and loss account.

(h) Research and development

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

(i) Turnover

Turnover represents the amounts derived from the provision of goods and services to United Kingdom customers after deduction of trade discounts and value added tax.

(j) Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise. Where this is not known the latest estimate of the long term tax rate applicable has been adopted. The amount of unprovided deferred tax is calculated at the best estimate of corporation tax rates in the longer term and is analysed into its major components.

(k) Pension costs

The company funds pension liabilities on the advice of external actuaries by payments made to an externally managed pension fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The fund is actuarially valued every three years.

2 Other operating expenses

	1992 £	1991 £
Distribution costs	223,266	181,890
Administrative expenses	3,524,766	5,088,109
	<u>3,748,032</u>	<u>5,269,999</u>
Less: other operating income	(228,418)	(309,139)
	<u><u>3,519,614</u></u>	<u><u>4,960,860</u></u>

3 Directors' emoluments

Directors' emoluments comprise emoluments (including pension contributions) for management services and are disclosed in note 6.

Emoluments (excluding pension contributions) include amounts paid to:

	1992	1991
The chairman	£Nil	£Nil
The highest-paid director	£72,013	£66,399

The number of directors (including the chairmen and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1992 Number	1991 Number
£0 to £5,000	6	6
£25,001 to £30,000	1	-
£30,001 to £35,000	1	-
£35,001 to £40,000	-	1
£65,001 to £70,000	-	1
£70,001 to £75,000	1	-

4 Employee information

The average number of persons (including executive directors) employed during the year was:

	1992 Number	1991 Number
Production	424	378
Selling and distribution	7	8
Administration	81	68
	512	454

Included in the figures above are 42 persons (1991: 19) employed on a temporary basis.

	1992 £	1991 £
Staff costs (for the above persons):		
Wages and salaries	7,730,985	6,290,749
Social security costs	635,797	557,375
Other pension costs (note 16)	701,296	300,456
	9,068,078	7,148,580

5 Interest payable and similar charges

	1992 £	1991 £
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	421,130	796,153
Payable on finance leases	23,480	28,276
	<u>444,610</u>	<u>824,429</u>

6 Profit on ordinary activities before taxation

	1992 £	1991 £
Profit on ordinary activities before taxation is stated after crediting:		
Amortisation of government grants	228,418	309,139
Profit on disposal of fixed assets	12,929	-
And after charging:		
Loss on disposal of tangible fixed assets	-	66,025
Depreciation charge for the year:		
Tangible owned fixed assets	1,444,748	1,460,446
Assets held under finance leases	95,231	95,231
Provision for permanent diminution in value of tangible fixed assets	-	68,698
Auditors' remuneration in respect of:		
Audit	18,250	19,575
Other services	20,730	18,515
Hire of plant and machinery	37,121	62,519
Directors' emoluments including pension contributions (note 3)	142,235	114,245

7 Taxation

	1992 £	1991 £
UK corporation tax at 33% (1991: 33.25%)		
Current	675,000	3,666
Deferred	101,475	174,300
Over-provision in respect of prior years	(5,775)	-
	<u>770,700</u>	<u>177,966</u>

Ikeda Hoover Limited

14

8 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings, office equipment and computers	Assets in the course of construction	Total
Cost	£	£	£	£	£	£
At 1 January 1992	3,214,348	6,518,779	229,762	699,433	1,472,275	12,234,597
Additions	144,913	2,655,708	300,214	226,822	46,372	3,374,029
Disposals	-	(13,794)	(86,671)	(3,013)	-	(103,478)
Reclassifications	-	1,472,275	-	-	(1,472,275)	-
At 31 December 1992	3,459,261	10,632,968	443,305	923,242	46,372	15,505,148
Depreciation						
At 1 January 1992	363,783	3,008,683	122,011	420,358	-	3,914,835
Eliminated in respect of disposals	-	(9,201)	(70,232)	(2,242)	-	(81,675)
Charge for year	113,973	1,134,427	117,673	173,906	-	1,539,979
At 31 December 1992	477,756	4,133,909	169,452	592,022	-	5,373,139
Net book value						
At 31 December 1992	2,981,505	6,499,059	273,853	331,220	46,372	10,132,009
Net book value						
At 31 December 1991	2,950,565	3,510,096	107,751	279,075	1,472,275	8,319,762

The net book value of plant and machinery includes an amount of £151,632 (1991: £246,863) in respect of assets held under finance leases.

9 Stocks

	1992 £	1991 £
Raw materials and consumables	793,235	521,014
Work in progress	185,970	281,222
Finished goods and goods for resale	5,400	25,658
	<u>984,605</u>	<u>827,894</u>

10 Debtors

	1992 £	1991 £
Amounts falling due within one year		
Trade debtors	38,954	418,944
Amounts owed by related companies	6,836,170	6,534,942
Amounts owed by consortium companies	3,090	298,375
Other debtors	25,063	333,252
Prepayments and accrued income	111,650	96,204
	<u>7,014,927</u>	<u>7,681,717</u>
Amounts falling due after more than one year		
ACT recoverable	106,323	-
Other debtors	-	1,000,000
	<u>7,121,250</u>	<u>8,681,717</u>

11 Creditors: Amounts falling due within one year

	1992 £	1991 £
Bank overdraft	1,208,743	4,817,128
Short term loans	320,000	460,000
Obligations under finance leases (note 13)	95,230	95,230
Trade creditors	5,093,050	3,748,756
Amounts owed to related companies	122,973	314,432
Amounts owed to consortium companies	1,212,316	2,157,445
Corporation tax	675,000	3,666
Advanced corporation tax payable	290,323	-
Taxation and social security	1,131,701	524,434
Dividends proposed	1,000,000	-
Accruals and deferred income	1,980,768	2,104,148
	<u>13,130,104</u>	<u>14,225,239</u>

The company has an unused loan facility of £7.5 million which is secured by guarantees from Ikeda Bussan Company Limited and Johnson Controls Automotive (UK) Limited, the joint venture parent companies, or by a letter of comfort from Ikeda Bussan Company Limited.

12 Creditors: Amounts falling due after more than one year

	1992 £	1991 £
Obligations under finance leases (note 13)	<u>69,329</u>	<u>164,559</u>

13 Finance leases

The future minimum lease payments to which the company is committed under finance leases are as follows:

	1992 £	1991 £
In one year or less	122,085	119,440
Between one and two years	48,320	119,440
Between two and five years	48,320	96,640
	<u>218,728</u>	<u>335,520</u>
Less: Interest charges allocated to future periods	(54,169)	(75,731)
	<u>164,559</u>	<u>259,789</u>

14 Provisions for liabilities and charges**Deferred taxation**

	Amount provided		Total potential liability	
	1992 £	1991 £	1992 £	1991 £
Accelerated capital allowances	405,471	202,440	405,471	202,440
Other timing differences	(135,471)	(28,140)	(135,471)	(28,140)
	<u>270,000</u>	<u>174,300</u>	<u>270,000</u>	<u>174,300</u>
Less: advanced corporation tax	(184,000)	-	(184,000)	-
	<u>86,000</u>	<u>174,300</u>	<u>86,000</u>	<u>174,300</u>
				£
At 1 January 1992				174,300
Profit and loss account:				
Adjustment in respect of prior years				(5,775)
Charge for the year				<u>101,475</u>
At 31 December 1992				<u>270,000</u>

15 Accruals and deferred income

Government grants

	£
At 1 January 1991	1,027,058
Additions	190,894
Released in year	(228,418)
	<hr/>
At 31 December 1992	989,534
	<hr/>

16 Pension and similar obligations

The company operates a funded defined benefit pension scheme, the assets of which are held in a separate trustee administered fund. The contribution rate is determined by a qualified actuary at intervals not exceeding three years. The last actuarial valuation report was dated April 1990 and related to service by members up to 5 April 1990. The report showed no deficiency on a current funding level basis. It was produced using the projected unit method of funding and the main assumptions were that investment returns would exceed salary increases by 1% per annum. The market value of the assets of the scheme in April 1990 was £378,748. The actuarial valuation of these assets represented 102% of the value of the benefits for service to the date of valuation allowing for future salary increases.

17 Called-up share capital

	1992 £	1991 £
Authorised		
1,058,000 (1991: 1,058,000) "A" ordinary shares of £1 each	1,058,000	1,058,000
1,017,000 (1991: 1,017,000) "B" ordinary shares of £1 each	1,017,000	1,017,000
	<hr/>	<hr/>
	2,075,000	2,075,000
	<hr/>	<hr/>
Allotted, called-up and fully paid		
1,058,000 (1991: 1,058,000) "A" ordinary shares of £1 each	1,058,000	1,058,000
1,017,000 (1991: 1,017,000) "B" ordinary shares of £1 each	1,017,000	1,017,000
	<hr/>	<hr/>
	2,075,000	2,075,000
	<hr/>	<hr/>

18 Reserves

	Profit and loss account
At 1 January 1992	164,917
Profit for the year	1,724,680
At 31 December 1992	<u>1,889,597</u>

19 Capital commitments

	1992 £	1991 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	446,003	1,419,118
Capital expenditure that has been authorised by the directors but has not yet been contracted for	584,047	2,042,200
	<u>1,030,050</u>	<u>3,461,318</u>

20 Reconciliation of operating profit to net cash inflow from operating activities

	1992 £	1991 £
Operating profit	3,871,131	2,406,399
Depreciation on tangible fixed assets	1,539,979	1,624,375
(Profit)/loss on sale of tangible fixed assets	(12,929)	66,025
Government grants released	(228,418)	(309,139)
(Increase)/decrease in stocks	(156,711)	169,630
Decrease/(increase) in debtors	670,953	(1,115,614)
Increase in creditors	527,491	3,882,624
Net cash inflow from operating activities	<u>6,211,496</u>	<u>6,724,300</u>

21 Cash and cash equivalents

	1992 £
Changes during the year	
At 1 January 1992	(5,275,428)
Net cash inflow	3,748,385
At 31 December 1992	<u>(1,527,043)</u>

	1992 £	1991 £	Change in year £
Analysis of balances			
Cash at bank and in hand	1,700	1,700	-
Bank overdrafts	(1,208,743)	(4,817,128)	3,608,385
Short term loans	(320,000)	(460,000)	140,000
At 31 December	<u>(1,527,043)</u>	<u>(5,275,428)</u>	<u>3,748,385</u>

22 Analysis of changes in financing during the year

	Share capital £	Finance lease obligations £
Balance at 1 January 1992	2,075,000	259,789
Repayments of principals	-	(95,230)
Balance at 31 December 1992	<u>2,075,000</u>	<u>164,559</u>

23 Joint venture parent companies

Shares in Ikeda Hoover Limited are held under a joint venture agreement between Ikeda Bussan Company Limited, a company incorporated in Japan, and Johnson Controls Automotive (UK) Limited, a company registered in England and Wales.