Ikeda Hoover Limited

Annual report

for the year ended 31 December 1999

Registered no: 1944236

Ikeda Hoover Limited

Annual report
for the year ended 31 December 1999

Ikeda Hoover Limited

Directors and advisers

Directors

T Miyazawa (Managing Director)
T Wakabayashi
G B Fiori
S J Lang
D Morrison
H Terasawa
R Behiels

Secretary and registered office

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

Registered auditors

PricewaterhouseCoopers
89 Sandyford Road
Newcastle upon Tyne
NE99 1PL

Solicitors

Dickinson Dees
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 1SB

Bankers

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

Ikeda Hoover Limited

Directors' report for the year ended 31 December 1999

The directors present their report and the audited financial statements for the year ended 31 December 1999.

Principal activity

The principal activity of the company is that of a vehicle seat and interior trim manufacturer.

Review of business and future developments

The consolidated profit and loss account for the year is set out on page 6.

The company acquired its subsidiary, Ikeda Technology Europe Limited on 24 December 1999.

During the year the company has continued to manufacture for Nissan Motor Manufacturing (UK) Limited. An additional production line has been completed which will enable the company to maintain its current level of business and expand in the future.

Dividends and transfers to reserves

The directors recommend the payment of a dividend of £4,000,000 (1998: £3,000,000). After payment of this dividend, the retained loss for the year of £2,448,069 (1998: retained profit of £786,791), will be transferred from reserves.

Research and development activities

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

Directors and their interests in shares of the company

The directors of the company during the year and at the date of this report, except where indicated, were as follows:

T Wakabayashi	(resigned 1 February 2000)
T Miyazawa	
J McDonough	(resigned 1 December 1999)
G B Fiori	
S J Lang	
D Morrison	
H Terasawa	
S Miyajima	(resigned 1 January 1999)
R Behiels	(appointed 1 December 1999)

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

Year 2000

The company experienced no disruption or malfunction since the turn of the year arising from its own computer systems or equipment with embedded date reliance computer chips.

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 £11,556 in the year (1998: £8,585).

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained in note 15. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 1999 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board

D Morrison

Secretary

31 March 2000

Report of the auditors to the members of Ikeda Hoover Limited

We have audited the financial statements on pages 6 to 26, which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of 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 affairs of the company and group at 31 December 1999 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Newcastle upon Tyne

26 April 2000

Consolidated profit and loss account for the year ended 31 December 1999

	Notes	1999 £	1998 as restated £
Turnover		**91,004,271**	92,210,117
Cost of sales		**(83,132,333)**	(81,347,738)
Gross profit		**7,871,938**	10,862,738
Other operating expenses	2	**(6,075,924)**	(5,629,470)
Operating profit		**1,796,014**	5,232,909
Interest receivable and similar income		**142,463**	394,104
Interest payable and similar charges	5	**(15,840)**	(5,222)
Profit on ordinary activities before taxation	6	**1,922,637**	5,621,791
Taxation	7	**(370,706)**	(1,835,000)
Profit on ordinary activities after taxation		**1,551,931**	3,786,791
Dividends on equity shares	19	**(4,000,000)**	(3,000,000)
Retained loss for the financial year	20	**(2,448,069)**	786,791

All activities of the company are continuing.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit retained for the year stated above, and their historical cost equivalents.

As permitted by section 230 of the Companies Act 1985 the parent company has not included its own profit and loss account in these financial statements. The loss dealt with in the books of the parent company for the year was £2,370,291 (1998: £786,791).

Ikeda Hoover Limited

Balance sheets
at 31 December 1999

	Notes	1999 Group £	1999 Company £	1998 Group £	1998 Company as restated £
Fixed assets					
Intangible assets	8	-	-	-	-
Tangible assets	9	12,621,623	11,694,040	-	11,451,838
Investments	10	267,750	1,377,750	-	267,750
		12,889,373	13,071,790	-	11,719,588
Current assets					
Stocks	11	1,277,336	1,245,429	-	1,326,706
Debtors	12	8,684,092	8,242,316	-	7,696,864
Cash at bank and in hand		1,569,541	803,079	-	4,406,856
		11,530,969	10,290,824	-	13,430,426
Creditors: *Amounts falling due within one year*	13	(15,735,897)	(15,515,971)	-	(14,819,472)
Net current liabilities		(4,204,928)	(5,225,147)	-	(1,389,046)
Total assets less current liabilities		8,684,445	7,846,643	-	10,330,542
Creditors: Amounts falling due after one year	14	(915,580)	-	-	-
Provisions for liabilities and charges	15	(545,146)	(545,146)	-	(612,190)
Accruals and deferred income	16	(197,294)	(197,294)	-	(243,858)
Net assets		7,026,425	7,104,203	-	9,474,494
Capital and reserves					
Called-up share capital	18	2,075,000	2,075,000	-	2,075,000
Profit and loss account	20	4,951,425	5,029,203	-	7,399,494
Equity shareholders' funds	22	7,026,425	7,104,203	-	9,474,494

The financial statements on pages 6 to 26 were approved by the board of directors on 31 March 2000 and were signed on its behalf by:

Director

Company secretary

Ikeda Hoover Limited

Consolidated cash flow statement for the year ended 31 December 1999

	Note	1999 £	1998 £
Net cash inflow from continuing operating activities	24	**4,547,283**	6,159,041
Returns on investment and servicing of finance			
Interest received		**142,463**	394,104
Interest paid		**(15,840)**	(5,222)
Net cash inflow from returns on investment and servicing of finance		**126,623**	388,882
Taxation			
UK corporation tax paid		**(1,463,906)**	(1,885,467)
Capital expenditure			
Purchase of tangible fixed assets		**(2,722,627)**	(3,230,767)
Sale of tangible fixed assets		**18,850**	33,825
Net cash outflow from capital expenditure		**(2,703,777)**	(3,196,942)
Acquisitions and disposals			
Acquisitions of subsidiary undertaking		**(1,110,000)**	-
Cash balance of subsidiary acquired		**766,462**	-
Net cash outflow from acquisitions		**(343,538)**	-
Equity dividends paid		**(3,000,000)**	(3,000,000)
Net cash outflow before financing and decrease in cash in the year	25	**(2,837,315)**	(1,534,486)

Statement of total recognised gains and losses for the year ended 31 December 1999

	1999	1998 as restated
	£	£
Retained loss for the financial year	(2,514,367)	786,791
Total recognised gains and losses relating to the year	(2,514,367)	786,791
Prior year adjustment (note 15)	70,950	
Total gains and losses recognised since last annual report	(2,443,417)	

Notes to the financial statements for the year ended 31 December 1999

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.

Basis of accounting

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

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 1999.

Subsidiaries have been consolidated using the acquisition method of accounting.

The results of subsidiaries acquired during the period are included in the consolidated profit and loss account from the date of acquisition.

Goodwill arising on consolidation represents the excess of the consideration given over the fair value of the identifiable net assets acquired.

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
Motor vehicles	33.3
Fixtures and fittings, office equipment and computers	10 to 33.3

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

Fixed asset investments

Fixed asset investments are stated at cost less any amounts written off in respect of impairment.

Finance and operating leases

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 useful lives of equivalent owned assets. Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

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.

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.

Long term contract work in progress

Long term contract work in progress consists of development work for third parties and is stated at cost less provision for foreseeable losses. Cost comprises direct production costs and attributable overheads. Attributable profit is recognised on contracts when the outcome can be foreseen with reasonable certainty, based on an estimated total contract revenue compared with the amount reimbursable in respect of the accounting period.

Tooling

Tooling transactions are an integral part of the company's principal activity and involve the purchase and immediate sale of production tools.

The company discloses both the sale and purchase within turnover and cost of sales respectively.

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.

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.

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.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

The company funds pension liabilities on the advice of external actuaries by payments made to an externally managed defined benefit 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 valued every three years by a professionally qualified independent actuary.

2 Other operating expenses

	1999 £	1998 £
Distribution costs	**248,210**	242,966
Administrative expenses	**5,874,278**	5,448,545
	6,122,488	5,691,511
Less: other operating income (note 16)	**(46,564)**	(62,041)
	6,075,924	5,629,470

3 Directors' emoluments

The remuneration paid to the directors of Ikeda Hoover Ltd was:

	1999 £	1998 £
Emoluments	**208,946**	231,985
Fees paid to third parties for directors' services	**41,195**	70,650

Retirement benefits are accruing to one director under the defined benefit scheme.

The remuneration paid to the highest paid director was:

	1999 £	1998 £
Emoluments	**138,208**	134,452

No retirement benefits accrue to the highest paid director under the defined benefit scheme.

4 Employee information

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

	1999 Number	1998 Number
Production	**539**	503
Selling and distribution	**6**	6
Administration	**98**	95
	643	604

Included in the figures above are 106 persons (1998: 103) employed on a temporary basis.

	1999 £	1998 £
Staff costs (for the above persons):		
Wages and salaries	**13,633,696**	12,137,824
Social security costs	**898,431**	808,331
Other pension costs (note 17)	**1,011,223**	869,842
	15,543,350	13,815,997

5 Interest payable and similar charges

	1999 £	1998 £
On overdrafts	**15,840**	5,222
Payable on finance leases	-	-
	15,840	5,222

6 Profit on ordinary activities before taxation

	1999	1998
	£	£
Profit on ordinary activities before taxation is stated after crediting:		
Amortisation of government grants	**46,564**	62,041
And after charging:		
Loss on disposal of fixed assets	**9,921**	25,962
Depreciation charge for the year:		
Tangible owned fixed assets	**2,451,654**	2,396,917
Auditors' remuneration in respect of:		
Audit (company: £23,500)	**23,500**	23,500
Other services to the company	**6,950**	16,875
Hire of plant and machinery	**69,051**	49,219
Directors' emoluments including pension contributions (note 3)	**250,141**	302,635
Research and development costs	**516,050**	554,715
Amortisation of goodwill	**77,778**	-

7 Taxation

	1999	1998
	£	£
UK corporation tax at 30.25% (1998: 31%)		
Current	**535,235**	1,835,000
Over provision in prior year	**(164,529)**	-
	370,706	1,835,000

8 Intangible fixed assets

	Group Goodwill
	£
Cost	
At 1 January 1999	-
Additions (note 21)	77,778
At 31 December 1999	77,778
Aggregate amortisation	
At 1 January 1999	-
Charge for the year	77,778
At 31 December 1999	77,778
Net book value	
At 31 December 1999	-
At 31 December 1998	-

The goodwill arising on the acquisition of Ikeda Technology Europe Limited is being fully amortised in the year of acquisition as the directors believe it has no continuing value.

9 Group tangible fixed assets

	Long leasehold land and buildings £	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 1999	-	4,583,024	16,155,047	552,599	1,028,366	3,180,869	25,499,905
Additions	-	46,837	1,664,247	91,564	112,957	807,022	2,722,627
Disposals	-	-	(3,029,012)	(74,447)	(7,429)	-	(3,110,888)
Transfers	-	917,131	2,710,238	-	-	(3,627,369)	-
Acquisitions	1,345,694	-	513,196	72,058	90,195	-	2,021,143
At 31 December 1999	**1,345,694**	**5,546,992**	**18,013,716**	**641,774**	**1,224,089**	**360,522**	**27,132,787**
Depreciation							
At 1 January 1999	-	1,278,493	11,603,156	384,784	781,634	-	14,048,067
Charge for year	-	223,830	1,964,230	110,768	152,826	-	2,451,654
Eliminated in respect of disposals	-	-	(3,005,157)	(70,983)	(5,977)	-	(3,082,117)
Acquisitions	487,500	-	475,207	63,161	67,692	-	1,093,560
At 31 December 1999	**487,500**	**1,502,323**	**11,037,436**	**487,730**	**996,175**	**-**	**14,511,164**
Net book value							
At 31 December 1999	**858,194**	**4,044,669**	**6,976,280**	**154,044**	**227,914**	**360,522**	**12,621,623**
Net book value							
At 31 December 1998	-	3,304,531	4,551,891	167,815	246,732	3,180,869	11,451,838

Freehold land and buildings includes land with a cost of £638,726 (1998: £638,726).

The net book value of tangible fixed assets includes assets held under finance leases of £850,000 (1998: £Nil) in respect of long leasehold land and buildings and £1,410 (1998: £Nil) in respect of office equipment.

9 Company 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 1999	4,583,024	16,155,047	552,599	1,028,366	3,180,869	25,499,905
Additions	46,837	1,664,247	91,564	112,957	807,022	2,722,627
Disposals	-	(3,029,012)	(74,447)	(7,429)	-	(3,110,888)
Transfers	917,131	2,710,238	-	-	(3,627,369)	-
At 31 December 1999	**5,546,992**	**17,500,520**	**569,716**	**1,133,894**	**360,522**	**25,111,644**
Depreciation						
At 1 January 1999	1,278,493	11,603,156	384,784	781,634	-	14,048,067
Eliminated in respect of disposals	-	(3,005,157)	(70,983)	(5,977)	-	(3,082,117)
Charge for year	223,830	1,964,230	110,768	152,826	-	2,451,654
At 31 December 1999	**1,502,323**	**10,562,229**	**424,569**	**928,483**	**-**	**13,417,604**
Net book value						
At 31 December 1999	**4,044,669**	**6,938,291**	**145,147**	**205,411**	**360,522**	**11,694,040**
Net book value						
At 31 December 1998	3,304,531	4,551,891	167,815	246,732	3,180,869	11,451,838

Freehold land and buildings includes land with a cost of £638,726 (1998: £638,726).

10 Fixed asset investments

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Shares in group undertakings				
At 1 January 1999	267,750	-	267,750	267,750
Additions in the year	-	-	1,110,000	-
At 31 December 1999	267,750	-	1,377,750	267,750

The company holds the following investments in group undertakings.

	Country of incorporation	Principal activity	Class and percentage of shares held
Ikeda Technology Europe Limited	England and Wales	Provision of automotive interior design services	Ordinary shares 100%
JRI Technologies Limited	England and Wales	Manufacturer of polyurethane based automotive components	Ordinary 'C' shares 7.68%

11 Stocks

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Raw materials and consumables	1,020,426	-	1,020,426	1,023,205
Work in progress	214,822	-	214,822	294,667
Work in progress under long term contracts	31,907	-	-	-
Finished goods	10,181	-	10,181	8,834
	1,277,336	-	1,245,429	1,326,706

Work in progress under long term contracts is stated at cost less provision for foreseeable losses.

12 Debtors

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Amounts falling due within one year				
Trade debtors	4,742	-	4,742	-
Amount owed by subsidiary undertaking	-	-	87,697	-
Amounts owed by joint venture parents and other related parties (note 28)	7,912,765	-	7,581,241	7,465,090
Amounts recoverable on contracts	106,814			
Other debtors	415,702	-	378,078	45,476
Prepayments and accrued income	244,069	-	190,558	186,298
	8,684,092	-	8,242,316	7,696,864
Amounts falling due after more than one year				
Advance corporation tax recoverable	-	-	-	-
	8,684,092	-	8,242,316	7,696,864

13 Creditors: amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Obligations under finance leases	120,276	-	-	-
Trade creditors	4,595,409	-	4,573,603	5,480,380
Amounts owed to joint venture parents and other related parties (note 28)	2,610,600	-	2,607,692	2,332,091
Corporation tax	368,569	-	335,235	1,178,435
Advance corporation tax payable	-	-	-	250,000
Taxation and social security	693,439	-	693,439	275,508
Accruals and deferred income	3,347,604	-	3,306,002	2,303,058
Dividends proposed	4,000,000	-	4,000,000	3,000,000
	15,735,897	-	15,515,971	14,819,472

14 Creditors: amounts falling due after more than one year

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Obligations under finance leases	846,726	-	-	-
Accruals and deferred income	68,854	-	-	-
	915,580	-	-	-

Finance leases

The future minimum lease payments to which the company is committed under finance and hire purchase contracts are as follows:

	1999 £	1998 £
Within one year	**172,595**	167,393
In the second to fifth years	**774,208**	731,557
After five years	**273,578**	476,743
	1,220,381	1,375,693
Less: Interest charges allocated to future years	**(253,379)**	(315,230)
	967,002	1,060,463

15 Provisions for liabilities and charges

	Company Warranty provision £
At 1 January 1999 (as restated)	612,190
Amounts released in the year	(144,873)
Amounts provided in the year	170,074
Utilised in the year	(92,245)
At 31 December 1999	545,146

	Group Warranty provision £	Deferred taxation £	Total £
At 1 January 1999 (as restated)	612,190	-	**612,190**
Amounts released in the year	(144,873)	-	**(144,873)**
Amounts provided in the year	170,074	-	**170,074**
Utilised in the year	(92,245)	-	**(92,245)**
At 31 December 1999	**545,146**	-	**545,146**

Warranty provision

The warranty provision has been recognised for expected warranty claims on products sold during the last three and a half financial years based on the directors' best estimate, based upon group experience, of obligations falling due under trading agreements. It is expected that most of this expenditure will be incurred within three years of the balance sheet date.

Prior year adjustment

Following the introduction of Financial Reporting Standard 12 ("FRS 12") "Provisions, contingent liabilities and contingent assets", the company has changed the basis of the recognition of liabilities in respect of reorganisation costs.

Provision will now be made at the year end if an obligation exists at that date as a result of a past event that requires a probable outflow of resources from the group.

The previous policy was to provide for reorganisation costs which the directors consider the company was committed at the year end and other provisions which were the directors' best estimate of obligations falling due under trading agreements.

As a result of this change in accounting policy, comparative figures for the year ended 31 December 1998 have been restated.

		Company
	Retained profit for the year	**Net assets**
	£	**£**
As previously reported	715,841	8,921,036
FRS 12 adjustment	70,950	553,458
	786,791	**9,474,494**

Deferred taxation

Group	**Amount provided**		**Amount unprovided**	
	1999	1998	**1999**	1998
	£	£	**£**	£
Excess of capital allowances over depreciation	-	-	**(99,793)**	-
Other timing differences	-	-	**(385,013)**	-
	-	-	**(484,806)**	-

Company	**Amount provided**		**Amount unprovided**	
	1999	1998	**1999**	1998
	£	£	**£**	£
Excess of capital allowances over depreciation	-	359,657	**(59,443)**	-
Other timing differences	-	(359,657)	**(363,841)**	(362,462)
	-	-	**(423,284)**	(362,462)-

16 Accruals and deferred income

Government grants

	Group £
At 1 January 1999	243,858
Amortisation in year	(46,564)
At 31 December 1999	**197,294**

The government grant relates solely to the parent company, Ikeda Hoover Limited.

17 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 an independent qualified actuary at intervals not exceeding three years. The last actuarial valuation report was dated March 1998 and related to service by members up to 6 April 1997. 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 2% per annum. The market value of the assets of the scheme in April 1997 was £6,301,723. The actuarial valuation of these assets represented 124% of the value of the benefits for service to the date of valuation allowing for future salary increases.

The total pension cost for the group was £1,011,223 (1998: £869,842).

18 Called-up share capital

Group and company

	1999 £	1998 £
Authorised		
1,058,000 (1998: 1,058,000) "A" ordinary shares of £1 each	**1,058,000**	1,058,000
1,017,000 (1998: 1,017,000) "B" ordinary shares of £1 each	**1,017,000**	1,017,000
	2,075,000	2,075,000
Allotted, called-up and fully paid		
1,058,000 (1998: 1,058,000) "A" ordinary shares of £1 each	**1,058,000**	1,058,000
1,017,000 (1998: 1,017,000) "B" ordinary shares of £1 each	**1,017,000**	1,017,000
	2,075,000	2,075,000

Under the provisions of Financial Reporting Standard No 4, "Capital Instruments", both classes of shares are regarded as equity shares. In terms of rights to dividends and amounts receivable on a winding up, the "A" and "B" shares rank pari passu in all respects in accordance with the nominal value of the shares held. The voting rights are allocated between the two classes of shares in order to grant equal voting rights to the holders of the "A" shares and the holders of the "B" shares in aggregate.

19 Dividends

	1999 £	1998 £
Dividends on equity shares:		
"A" ordinary shares final proposal 192.77p per share (1998: 144.58p)	**2,039,518**	1,529,638
"B" ordinary shares final proposal 192.77p per share (1998: 144.58p)	**1,960,482**	1,470,362
	4,000,000	3,000,000

20 Reserves

	Profit and loss account £
At 1 January 1999	6,846,036
Prior year adjustment (Note 15)	553,458
As restated	7,399,494
Loss for the year	(2,448,069)
At 31 December 1999	**4,951,425**

21 Acquisitions

On 24 December 1999 the company acquired Ikeda Technology Europe Limited. Set out below is a summary of the consideration paid and goodwill arising:

	Book value £	Fair value adjustment £	Fair value £
Tangible fixed assets	927,583	-	927,583
Stocks	31,907	-	31,907
Debtors	531,683	-	531,683
Cash	766,462	-	766,462
Creditors	(1,225,413)	-	(1,225,413)
Net assets acquired	1,032,222	-	1,032,222
Consideration			1,110,000
Goodwill			77,778
Consideration satisfied by:			
Shares issued			-
Cash			1,110,000
Accrued consideration			-
			1,110,000

This acquisition which comprises the whole of the trade and assets of the company has been accounted for as an acquisition. The goodwill arising has been capitalised as an intangible fixed asset and is to be amortised in the year of acquisition.

In its last full financial year to 31 December 1998, Ikeda Technology Europe Limited made a profit after tax of £239,900.

For the period since this date to the date of acquisition, the statutory accounts of the company included:

	1999 £
Turnover	**1,501,023**
Operating profit	98,869
Profit before taxation	62,869
Taxation	(70,547)
Dividends	(200,000)
Loss attributable to shareholders	(207,678)

22 Reconciliation of movements in equity shareholders' funds

	1999 £	1998 £ (as restated)
Profit on ordinary activities after taxation	**1,551,931**	3,786,791
Dividends	**(4,000,000)**	(3,000,000)
Net transfer from equity shareholders' funds	**(2,448,069)**	786,791
Opening equity shareholders' funds	**9,474,494**	8,687,703
Closing equity shareholders' funds	**7,026,425**	9,474,494

23 Capital commitments

	1999 £	1998 £
Capital expenditure contracted for but not provided for	**347,352**	288,451

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

	1999 £	1998 £
Operating profit	**1,796,014**	5,161,959
Depreciation on tangible fixed assets	**2,451,654**	2,396,917
Loss on sale of tangible fixed assets	**9,921**	25,962
Amortisation of government grants	**(46,564)**	(62,041)
Decrease/(increase) in stock	**81,277**	(233,197)
Increase in debtors	**(545,452)**	(358,181)
Increase/(decrease) in creditors	**722,655**	(772,378)
Amortisation of goodwill	**77,778**	-
Net cash inflow from operating activities	**4,547,283**	6,159,041

25 Reconciliation of net cash flow to movement in net funds

	1999 £	1998 £
Decrease in cash in the period	**(2,837,315)**	(1,534,486)
Net funds at beginning of year	**4,406,856**	5,941,342
Net funds at end of year	**1,569,541**	4,406,856

26 Analysis of changes in net funds

	At 1 January 1999 £	Cash outflow £	**At 31 December 1999 £**
Cash at bank and in hand	4,406,856	(2,837,315)	**1,569,541**

27 Immediate and ultimate 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. The directors regard these companies together as the immediate controlling party.

At 31 December 1998, Nissan Motor Company Limited, a company incorporated in Japan, together with Johnson Controls Inc., a company incorporated in the United States of America, were the ultimate controlling parties by virtue of their control over the joint venture parents.

On 10 February 1999 Nissan Motor Company Limited partly disposed of its interests in Ikeda Bussan Company Limited and no longer has a majority shareholding in that company. The directors are of the opinion that the ultimate controlling parties are now Ikeda Bussan Company Limited and Johnson Controls Inc.

28 Related party transactions

The directors consider the following entities to be related parties as defined by FRS 8.

Joint venture parent companies:

Ikeda Bussan Company Limited
Johnson Controls Automotive (UK) Limited

Subsidiaries of Johnson Controls Incorporated:

Johnson Controls Inc
Adwest Johnson Controls Limited
Johnson Controls Automotive NV
Eurosit SA
Johnson Controls GmbH
Johnson Controls (S) PTE Limited
JRI Technologies Limited
Johnson Controls/Roth SA
Johnson Controls Automotive SA (Pty) Limited

Subsidiaries of Nissan Motor Company Limited:

Esteban Ikeda SA
Nissan Trading Europe Limited
Ikeda Technology Europe Limited
Unipres (UK) Limited
Nissan Motor Iberica SA
Nissan Europe NV
Nissan Motor Manufacturing (UK) Limited
Nissan European Technology Centre Limited
Nissan European Technology Centre SA
Nissan SA Manufacturing (Pty) Limited

Details of material related party transactions which have been entered into during the year on normal commercial terms are disclosed below:

	1999 Income/(costs) £	1998 Income/(costs) £
Joint venture parent companies:		
Material and services	(9,877,640)	(8,665,880)
Turnover and recharges	-	-
Subsidiaries of Johnson Controls Incorporated:		
Material and services	(3,079,946)	(5,046,018)
Turnover and recharges	4,735	78,651
Subsidiaries of Nissan Motor Company Limited:		
Management services	-	-
Material and services	(4,007,382)	(3,660,824)
Turnover and recharges	91,080,928	92,514,712

Included within turnover with subsidiaries of Nissan Motor Company is £90,493,187 (*1998*: £90,606,455) relating to Nissan Motor Manufacturing (UK) Limited.

As at 31 December the company had the following outstanding balances with its related parties:

	Group 1999		**Company 1999**	
	Debtors £	**Creditors £**	**Debtors £**	**Creditors £**
Joint venture parent companies	293,777	1,824,841	-	1,821,933
Subsidiaries of Johnson Controls Incorporated	-	343,314	-	343,314
Subsidiaries of Nissan Motor Company Limited	7,725,802	442,445	7,581,241	442,445
	8,019,579	2,610,600	7,581,241	2,607,692

	Group 1998		Company 1998	
	Debtors £	Creditors £	Debtors £	Creditors £
Joint venture parent companies	-	-	585	1,414,719
Subsidiaries of Johnson Controls Incorporated	-	-	15,300	501,448
Subsidiaries of Nissan Motor Company Limited	-	-	7,449,205	415,924
	-	-	7,465,090	2,332,091