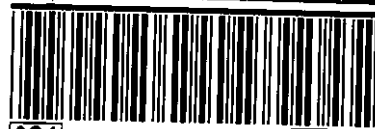


Coopers
& Lybrand

Ikeda Hoover Limited
Annual report
for the year ended 31 December 1995

Registered no: 1944236



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Ikeda Hoover Limited

Annual report for the year ended 31 December 1995

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Directors and advisers

Directors

S J Lang (Managing Director)
J McDonough
N Tanabe
G B Fiori
S Miyajima
S Komuro

Secretary 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 1995**

The directors present their report and the audited financial statements for the year ended 31 December 1995.

Principal activity

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

Review of business and future developments

During the year, the company continued to manufacture for Nissan Motor Manufacturing (UK) Limited on the existing product lines. During 1995 the company expanded its operations with the construction of new production facilities, which entailed the relocation of existing equipment.

The company is actively seeking other customers for production and design work.

Dividends and transfers to reserves

The directors recommend the payment of a dividend of £1,300,000 (1994: £1,300,000). After payment of this dividend, the retained profit for the year of £473,309 (1994: £1,762,445), will be transferred to reserves.

Fixed assets

The movements in fixed assets during the year are set out in notes 9 and 10 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 1995 and during the whole of year ended on that date, unless stated otherwise below, were as follows:

S Konishi	(Chairman, resigned 31 August 1996)
S J Lang	(Managing Director)
J McDonough	
N Tanabe	
G B Fiori	(Appointed 1 November 1995)
Y Miyata	(Appointed 1 November 1995, resigned 31 August 1996)

C G McClure and T Wakabayashi, who were directors of the company on 1 January 1995, both resigned on 31 October 1995.

S Miyajima and S Komuro were appointed as directors of the company on 1 September 1996.

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 £1,650 in the year (1994: £3,125).

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Taxation status

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

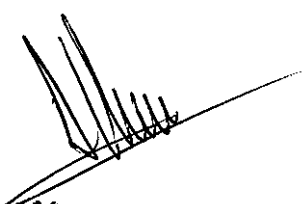
Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

Secretary

16 October 1996



Report of the auditors to the members of Ikeda Hoover Limited

We have audited the financial statements on pages 6 to 19.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 the company's affairs at 31 December 1995 and of its profit and cash flows 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

17 October 1996

Profit and loss account for the year ended 31 December 1995

	Notes	1995 £	1994 £
Turnover	2	57,151,544	52,224,466
Cost of sales		(49,806,119)	(45,047,048)
Gross profit		7,345,425	7,177,418
Other operating expenses	3	(4,810,444)	(3,170,888)
Operating profit		2,534,981	4,006,530
Interest receivable and similar income		231,166	85,072
Interest payable and similar charges	6	(14,158)	(17,849)
Profit on ordinary activities before taxation	7	2,751,989	4,073,753
Taxation	8	(978,680)	(1,011,308)
Profit on ordinary activities after taxation		1,773,309	3,062,445
Dividends on equity shares	19	(1,300,000)	(1,300,000)
Profit retained for the year	20	473,309	1,762,445

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 retained profit for the year stated above, and their historical cost equivalents.

Balance sheet at 31 December 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	9	9,693,682	7,762,223
Investments	10	267,750	267,750
		<u>9,961,432</u>	<u>8,029,973</u>
Current assets			
Stocks	11	535,058	551,028
Debtors	12	7,203,690	5,872,297
Cash at bank and in hand		3,767,811	3,855,023
		<u>11,506,559</u>	<u>10,278,348</u>
Creditors: Amounts falling due within one year	13	<u>13,088,566</u>	<u>9,701,737</u>
Net current (liabilities)/assets		<u>(1,582,007)</u>	<u>576,611</u>
Total assets less current liabilities		<u>8,379,425</u>	<u>8,606,584</u>
Provisions for liabilities and charges	15	11,316	484,874
Accruals and deferred income	16	704,978	931,888
Net assets		<u>7,663,131</u>	<u>7,189,822</u>
Capital and reserves			
Called-up share capital	18	2,075,000	2,075,000
Profit and loss account	20	5,588,131	5,114,822
Equity shareholders' funds	21	<u>7,663,131</u>	<u>7,189,822</u>

The financial statements on pages 6 to 19 were approved by the board of directors on
16 October 1996 and were signed on its behalf by:

Director

Company secretary

Cash flow statement for the year ended 31 December 1995

	Notes	1995 £	1994 £
Net cash inflow from operating activities	23	<u>4,852,351</u>	<u>3,705,722</u>
Returns on investments and servicing of finance			
Interest received		231,166	85,072
Interest paid		(180)	(890)
Interest paid on finance leases		(16,564)	(14,269)
Dividends paid		<u>(1,300,000)</u>	<u>(1,000,000)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(1,085,578)</u>	<u>(930,087)</u>
Taxation			
UK corporation tax paid		<u>(1,273,005)</u>	<u>(1,387,405)</u>
Tax paid		<u>(1,273,005)</u>	<u>(1,387,405)</u>
Investment activities			
Purchase of tangible fixed assets		(2,565,978)	(441,131)
Sale of tangible fixed assets		19,662	44,456
Government grants received		-	-
Purchase of investments		-	(267,750)
Net cash outflow from investing activities		<u>(2,546,316)</u>	<u>(664,425)</u>
Net cash (outflow)/inflow before financing		<u>(52,548)</u>	<u>723,805</u>
Financing			
Payment of principal under finance leases		<u>(34,664)</u>	<u>(34,664)</u>
Net cash outflow from financing	25	<u>(34,664)</u>	<u>(34,664)</u>
(Decrease)/increase in cash and cash equivalents	24	<u><u>(87,212)</u></u>	<u><u>689,141</u></u>

Notes to the financial statements for the year ended 31 December 1995

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.

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.

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.

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.

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 Related party transactions

Substantially all the company's turnover is derived from a single UK customer, Nissan Motor Manufacturing UK Limited, which is a related company. An amount of £6,675,761 (1994: £5,182,222) owed from this company is included within amounts owed from joint venture parents and related companies.

3 Other operating expenses

	1995 £	1994 £
Distribution costs	206,806	223,331
Administrative expenses	4,830,548	3,266,500
	<u>5,037,354</u>	<u>3,489,831</u>
Less: other operating income (note 16)	(226,910)	(318,943)
	<u><u>4,810,444</u></u>	<u><u>3,170,888</u></u>

4 Directors' emoluments

Directors' emoluments comprise emoluments (including pension contributions) for management services and are disclosed in note 7.

Emoluments (excluding pension contributions) include amounts paid to:

	1995	1994 (as restated)
The chairman	<u>£Nil</u>	<u>£Nil</u>
The highest-paid director	<u><u>£155,964</u></u>	<u><u>£74,414</u></u>

The 1994 comparative has been restated to include tax borne by the company in respect of directors' worldwide income. The 1994 comparative figures in notes 5 and 7 have also been restated.

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

	1995 Number	1994 Number
£0 to £5,000	7	7
£15,001 to £20,000	-	1
£70,001 to £75,000	-	1
£155,001 to £160,000	1	-
	<u> </u>	<u> </u>

5 Employee information

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

	1995 Number	1994 Number
Production	376	378
Selling and distribution	7	7
Administration	77	71
	<u> </u>	<u> </u>
	460	456
	<u> </u>	<u> </u>

Included in the figures above are 22 persons (1994: 16) employed on a temporary basis.

	1995 £	1994 £ (as restated)
Staff costs (for the above persons):		
Wages and salaries	7,984,378	7,325,155
Social security costs	847,319	793,000
Other pension costs (note 17)	460,935	48,532
	<u> </u>	<u> </u>
	9,292,632	8,166,687
	<u> </u>	<u> </u>

6 Interest payable and similar charges

	1995 £	1994 £
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	155	940
Payable on finance leases	14,003	16,909
	<u> </u>	<u> </u>
	14,158	17,849
	<u> </u>	<u> </u>

7 Profit on ordinary activities before taxation

	1995 £	1994 £ (as restated)
Profit on ordinary activities before taxation is stated after crediting:		
Amortisation of government grants	226,910	318,943
Profit on disposal of fixed assets	-	20,544
Release of pension provision (note 17)	-	391,035
	<hr/>	<hr/>
And after charging:		
Loss on disposal of fixed assets	116,796	-
Depreciation charge for the year:		
Tangible owned fixed assets	1,629,613	1,772,997
Assets held under finance leases	11,588	44,813
Auditors' remuneration in respect of:		
Audit	19,700	19,000
Other services to the company	14,535	14,812
Hire of plant and machinery	11,995	11,069
Directors' emoluments including pension contributions (note 4)	155,964	92,803
Provision for reorganisation costs (note 15)	-	463,262
	<hr/>	<hr/>

The restatement of the 1994 comparative for directors' emoluments is explained in note 4 to the financial statements.

8 Taxation

	1995 £	1994 £
UK corporation tax at 33% (1994: 33%)		
Current	1,024,810	1,218,000
Deferred	(31,005)	54,861
(Over)/under provision in respect of prior years:		
Current	(19,995)	(5,539)
Deferred	4,870	(256,014)
	<hr/>	<hr/>
	978,680	1,011,308
	<hr/>	<hr/>

Ikeda Hoover Limited

14

9 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings, office equipment and computers £	Assets in course of construction £	Total £
Cost						
At 1 January 1995	3,463,356	11,577,851	398,360	1,048,115	-	16,487,682
Additions	1,163,244	379,994	87,591	60,880	2,017,409	3,709,118
Disposals	(109,587)	(77,064)	(42,400)	(172,697)	-	(401,748)
At 31 December 1995	4,517,013	11,880,781	443,551	936,298	2,017,409	19,795,052
Depreciation						
At 1 January 1995	708,907	6,927,977	267,872	820,703	-	8,725,459
Eliminated in respect of disposals	(24,720)	(48,189)	(38,810)	(153,571)	-	(265,290)
Charge for year	122,597	1,300,425	94,916	123,263	-	1,641,201
At 31 December 1995	806,784	8,180,213	323,978	790,395	-	10,101,370
Net book value						
At 31 December 1995	3,710,229	3,700,568	119,573	145,903	2,017,409	9,693,682
Net book value						
At 31 December 1994	2,754,449	4,649,874	130,488	227,412	-	7,762,223

The net book value of plant and machinery includes an amount of £Nil (1994: £11,588) in respect of assets held under finance leases.

14 Finance leases

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

	1995 £	1994 £
In one year or less	-	48,320
Between one and two years	-	-
Between two and five years	-	-
	<u>-</u>	<u>48,320</u>
Less: Interest charges allocated to future periods	-	(13,656)
	<u>-</u>	<u>34,664</u>

15 Provisions for liabilities and charges

	1995 £'000	1994 £'000
Reorganisation provision	-	463,262
Deferred taxation	11,316	21,612
	<u>11,316</u>	<u>484,874</u>

Deferred taxation

	Amount provided		Amount unprovided	
	1995 £	1994 £	1995 £	1994 £
Accelerated capital allowances	344,470	367,274	-	-
Other timing differences	(315,744)	(312,413)	-	-
	<u>28,726</u>	<u>54,861</u>	<u>-</u>	<u>-</u>
Less: advance corporation tax	(17,410)	(33,249)	-	-
	<u>11,316</u>	<u>21,612</u>	<u>-</u>	<u>-</u>

	Reorganisation provision £	Deferred taxation £
At 1 January 1995	463,262	54,861
Profit and loss account	(293,818)	(26,135)
Transfer to accruals	(169,444)	-
At 31 December 1995	<u>-</u>	<u>28,726</u>

The reorganisation provision related mainly to costs to be incurred in connection with the relocation of existing equipment.

16 Accruals and deferred income**Government grants**

	£
At 1 January 1995	931,888
Amortisation in year	(226,910)
	<hr/>
At 31 December 1995	<u>704,978</u>

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 April 1995 and related to service by members up to 5 April 1994. 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 1.5% per annum. The market value of the assets of the scheme in February 1995 was £3,270,000. The actuarial valuation of these assets represented 111% of the value of the benefits for service to the date of valuation allowing for future salary increases.

The total pension cost for the company was £460,935 (1994: £48,532). In 1994 a pension provision of £391,035 was released. The provision represented the difference between costs recognised and amounts funded in order to equalise the respective retirement ages of men and women. The fund was released as the retirement age of women had been equalised at the current retirement age of men.

18 Called-up share capital

	1995 £	1994 £
Authorised		
1,058,000 (1994: 1,058,000) "A" ordinary shares of £1 each	1,058,000	1,058,000
1,017,000 (1994: 1,017,000) "B" ordinary shares of £1 each	1,017,000	1,017,000
	<hr/>	<hr/>
	<u>2,075,000</u>	<u>2,075,000</u>
Allotted, called-up and fully paid		
1,058,000 (1994: 1,058,000) "A" ordinary shares of £1 each	1,058,000	1,058,000
1,017,000 (1994: 1,017,000) "B" ordinary shares of £1 each	1,017,000	1,017,000
	<hr/>	<hr/>
	<u>2,075,000</u>	<u>2,075,000</u>

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

	1995 £	1994 £
Dividends on equity shares:		
"A" ordinary shares final proposal 62.65p per share (1994: 62.65p)	662,843	662,843
"B" ordinary shares final proposal 62.65p per share (1994: 62.65p)	637,157	637,157
	<u>1,300,000</u>	<u>1,300,000</u>

20 Reserves

	Profit and loss account £
At 1 January 1995	5,114,822
Profit for the year	473,309
At 31 December 1995	<u>5,588,131</u>

21 Reconciliation of movements in equity shareholders' funds

	1995 £'000	1994 £'000
Profit on ordinary activities after taxation	1,773,309	3,062,445
Dividends	(1,300,000)	(1,300,000)
Net addition to equity shareholders' funds	<u>473,309</u>	<u>1,762,445</u>
Opening equity shareholders' funds	7,189,822	5,427,377
Closing equity shareholders' funds	<u>7,663,131</u>	<u>7,189,822</u>

22 Capital commitments

	1995 £	1994 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	344,155	56,098
Capital expenditure that has been authorised by the directors but has not yet been contracted for	<u>862,687</u>	<u>269,981</u>
	<u>1,206,842</u>	<u>326,079</u>

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

	1995 £	1994 £
Operating profit	2,534,981	4,006,530
Depreciation on tangible fixed assets	1,641,201	1,817,810
Loss/(profit) on sale of tangible fixed assets	116,796	(20,544)
Amortisation of government grants	(226,910)	(318,943)
Decrease/(increase) in stocks	15,970	(79,979)
(Increase) in debtors	(1,314,056)	(2,397,794)
Increase in creditors	2,547,631	626,415
(Decrease) in pension provision	-	(391,035)
Increase/(decrease) in reorganisation provision	(463,262)	463,262
Net cash inflow from operating activities	4,852,351	3,705,722

24 Cash and cash equivalents

	1995 £	1994 £
Changes during the year		
Cash at bank and in hand at 1 January	3,855,023	3,165,882
Net cash (outflow)/inflow	(87,212)	689,141
Cash at bank and in hand at 31 December	3,767,811	3,855,023

25 Analysis of changes in financing during the year

	Share capital £	Finance lease obligations £
Balance at 1 January 1995	2,075,000	34,664
Repayments of principal	-	(34,664)
Balance at 31 December 1995	2,075,000	-

26 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.

10 Fixed asset investments

Cost	£
At 1 January and 31 December 1995	267,750

The company owns 267,750 £1 ordinary 'C' shares in JRI Technologies Limited, representing a 7.68% shareholding.

11 Stocks

	1995 £	1994 £
Raw materials and consumables	411,574	417,704
Work in progress	123,484	133,324
	<u>535,058</u>	<u>551,028</u>

12 Debtors

	1995 £	1994 £
Amounts falling due within one year		
Trade debtors	11,829	3,900
Amounts owed by joint venture parents and related companies	6,720,393	5,447,743
Other debtors	30,258	4,614
Prepayments and accrued income	133,620	124,289
	<u>6,896,100</u>	<u>5,580,546</u>
Amounts falling due after more than one year		
Advance corporation tax recoverable	307,590	291,751
	<u>7,203,690</u>	<u>5,872,297</u>

13 Creditors: Amounts falling due within one year

	1995 £	1994 £
Obligations under finance leases (note 14)	-	34,664
Trade creditors	4,682,732	3,570,321
Amounts owed to joint venture parents and related companies	1,866,672	657,753
Corporation tax	699,810	968,000
Advance corporation tax payable	325,000	325,000
Taxation and social security	869,592	1,281,149
Accruals and deferred income	3,344,760	1,564,850
Dividends proposed	1,300,000	1,300,000
	<u>13,088,566</u>	<u>9,701,737</u>