

12/28/89  
IKEDA HOOVER LIMITED

ACCOUNTS  
for the year ended  
28 FEBRUARY 1989



IKEDA HOOVER LIMITED

Report of the directors  
for the year ended 28 February 1989

1 The directors present herewith the audited accounts for the year ended 28 February 1989.

Principal activities

2 The principal activities of the company for the year ended 28 February 1989 were those of a vehicle interior trim manufacturer.

Review of business and future developments

3 The level of business was higher than expected with the increased NMUK build. The directors expect that the level of activity will be maintained throughout the forthcoming year. However, costs are expected to reduce with the increasing implementation of material localisations.

The move to the new factory in July 1988 was successfully carried out.

Dividends and reserves

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

Fixed assets

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

Directors

6 The directors of the company as at 28 February 1989 and during the year ended on that date were as follows:

H Ikeda (Chairman)  
R S Nickerson (Managing Director)  
T Wakabayashi  
Dr R E Goodson  
S Hosoi  
R Miracle

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 year.

Close company provisions

8 As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company; there has been no change in this respect since the end of the financial year.

Auditors

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

BY ORDER OF THE BOARD

  
Secretary  
31 October 1989

Report of the auditors to the members of  
IKEDA HOOVER LIMITED

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We have audited the accounts on pages 4 to 14 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 28 February 1989 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand*

Chartered Accountants  
NEWCASTLE UPON TYNE  
31 October 1989

IKEDA HOOVER LIMITED

Profit and loss account  
for the year ended 28 February 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
Turnover	2	<u>£27,533,945</u>	<u>£15,761,528</u>
Loss on ordinary activities before taxation	3	(520,653)	(2,2,701)
Taxation on loss on ordinary activities	7	-	-
Loss on ordinary activities after taxation		<u>£(520,653)</u>	<u>£(272,701)</u>
STATEMENT OF ACCUMULATED LOSSES			
Accumulated losses at 1 March 1988		(866,821)	(594,120)
Loss for the financial year		<u>(520,653)</u>	<u>(272,701)</u>
Accumulated losses at 28 February 1989		<u>£(1,387,474)</u>	<u>£(866,821)</u>

The notes on pages 7 to 14 form part of these accounts.

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# IKEDA HOOVER LIMITED

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Balance sheet - 28 February 1989

	<u>Notes</u>	<u>1989</u> £                      £	<u>1988</u> £                      £
<b>FIXED ASSETS</b>			
Tangible assets	8	8,150,823	3,287,053
<b>CURRENT ASSETS</b>			
Stocks	9	3,337,895	2,570,001
Debtors	10	7,794,785	3,479,196
Cash at bank and in hand		300	300
		<u>11,132,980</u>	<u>6,049,497</u>
CREDITORS: Amounts falling due within one year	11	<u>17,623,145</u>	<u>7,912,571</u>
NET CURRENT LIABILITIES		(6,490,165)	(1,863,074)
Total assets less current liabilities		<u>1,660,658</u>	<u>1,423,979</u>
CREDITORS: Amounts falling due after more than one year	12	1,675,000	1,675,000
ACCRUALS AND DEFERRED INCOME	13	973,132	215,800
		<u>(2,648,132)</u>	<u>(1,890,800)</u>
		<u>£(987,474)</u>	<u>£(466,821)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	400,000	400,000
Profit and loss account		<u>(1,387,474)</u>	<u>(866,821)</u>
		<u>£(987,474)</u>	<u>£(466,821)</u>

These accounts were approved by the board on 31 October 1989.

*Michael* )  
*R. P. Jones* ) Directors

The notes on pages 7 to 14 form part of these accounts.  
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Statement of source and application of funds  
for the year ended 28 February 1989

	<u>1989</u>	<u>1988</u>
	£	£
<b>SOURCE OF FUNDS</b>		
Loss on ordinary activities before taxation	(520,653)	(272,701)
Adjustments for items not involving movement of funds:		
Depreciation	718,549	209,611
Government grants released	(130,797)	(51,600)
Loss/(profit) on sale of fixed assets	2,521	(170)
	<u>590,273</u>	<u>157,841</u>
Total from operations	69,620	(114,860)
Funds from other sources:		
Government grants receivable	888,129	61,000
Sale of fixed assets	-	1,180
	<u>888,129</u>	<u>62,180</u>
Total source of funds	957,749	(52,680)
<b>APPLICATION OF FUNDS</b>		
Purchase of tangible fixed assets	(5,584,840)	(2,784,057)
DECREASE IN WORKING CAPITAL	<u>£(4,627,091)</u>	<u>£(2,836,737)</u>
Made up as follows:		
Increase in stocks	767,894	872,802
Increase in debtors	4,315,589	2,402,134
Increase in creditors falling due within one year, excluding bank overdraft and taxation	(11,091,987)	(3,895,961)
	(6,008,504)	(621,025)
Movement in net liquid funds:		
Cash at bank and in hand	-	(771,000)
Bank overdraft	1,381,413	(1,444,712)
	<u>1,381,413</u>	<u>(2,215,712)</u>
	<u>£(4,627,091)</u>	<u>£(2,836,737)</u>

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Notes to the accounts - 28 February 1989Principal 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 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
Short leasehold buildings	20
Plant and machinery	10 - 20
Fixtures and fittings, office equipment and computers	10 - 33.3
Motor vehicles	33.3

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

(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 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.



## IKEDA HOOVER LIMITED

Notes to the accounts - 28 February 1989 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 the profit and loss account.

(e) Government grants

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

(f) Pension arrangements

The company funds pension liabilities on the advice of external actuaries by payments made to an externally managed pension fund. Payments made to the fund and charged in the accounts comprise current and past service liabilities. The fund is actuarially valued every three years.

Turnover

2 The geographical analysis of turnover is as follows:-

	<u>1989</u>	<u>1988</u>
United Kingdom	£27,533,945	£15,761,528
	<u>£</u>	<u>£</u>
<u>Loss on ordinary activities before taxation</u>		
3	<u>1989</u>	<u>1988</u>
	£	£
Turnover (see note 2)	27,533,945	15,761,528
Cost of sales	(25,551,697)	(14,509,011)
Gross profit	1,982,248	1,252,517
Distribution costs	(102,164)	(38,546)
Administrative costs	(1,851,391)	(1,542,993)
Other operating income	130,797	51,600
Operating profit/(loss) (see note 4)	159,490	(277,422)
Other interest receivable and similar income	5,879	31,594
Interest payable and similar charges		
Bank overdraft	(29,779)	(25,666)
Other	(656,243)	(1,207)
Loss on ordinary activities before taxation	£(520,653)	£(272,701)

## IKEDA HOOVER LIMITED

Notes to the accounts - 28 February 1989 continued

Operating profit/(loss)

4 Operating profit/(loss) is stated after charging:-

	<u>1989</u> £	<u>1988</u> £
Auditors' remuneration	12,500	7,500
Hire of plant and machinery	30,409	16,295
Depreciation of tangible fixed assets	718,549	209,611
Directors' emoluments (see note 5)	32,395	29,126

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>1989</u>	<u>1988</u>
Emoluments of the chairman	£NIL	£NIL
	==	==
Emoluments of the highest paid director	£32,395	£29,126
	=====	=====
Number of directors (including those above) whose emoluments were within the ranges:-		
£NIL to £5,000	5	6
£25,001 to £30,000	-	1
£30,001 to £35,000	1	-

Employee information

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

	<u>1989</u>	<u>1988</u>
Production	177	115
Selling and distribution	5	2
Administration	36	17
	=====	=====
	218	134
	=====	=====

IKEDA HOOVER LIMITEDNotes to the accounts - 28 February 1989 continued

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

	<u>1989</u> £	<u>1988</u> £
Gross wages and salaries	2,680,070	1,353,334
Employers' national insurance and state pension contributions	225,847	120,294
Employers' pension contributions	91,186	48,351
	<u>£2,997,103</u>	<u>£1,521,979</u>

Taxation on loss on ordinary activities

7 No provision for corporation tax is required for the year as the company has corporation tax losses of approximately £2,455,000 (1988:£1,080,000) which are available to be carried forward and set off against future profits of the company's trade. Of these losses £961,000 (1988:£150,000), which at a rate of corporation tax of 35% amount to approximately £336,500 (1988:£52,500), have been utilised in these accounts against the provision for deferred taxation (note 14).

Notes to the accounts - 28 February 1989 continued

Tangible fixed assets

8

	<u>Freehold Land &amp; Buildings</u> £	<u>Short Leasehold Buildings</u> £	<u>Plant and Machinery</u> £	<u>Motor Vehicles</u> £	<u>Fixtures and Fittings, Office Equipment and Computers</u> £	<u>Assets in Course of Construction</u> £	<u>Total</u> £
Cost							
At 1 March 1988	638,726	11,788	972,833	132,655			
Transfers	1,658,180	-	-	-	160,331	1,658,180	3,574,513
Additions	770,934	-	3,368,401	29,196	-	(1,658,180)	-
Disposals	-	-	(2,564)	-	156,845	1,259,464	5,584,840
						-	(2,564)
At 28 February 1989	3,067,840	11,788	4,338,670	161,851	317,176	1,259,464	9,156,789
Depreciation							
At 1 March 1988	-	3,536	209,077	49,199			
Disposals	-	-	(43)	-	25,648	-	287,460
Charge for year	55,849	8,257	539,400	52,016	63,032	-	(43)
						-	718,549
At 28 February 1989	55,849	11,788	748,434	101,215	88,680	-	1,005,966
Net book value at 28 February 1989	<u>£3,011,991</u>	<u>-</u>	<u>£3,590,236</u>	<u>£60,636</u>	<u>£228,496</u>	<u>£1,259,464</u>	<u>£8,150,823</u>
Net book value at 29 February 1988	<u>£638,726</u>	<u>£11,788</u>	<u>£763,756</u>	<u>£83,456</u>	<u>£134,683</u>	<u>£1,658,180</u>	<u>£3,287,053</u>

## Notes to the accounts - 28 February 1989 continued

Stocks

9

	<u>1989</u> £	<u>1988</u> £
Raw materials and consumables	1,481,658	1,248,872
Goods in transit	1,670,586	1,311,378
Work in progress	185,651	-
Finished goods and goods for resale	-	9,751
	<u>£3,337,895</u>	<u>£2,570,001</u>

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>1989</u> £	<u>1988</u> £
Trade debtors	488,741	4,135
Amounts owed by related companies	6,158,090	3,325,393
Other debtors	992,863	124,060
Prepayments and accrued income	139,416	16,423
Amounts owed by consortium companies	15,675	9,185
	<u>£7,794,785</u>	<u>£3,479,196</u>

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

Creditors: Amounts falling due within one year

11

	<u>1989</u> £	<u>1988</u> £
Bank overdraft	118,674	1,500,087
Trade creditors	5,810,781	1,160,285
Amounts owed to related companies	332,900	1,448,850
Bills of exchange payable to related companies	2,655,879	2,003,513
Amounts owed to parent consortium companies	172,948	301,795
Other creditors	142,996	87,490
Taxation and social security	521,251	139,502
Accruals and deferred income	367,716	521,049
Short term loan (see (a) below)	7,500,000	750,000
	<u>£17,623,145</u>	<u>£7,912,571</u>

(a) The loan is guaranteed by Ikeda Bussan Company Limited and Hoover Universal (UK) Limited, the consortium companies.

## IKEDA HOOVER LIMITED

Notes to the accounts - 28 February 1989 continued

Creditors: Amounts falling due after more than one year

12	<u>1989</u>	<u>1988</u>
Loans from parent consortium companies	<u>£1,675,000</u>	<u>£1,675,000</u>

The loans from the parent consortium companies are interest free and are repayable on 28 February 1991.

Accruals and deferred income

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

	<u>1989</u> £	<u>1988</u> £
At 1 March 1988	215,800	206,400
Grants receivable	888,129	61,000
Released to the profit and loss account	<u>(130,797)</u>	<u>(51,600)</u>
Balance at 28 February 1989	<u>£973,132</u>	<u>£215,800</u>

Provisions for liabilities and charges

14 Deferred taxation:-

	<u>1989</u>		<u>1988</u>	
	Provision made £	Full potential liability £	Provision made £	Full potential liability £
Accelerated capital allowances	340,000	340,000	70,000	70,000
Less: Other timing differences	(3,500)	(3,500)	(17,500)	(17,500)
Losses carried forward	<u>(336,500)</u>	<u>(336,500)</u>	<u>(52,500)</u>	<u>(52,500)</u>
	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>

## IKEDA HOOVER LIMITED

Notes to the accounts - 28 February 1989 continued

Called up share capital

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

	<u>1989</u>		<u>1988</u>	
	<u>'A' shares</u>	<u>'B' shares</u>	<u>'A' shares</u>	<u>'B' shares</u>
Number	204,000	196,000	204,000	196,000
Value	£204,000	£196,000	£204,000	£196,000

Commitments and contingent liabilities16(a) Capital expenditure

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Expenditure contracted for	588,474	2,994,356
Expenditure authorised by directors but not yet contracted for	1,340,260	1,001,981
	<u>£1,928,734</u>	<u>£3,996,337</u>

(b) Contingent liabilities

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Bonds in favour of H M Customs & Excise	<u>£250,000</u>	<u>£200,000</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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