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IKEDA HOOVER LIMITED

ACCOUNTS  
for the eighteen months  
ended  
28 FEBRUARY 1987

COMPANIES REGISTRATION  
22 JAN 1988  
M  
Coopers  
& Lybrand

# IKEDA HOOVER LIMITED

## Report of the directors for the eighteen months ended 28 February 1987

1 The directors present herewith the audited accounts for the period ended 28 February 1987.

### Principal activities

2 The main activities of the company for period ended 28 February 1987 were those of a vehicle interior trim manufacturer.

### Review of business and future developments

3 The company was incorporated on 4 September 1985 as Jump Cape Limited and changed its name to Ikeda Hoover Trim Manufacturing (UK) Limited on 19 November 1985 and to Ikeda Hoover Limited on 30 December 1985. The company did not start trading until March 1986. Both the level of business and the period end financial position were as expected for this first period of trading. The directors expect that the level of activity will continue to grow significantly throughout the forthcoming year.

### Dividends and reserves

4 The directors do not recommend the payment of a dividend for the period.

### Fixed assets

5 The movements in fixed assets during the period are set out in note 8 to the accounts.

### Directors

6 The directors of the company as at 28 February 1987 and during the period ended on that date were as follows.

S Ishimoto	(Chairman)	- appointed 10.10.85, resigned 21.2.86
H Ikeda	(Chairman)	- appointed 21.2.86
R S Nickerson		- appointed 21.2.86
T Wakabayashi		- appointed 21.2.86
Dr R E Goodson		- appointed 21.2.86
J F Daly		- appointed 21.2.86
S Hosoi		- appointed 21.2.86

### Directors' interest in shares

7 According to the register required to be kept under Section 325 of the Companies Act 1985, no director held any interest in the shares of the company at any time during the period.

Close company provisions

8 As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1970, as amended, do not apply to the company; there has been no change in this respect since the end of the financial period.

Auditors

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

BY ORDER OF THE BOARD

D J Torrance  
Secretary  
10 November 1987

Report of the auditors to the members of  
IKEDA HOOVER LIMITED

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We have audited the accounts set out on pages 4 to 13 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 28 February 1987 and of its loss and source and application of funds for the period then ended and comply with the Companies Act 1985.

*Cooper & Lybrand*

Chartered Accountants  
NEWCASTLE UPON TYNE  
10 November 1987

IKEDA HOOVER LIMITED

Profit and loss account  
for the eighteen months ended 28 February 1987

	<u>Notes</u>	<u>1987</u> <u>£</u>
Turnover	2	<u>3,486,509</u>
Loss on ordinary activities before taxation	3	(594,120)
Tax on loss on ordinary activities	7	<u>-</u>
Loss on ordinary activities after taxation		<u>£(594,120)</u>

STATEMENT OF ACCUMULATED LOSSES

Loss for the financial period	<u>(594,120)</u>
Accumulated losses carried forward at 28 February 1987	<u>£(594,120)</u>

The notes on pages 7 to 13 form part of these accounts.

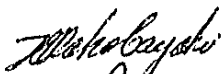
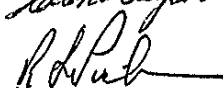
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## IKEDA HOOVER LIMITED

Balance sheet - 28 February 1987

	<u>Notes</u>	<u>1987</u>	
		£	£
FIXED ASSETS			
Tangible assets	8		713,617
CURRENT ASSETS			
Stocks	9	1,697,199	
Debtors	10	1,077,062	
Cash at bank and in hand		771,300	
		<u>3,545,561</u>	
CREDITORS: amounts falling due within one year	11	<u>2,571,898</u>	
NET CURRENT ASSETS			<u>973,663</u>
Total assets less current liabilities			1,687,280
CREDITORS: amounts falling due after more than one year	12	1,675,000	
ACCRUALS AND DEFERRED INCOME	13	<u>206,400</u>	
			<u>1,881,400</u>
			<u>£(194,120)</u>
CAPITAL AND RESERVES			
Called up share capital	15	400,000	
Profit and loss account		(594,120)	
		<u>£(194,120)</u>	

These accounts were approved by the board on 10 November 1987.

 )  
 ) Directors

The notes on pages 7 to 13 form part of these accounts.

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Statement of source and application of funds  
for the period ended 28 February 1987

	1987	
	£	£
<b>SOURCE OF FUNDS</b>		
Loss on ordinary activities before taxation		(594,120)
Adjustments for items not involving movement of funds:		
Depreciation	78,032	
Government grants released	(51,600)	
	<u>26,432</u>	
Total from operations		(567,688)
Funds from other sources:		
Issue of share capital	400,000	
Government grants receivable	258,000	
Loan from parent consortium companies	1,675,000	
	<u>2,333,000</u>	
Total source of funds		1,765,312
<b>APPLICATION OF FUNDS</b>		
Purchase of tangible fixed assets	791,649	
Total application of funds		(791,649)
INCREASE IN WORKING CAPITAL		£973,663
Made up as follows:		
Increase in stocks	1,697,199	
Increase in debtors	1,077,062	
Increase in creditors falling due within one year, excluding bank overdraft and taxation	(2,516,523)	
		257,738
Movement in net liquid funds:		
Cash at bank and in hand	771,300	
Bank overdraft	(55,375)	
	<u>715,925</u>	
		£973,663

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Notes to the accounts - 28 February 1987

Principal accounting policies

1 The accounts are prepared in accordance with the historical cost convention. A summary of the more important accounting policies of the company, which have been applied consistently, is set out below.

(a) 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 or valuation of tangible fixed assets on a straight line basis over the expected useful economic life of the assets concerned. The principal annual rates used for this purpose are:-

	%
Short leasehold	20
Plant and machinery - test equipment	10
- others	20
Fixtures and fittings	20
Office equipment	10
Computer equipment	33.33
Motor vehicles	33.33

(b) 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.

(c) Taxation

The charge for taxation is based on the profit for the period 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.



## IKEDA HOOVER LIMITED

## Notes to the accounts - 28 February 1987 continued

(d) 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 operating profit.

(e) Finance and operating leases

Costs in respect of operating leases are charged in arriving at the operating profit. There are no assets held under finance leases.

(f) Government grants

Government grants made for the purchase of tangible fixed assets are credited to revenue over the expected useful life of the assets by treating the amount of the grant as a deferred credit, a portion of which is transferred to revenue annually.

Turnover

2 The geographical analysis of turnover is as follows:-

	<u>1987</u> £
United Kingdom	3,486,509

Loss on ordinary activities before taxation

	<u>1987</u> £
3	
Turnover (see note 2)	3,486,509
Cost of sales	(3,474,648)
Gross profit	11,861
Distribution costs	(9,447)
Administrative costs	(685,989)
Other operating income	51,600
Operating loss (see note 4)	(631,975)
Other interest receivable and similar income	39,038
Interest payable and similar charges - bank overdraft	(1,183)
Loss on ordinary activities before taxation	<u>£(594,120)</u>

Notes to the accounts - 28 February 1987 continuedOperating profit

4 Operating profit is stated after charging:-

	<u>1987</u>
	£
Auditors' remuneration	2,750
Hire of plant and machinery	2,319
Depreciation of tangible fixed assets	78,032
Directors' emoluments (see note 5)	13,940
Lease of motor car	12,473

Directors' emoluments

5(a) Directors' emoluments comprise emoluments (including pension contributions) for management services.

(b) Particulars of directors' emoluments (excluding pension contributions), disclosed in accordance with Schedule 5 of the Companies Act 1985, are as follows:-

	<u>1987</u>
Emoluments of the chairmen	£NIL
	==
Emoluments of the highest paid director	£13,940
	=====
Number of directors (including those above) whose emoluments were within the ranges:-	
£NIL to £5,000	6
£10,001 to £15,000	1

Employee information

6(a) The average number of persons employed by the company (including executive directors) during the period is analysed below:-

	<u>1987</u>
Production	29
Selling and distribution	2
Administration	7
	=====
	38
	=====

Notes to the accounts - 28 February 1987 continued

(b) Employment costs of all employees included above:-

	<u>1987</u> £
Gross wages and salaries	345,497
Employer's national insurance and state pension contributions	34,782
	<u>£380,279</u>

Tax on loss on ordinary activities

7 No provision for corporation tax is required for the period as the company has corporation tax losses of approximately £776,000 which are available to be carried forward and set off against future profits of the company's trade. Of these losses £80,000, which at a rate of corporation tax of 35% amount to £28,000, have been utilised in these accounts against the provision for deferred taxation (note 14).

Tangible fixed assets

8

	<u>Short leasehold</u> £	<u>Plant and machinery</u> £	<u>Motor vehicles</u> £	<u>Office equipment</u> £	<u>Fixtures and fittings</u> £	<u>Computer equipment</u> £	<u>Total</u> £
Expenditure	15,494	648,886	78,644	23,923	16,810	7,892	791,649
At 28 February 1987	15,494	648,886	78,644	23,923	16,810	7,892	791,649
Depreciation							
Charge for period	1,549	57,697	14,883	1,196	1,391	1,316	78,032
At 28 February 1987	1,549	57,697	14,883	1,196	1,391	1,316	78,032
Net book value at 28 February 1987	£13,945	£591,189	£63,761	£22,727	£15,419	£6,576	£713,617

Notes to the accounts - 28 February 1987 continuedStocks

9

	<u>1987</u> £
Raw materials and consumables	684,234
Goods in transit	942,816
Work in progress	46,735
Finished goods and goods for resale	23,414
	<hr/> £1,697,199 <hr/>

The directors do not consider that there is a material difference between the value of stocks included in the accounts and the value of stocks at replacement cost.

Debtors

10

	<u>1987</u> £
Trade debtors	3,275
Amounts owed by related companies	842,776
Other debtors	215,067
Prepayments and accrued income	15,944
	<hr/> £1,077,062 <hr/>

All the above amounts are due within one year of the balance sheet date.

Creditors: amounts falling due within one year

11

	<u>1987</u> £
Bank overdraft	55,375
Trade creditors	290,352
Amounts owed to related companies	43,878
Bills of exchange payable to related companies (see (a) below)	1,900,276
Amounts owed to parent consortium companies	120,455
Other creditors	23,997
Taxation and social security	38,339
Accruals and deferred income	99,226
	<hr/> £2,571,898 <hr/>

(a) The bills of exchange payable are in Japanese yen and have been translated at the accounting date exchange rate.

Notes to the accounts - 28 February 1987 continuedCreditors: amounts falling due after more than one year

12

	<u>1987</u> £
Loans from parent consortium companies	£1,675,000

The loans from the parent consortium companies are interest free and there are no fixed terms of repayment.

Accruals and deferred income

13 Movements on the deferred credit for regional development grants are as follows:-

	<u>1987</u> £
Grants receivable	258,000
Released to the profit and loss account	(51,600)
Balance at 28 February 1987	<u>£206,400</u>

Provisions for liabilities and charges

14 Deferred taxation:-

	<u>1987</u>	
	<u>Provision made</u>	<u>Full potential liability</u>
	£	£
Accelerated capital allowances	28,000	28,000
Less: Losses carried forward	(28,000)	(28,000)
	<u>£ -</u>	<u>£ -</u>

Notes to the accounts - 28 February 1987 continuedCalled up share capital

15

Authorised, issued, called up and fully  
paid ordinary shares of £1 each:

	<u>1987</u>	
	<u>'A' shares</u>	<u>'B' shares</u>
Number	204,000	196,000
	<u>          </u>	<u>          </u>
Value	£204,000	£196,000
	<u>          </u>	<u>          </u>

Commitments and contingent liabilities16(a) Capital expenditure

	<u>1987</u>
	<u>£</u>
Expenditure contracted for	6,390
Expenditure authorised by directors but not yet contracted for	153,175
	<u>£159,565</u>

(b) Contingent liabilities

	<u>1987</u>
	<u>£</u>
Bonds in favour of H M Customs & Excise	<u>£150,000</u>

Ultimate holding company

17 Shares in Ikeda Hoover Limited are held under a joint venture agreement between Ikeda Bussan Company Limited, a company incorporated in Japan, and Hoover Universal (UK) Limited, a company incorporated in Great Britain.

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