

**ALCON COMPONENTS
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2000



ALCON COMPONENTS LIMITED

FINANCIAL STATEMENTS

For the year ended 30 September 2000

Company registration number: 2613471

Registered office: Apollo
Lichfield Road Industrial Estate
Tamworth
Staffordshire
B79 7TN

Directors: Mr A I Fergusson
Mr P J Stubbs
Mr J B Moore
Mr N C Alldritt
Mr D J Hudson
Mr P J Smith

Secretary: Mr N C Alldritt

Bankers: National Westminster Bank Plc
103 Colmore Row
Birmingham
West Midlands
B3 3NS

Solicitors: George Green & Co
195 High Street
Cradley Heath
West Midlands
B64 5HW

Auditors: Grant Thornton
Registered auditors
Chartered accountants
30 Hounds Gate
Nottingham
NG1 7DH

ALCON COMPONENTS LIMITED

FINANCIAL STATEMENTS

For the year ended 30 September 2000

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ALCON COMPONENTS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 September 2000.

Principal activities

The company is principally engaged in the manufacture of braking systems and clutches for race, rally and specialised road cars.

Business review

The underlying performance of the company during the year has been very satisfactory. Third party sales have increased by 23% compared to last year which underlines the growing strength of the Alcon brand particularly in the UK and Europe. The overall performance of the company was, however, adversely affected by a significant reduction in inter group sales to Alcon Components Inc., where the general market conditions were difficult. The high export content of total sales combined with the strength of Sterling resulted in some margin erosion.

The company has commenced with development of strategic partnerships with selected key customers which will underpin growth and facilitate the continued investment in new technology allied to new production processes.

There was a profit for the year after taxation amounting to £488,605 (1999: profit £701,890). The directors recommend payment of dividends of £170,000 (1999: £1,610,000).

Research and development

The company was continually developing its products throughout the year. All costs relating to research and development have been written off as incurred.

Directors

The present membership of the Board is set out below.

The interests of the directors and their families in the shares of the company as at 30 September 2000 and 1 October 1999, or the date of their appointment to the Board if later, were as follows:

	Ordinary shares	
	30 September 2000	1 October 1999
Mr A I Fergusson	-	-
Mr P J Stubbs	-	-
Mr J B Moore	-	-
Mr N C Alldritt	-	-
Mr D J Hudson	-	-
Mr P J Smith	-	-

The interests of the directors in the shares of the ultimate parent undertaking are disclosed in the financial statements of that company.

ALCON COMPONENTS LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



N C Aldritt
Secretary

27 JULY 2001

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ALCON COMPONENTS LIMITED**

We have audited the financial statements on pages 4 to 16 which have been prepared under the accounting policies set out on pages 4 to 5.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 as at 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

Nottingham
27 July 2001

ALCON COMPONENTS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold improvements	25%
Plant and machinery	20 - 50%
Motor vehicles	25%

STOCKS

Stocks are stated at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

ALCON COMPONENTS LIMITED

PRINCIPAL ACCOUNTING POLICIES

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

RESEARCH AND DEVELOPMENT

Expenditure is written off as incurred.

ALCON COMPONENTS LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 30 September 2000

	Note	2000 £	1999 £
Turnover	1	5,732,565	5,616,376
Cost of sales		(3,434,289)	(3,085,870)
Gross profit		2,298,276	2,530,506
Administrative expenses		(1,681,782)	(1,585,422)
Operating profit		616,494	945,084
Net interest	2	9,859	(43,746)
Profit on ordinary activities before taxation	1	626,353	901,338
Tax on profit on ordinary activities	4	(137,748)	(199,448)
Profit for the financial year	14	488,605	701,890
Dividends	5	(170,000)	(1,610,000)
Profit/ (loss) transferred to/ (from) reserves	13	318,605	(908,110)

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.


ALCON COMPONENTS LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	6		416,799		266,858
			<u>416,799</u>		<u>266,858</u>
Current assets					
Stocks	7	639,994		449,706	
Debtors	8	1,376,326		1,051,847	
Cash at bank and in hand		247,284		520,601	
		<u>2,263,604</u>		<u>2,022,154</u>	
Creditors: amounts falling due within one year	9	(1,365,467)		(1,199,544)	
Net current assets			<u>898,137</u>		<u>822,610</u>
Total assets less current liabilities			<u>1,314,936</u>		<u>1,089,468</u>
Creditors: amounts falling due after more than one year	10		(459,155)		(560,292)
Provisions for liabilities and charges	11		(108,000)		(100,000)
			<u>747,781</u>		<u>429,176</u>
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		747,681		429,076
Shareholders' funds	14		<u>747,781</u>		<u>429,176</u>

The financial statements were approved by the Board of Directors on 27.7.01

J B Moore



Director

The accompanying accounting policies and notes form an integral part of these financial statements.

ALCON COMPONENTS LIMITED**CASH FLOW STATEMENT**

For the year ended 30 September 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	15	479,967	920,199
Returns on investments and servicing of finance			
Interest received		1,964	-
Interest paid		(34,932)	(33,128)
Finance lease interest paid		(7,380)	-
Net cash outflow from returns on investments and servicing of finance		(40,348)	(33,128)
Taxation		(274,964)	(137,348)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(58,856)	(70,436)
Net cash outflow from capital expenditure and financial investment		(58,856)	(70,436)
Equity dividends paid		(170,000)	(1,703,500)
Financing			
Receipts from borrowings		-	815,000
Repayment of borrowings		(142,491)	(115,000)
Capital element of finance lease rentals		(44,869)	-
Net cash outflow from financing		(187,360)	700,000
Decrease in cash	16	(251,561)	(324,213)

The accompanying accounting policies and notes form an integral part of these financial statements.

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2000

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is attributable to the following classes of continuing business:

The turnover and profit before taxation are attributable to the manufacture of braking systems and clutches.

An analysis of turnover by geographical market is given below:

	2000 £	1999 £
United Kingdom	1,929,663	1,466,247
Europe	2,601,426	2,187,037
USA	878,081	1,727,785
Other	323,395	235,307
	<u>5,732,565</u>	<u>5,616,376</u>

The profit on ordinary activities is stated after:

	2000 £	1999 £
Auditors' remuneration	8,500	8,000
Depreciation and amortisation:		
Tangible fixed assets, owned	101,495	217,930
Tangible fixed assets, held under finance leases and hire purchase contracts	41,994	-
Other operating lease rentals	77,748	23,060
Exchange differences on foreign currency borrowings	(50,207)	10,618
Provisions in respect of overseas contract	-	157,907
	<u>-</u>	<u>157,907</u>

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
On bank loans and overdrafts	34,932	33,128
Finance charges in respect of finance leases	7,380	-
Other interest payable and similar charges	(50,207)	10,618
	<u>(7,895)</u>	<u>43,746</u>
Other interest receivable and similar income	(1,964)	-
	<u>(9,859)</u>	<u>43,746</u>

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2000

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2000 £	1999 £
Wages and salaries	1,233,359	1,237,773
Social security costs	124,656	108,909
Other pension costs	59,994	51,752
	<u>1,418,009</u>	<u>1,398,434</u>

The average number of employees of the company during the year were as follows:

	2000 Number	1999 Number
Direct	24	22
Works	1	4
Staff	24	21
Directors	3	3
	<u>52</u>	<u>50</u>

Remuneration in respect of directors was as follows:

	2000 £	1999 £
Emoluments	<u>281,587</u>	<u>168,091</u>

During the year 2 directors (1999: 2) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid directors as follows:

	2000 £	1999 £
Emoluments and long-term incentive schemes	90,920	47,733
Pension contributions to money purchase pension schemes	<u>7,260</u>	<u>1,180</u>

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2000

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2000 £	1999 £
UK Corporation tax at 29.7% (1999: 30.5%)	134,432	228,448
Deferred taxation	-	(5,000)
	<u>134,432</u>	<u>223,448</u>
Adjustments in respect of prior periods:		
Corporation tax	3,316	(24,000)
	<u>137,748</u>	<u>199,448</u>

5 DIVIDENDS

	2000 £	1999 £
Ordinary shares - interim dividends	-	1,610,000
Ordinary shares - final dividend	<u>170,000</u>	<u>-</u>

6 TANGIBLE FIXED ASSETS

	Leasehold Improve- ments £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 October 1999	69,960	1,010,153	-	1,080,113
Additions	-	194,476	98,954	293,430
At 30 September 1999	<u>69,960</u>	<u>1,204,629</u>	<u>98,954</u>	<u>1,373,543</u>
Depreciation				
At 1 October 1999	69,960	743,295	-	813,255
Provided in the year	-	130,615	12,874	143,489
At 30 September 1999	<u>69,960</u>	<u>873,910</u>	<u>12,874</u>	<u>956,744</u>
Net book amount at 30 September 2000	<u>-</u>	<u>330,719</u>	<u>86,080</u>	<u>416,799</u>
Net book amount at 30 September 1999	<u>-</u>	<u>266,858</u>	<u>-</u>	<u>266,858</u>

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2000

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

	Plant and machinery £	Motor vehicles £
Net book amount at 30 September 2000	140,647	86,080
Net book amount at 30 September 1999	-	-
Depreciation provided during year	29,120	12,874

7 STOCKS

	2000 £	1999 £
Raw materials and consumable stores	639,994	449,706

8 DEBTORS

	2000 £	1999 £
Trade debtors	864,842	570,254
Amounts owed by group undertakings	408,807	443,616
Other debtors	19,976	17,867
Prepayments and accrued income	82,701	20,110
	<u>1,376,326</u>	<u>1,051,847</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank loan and overdraft (security - see note 10)	151,586	172,082
Trade creditors	760,591	554,267
Amounts owed to group undertakings	38,134	-
Corporation tax	91,232	228,448
Social security and other taxes	33,663	29,144
Other creditors	36,411	35,498
Accruals and deferred income	156,966	180,105
Amounts due under finance leases	96,884	-
	<u>1,365,467</u>	<u>1,199,544</u>

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2000

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Bank loan	366,334	560,292
Amounts due under finance leases	92,821	-
	<u>459,155</u>	<u>560,292</u>

The bank loan and overdraft in notes 9 and 10 are secured by a fixed and floating charges over the company's assets. The bank loan is repayable in equal monthly instalments of Euro 20,812 from November 1999 to March 2004.

Borrowings are repayable as follows:

	2000 £	1999 £
Within one year		
Bank and other borrowings	151,586	172,082
Finance leases	96,884	-
After one and within two years		
Bank and other borrowings	151,586	163,992
Finance leases	76,614	-
After two and within five years		
Bank and other borrowings	214,748	396,300
Finance leases	16,207	-
	<u>707,625</u>	<u>732,374</u>

11 PROVISIONS FOR LIABILITIES AND CHARGES

	Other provisions £
At 1 October 1999	100,000
Provided during the year	33,000
Utilised during the year	(25,000)
At 30 September 2000	<u>108,000</u>

At the year end a provision of £108,000 has been recognised for expected warranty claims on products sold within the last financial year.

ALCON COMPONENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 September 2000

12 SHARE CAPITAL

	2000 £	1999 £
Authorised Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid Ordinary shares of £1 each	<u>100</u>	<u>100</u>

13 RESERVES

	Profit and loss account £
At 1 October 1999	429,076
Retained profit for the year	<u>318,605</u>
At 30 September 2000	<u>747,681</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	488,605	701,890
Dividends	<u>(170,000)</u>	<u>(1,610,000)</u>
Net increase in shareholders' funds	318,605	(908,110)
Shareholders' funds at 1 October 1999	<u>429,176</u>	<u>1,337,286</u>
Shareholders' funds at 30 September 2000	<u>747,781</u>	<u>429,176</u>

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2000

15 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	616,494	945,084
Depreciation	143,489	217,930
Increase in stocks	(190,288)	(63,673)
Increase in debtors	(324,479)	(273,630)
Increase in creditors and provisions	234,751	94,488
Net cash inflow from continuing operating activities	<u>479,967</u>	<u>920,199</u>

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000 £	1999 £
Decrease in cash in the year	(251,561)	(324,213)
Cash outflow from financing in the year	142,491	(700,000)
Cash outflow from finance leases in the year	44,869	-
Change in net debt resulting from cashflows	(64,201)	(1,024,213)
Inception of finance leases	(234,574)	-
Effect of foreign exchange changes	50,207	(10,618)
Movement in net debt in the year	(248,568)	(1,034,831)
Net debt at 1 October 1999	(211,773)	823,058
Net debt at 30 September 2000	<u>(460,341)</u>	<u>(211,773)</u>

17 ANALYSIS OF CHANGES IN NET DEBT

	At 1 October 1999 £	Cash flow £	Non - cash items £	Exchange movement £	At 30 September 2000 £
Cash in hand and at bank	520,601	(273,317)	-	-	247,284
Overdrafts	(21,756)	21,756	-	-	-
Debt	(710,618)	142,491	-	50,207	(517,920)
Finance leases	-	44,869	(234,574)	-	(189,705)
	<u>(211,773)</u>	<u>(64,201)</u>	<u>(234,574)</u>	<u>50,207</u>	<u>(460,341)</u>

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2000

18 CAPITAL COMMITMENTS

	2000 £	1999 £
Contracted for but not provided in these statements	<u>125,865</u>	<u>140,000</u>

19 LEASING COMMITMENTS

Operating lease payments amounting to £43,969 (1999: £58,939) are due within one year. The leases to which these amounts relate expire as follows:

	2000		1999	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	-	1,651	-	2,319
Between one and five years	37,000	5,318	37,000	19,620
	<u>37,000</u>	<u>6,969</u>	<u>37,000</u>	<u>21,939</u>

20 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 September 2000 or 30 September 1999.

21 PENSIONS

Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

22 TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary of Automotive Performance Technologies Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Automotive Performance Technologies Limited.

23 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is its parent company Automotive Performance Technologies Limited.

The largest group of undertakings for which group accounts have been drawn up is that headed by Automotive Performance Technologies Limited which is registered in England and Wales and the smallest such group of undertakings, including the company, is headed by Automotive Performance Technologies Limited.