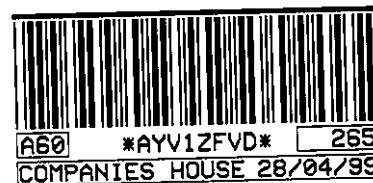


3167671

Report and Accounts

Magna Automotive Holding (U.K.) Limited

31 July 1998



Magna Automotive Holding (U.K.) Limited

Registered No. 3167671

DIRECTORS

J B Colburn
V J Galfi
P P Koob
M E McCarthy
H Mueller
S Wolf

SECRETARY

J B Colburn

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

Barclays Bank PLC
Sevenoaks Group
80 High Street
Sevenoaks
Kent TN13 1LR

SOLICITORS

Sidley & Austin
Royal Exchange
London EC3V 3LE

REGISTERED OFFICE

c/o Sidley & Austin
Royal Exchange
London EC3V 3LE

Magna Automotive Holding (U.K.) Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 July 1998.

RESULTS AND DIVIDENDS

The company's businesses and subsidiaries ("the group") loss for the year, after taxation amounted to £3,460,000 (1997 profit – £1,088,000). A dividend has not been recommended.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company was incorporated on 28 February 1996. The principal activity of the group is the design, engineering and manufacture of a complete range of interior and exterior vehicle systems, components and tooling for supply to the European automotive industry.

OPERATING PRINCIPLES

The manufacturing divisions within the group operate as relatively small and independent profit centres. The group is committed to an operating philosophy which is based on fairness for people and has adopted the Magna Employee's Charter which applies to Magna companies world-wide. This charter includes principles which strive to create a quality work environment by providing employees fair treatment, a safe and healthful work place, competitive wages and benefits and regular communication between management and employees.

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

FUTURE DEVELOPMENTS

During the year the group won new orders from customers and looks forward to future growth in years to come. Substantial investment in new plant and equipment is being made to provide the capacity for future development.

FIXED ASSETS

The movements in intangible and tangible fixed assets during the year are summarised in notes 10 and 11 to the accounts.

Subsequent to the year end Magna International Inc. reorganised certain of its real estate holdings. As part of this reorganisation the group transferred land and buildings to a non consolidated UK affiliated company and entered into long term lease back arrangements.

DIRECTORS AND THEIR INTERESTS

The directors during the year ended 31 July 1998 were as follows:

D Walker	(resigned 3 June 1998)
J B Colburn	
V J Galfi	
P P Koob	(appointed 3 June 1998)
M E McCarthy	(appointed 3 June 1998)
H Mueller	(appointed 3 June 1998)
S Wolf	(appointed 3 June 1998)

There are no directors interests requiring disclosure under the Companies Act 1985.

DIRECTORS' REPORT

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the group made charitable contributions amounting to £2,000. No political contributions were made during the year.

RESEARCH AND DEVELOPMENT

The group employs a number of staff on Research and Development. The department's work has concentrated on new materials associated with the company's core products.

YEAR 2000

The company has assessed the risk associated with the Year 2000 problem and has made significant progress in resolving issues by the assessment.

AUDITORS

A resolution to reappoint Ernst & Young will be proposed at the Annual General Meeting.

On behalf of the board


4 March 1999

Director

Magna Automotive Holding (U.K.) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

REPORT OF THE AUDITORS

to the members of Magna Automotive Holding (U.K.) Limited

We have audited the accounts on pages 6 to 21, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

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

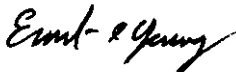
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 July 1998 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

4 March 1999

Magna Automotive Holding (U.K.) Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 July 1998

		Year ended 31 July 1998 £000	17 month period ended 31 July 1997 £000
	Notes		
TURNOVER	2	241,265	192,568
Cost of sales		(214,294)	(168,503)
Gross profit		26,971	24,065
Administrative expenses		(28,067)	(21,464)
Group operating (loss)/profit		(1,096)	2,601
Share of operating profit in associated undertaking		1,143	985
TOTAL OPERATING PROFIT:			
GROUP AND SHARE OF ASSOCIATE	3	47	3,586
Interest receivable	6		
Group and external		506	252
Associate		139	—
Interest payable and similar changes	7	(3,871)	(2,321)
		(3,226)	(2,069)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,179)	1,517
Tax on (loss)/profit on ordinary activities	8	(281)	(429)
(LOSS)/PROFIT RETAINED FOR THE PERIOD		(3,460)	1,088

The movements on reserves are shown in note 19 to the accounts.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to shareholders of the group of £3,460,000 (1997 profit – £1,088,000) in the year.

Magna Automotive Holding (U.K.) Limited

RECONCILIATION OF SHAREHOLDERS' FUNDS for the year ended 31 July 1998

	<i>Year ended 31 July 1998 £000</i>	<i>17 month period ended 31 July 1997 £000</i>
Shareholders' funds at 31 July 1997	41,241	—
New shares issued during the period	—	40,153
(Losses)/profits recognised during the period	(3,460)	1,088
Shareholders' funds at 31 July 1998	<u>37,781</u>	<u>41,241</u>

Magna Automotive Holding (U.K.) Limited

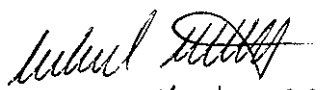
GROUP BALANCE SHEET

at 31 July 1998

	Notes	1998 £000	1997 £000
FIXED ASSETS			
Intangible assets	10	28,424	29,856
Tangible assets	11	51,652	46,940
Investment in associate	12	13,064	12,661
Other investments		5	5
		<u>93,145</u>	<u>89,462</u>
CURRENT ASSETS			
Stock	13	9,628	15,045
Debtors	14	45,278	59,521
Cash		1,469	5,395
		<u>56,375</u>	<u>79,961</u>
CREDITORS: amounts falling due within one year	15	111,553	107,979
NET CURRENT LIABILITIES		<u>55,178</u>	<u>28,018</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>37,967</u>	<u>61,444</u>
CREDITORS: amounts falling due after more than one year	16	–	20,000
PROVISIONS FOR LIABILITIES AND CHARGES	17	186	203
		<u>186</u>	<u>20,203</u>
		<u>37,781</u>	<u>41,241</u>
CAPITAL AND RESERVES			
Called up share capital	18	40,153	40,153
Profit and loss account	19	(2,372)	1,088
		<u>37,781</u>	<u>41,241</u>

Approved by the Board on
and signed on its behalf by

Director


4 March 1999

Magna Automotive Holding (U.K.) Limited

BALANCE SHEET

at 31 July 1998

	Notes	1998 £000	1997 £000
FIXED ASSETS			
Investments	12	48,159	48,159
CURRENT ASSETS			
Debtors	14	55,190	46,899
Cash		575	—
		55,765	46,899
CREDITORS: amounts falling due within one year	15	65,012	55,325
NET CURRENT LIABILITIES		9,247	8,426
TOTAL ASSETS LESS CURRENT LIABILITIES		38,912	39,733
CREDITORS: amounts falling due after more than one year	16	—	—
		38,912	39,733
CAPITAL AND RESERVES			
Called up share capital	18	40,153	40,153
Profit and loss account	9	(1,241)	(420)
		38,912	39,733

Approved by the Board on
and signed on its behalf by

Director



NOTES TO THE ACCOUNTS

at 31 July 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated accounts of the group incorporate the accounts of the company and all its subsidiary undertakings.

The results of companies acquired or disposed of during the period are included with effect from the date of acquisition or up to the date of disposal.

Undertakings, other than subsidiary undertakings, in which the group has an investment and over which it is in a position to exercise significant influence are treated as associated undertakings. The group accounts include the appropriate share of these undertakings results and resources based on accounts to 31 July 1998.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Goodwill

Goodwill, which represents the excess of the purchase price of the company's interest in subsidiary undertakings over the fair value of the underlying net identifiable assets arising on acquisitions, is amortised on a straight line basis over its useful economic life which is presumed not to exceed 20 years.

Tangible fixed assets

Tangible fixed assets are recorded at historical cost. Depreciation is provided on all tangible fixed assets, other than freehold land, on a straight line basis over the estimated useful life of the fixed assets as follows:

Freehold building	–	25 to 40 years
Leasehold building	–	5 to 15 years
Plant and machinery	–	4 to 15 years
Fixtures and fittings	–	2 to 15 years
Motor vehicles	–	4 to 5 years

Leasing commitments

Rentals payable under operating leases are charge in the profit and loss account as they fall due.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at a tax rate at which the timing differences are expected to reverse.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes variable and fixed overheads appropriate to the latest stage of production.

Magna Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 July 1998

1. ACCOUNTING POLICIES (continued)

Tooling contracts

Turnover in relation to long term tooling contracts are recognised in the accounts in proportion to the level of completion of the tooling project. Other incomplete tooling projects are included in stock at cost less payments on account, being all amounts received and receivable at the balance sheet date in respect of contracts in progress.

Cash flow statement

The directors have not prepared a cash flow statement as the group is indirectly wholly owned by Magna International Inc. which prepares publicly available consolidated financial statements in which the group is included.

Pensions

The group operates a money purchase and defined benefit pension scheme. Contributions to the money purchase scheme are charged to the profit and loss account as incurred. Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the group.

Research and development

Research and development expenditure is written off as incurred.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to the supply of design, engineering and manufacture of interior and exterior vehicle systems, components and tools to the European automotive industry.

3. OPERATING PROFIT

This is stated after charging:

	<i>Year ended 31 July 1998 £000</i>	<i>17 month period ended 31 July 1997 £000</i>
Depreciation of tangible fixed assets	7,721	6,779
Amortisation of goodwill	1,507	1,034
Hire of plant and machinery	314	419
Operating leases		
– land and buildings	1,495	1,424
– plant and machinery	1,638	641
Auditors' remuneration		
– audit	117	133
– other	90	2
	<u> </u>	<u> </u>

4. DIRECTORS' EMOLUMENTS

	<i>Year ended 31 July 1998 £000</i>	<i>17 month period ended 31 July 1997 £000</i>
Emoluments	10	–
	<u> </u>	<u> </u>

Magna Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 July 1998

5. STAFF COSTS

	<i>Year ended</i> <i>31 July</i> <i>1998</i> <i>£000</i>	<i>17 month</i> <i>period ended</i> <i>31 July</i> <i>1997</i> <i>£000</i>
Wages and salaries	49,244	33,894
Social security costs	4,031	2,633
Other pension costs	2,726	2,034
	<u>56,001</u>	<u>38,561</u>

The average number of persons employed by the group during the period was:

	<i>No.</i>	<i>No.</i>
Manufacturing	2,219	2,223
Management, sales and administration	306	307
	<u>2,525</u>	<u>2,530</u>

6. INTEREST RECEIVABLE

	<i>Year ended</i> <i>31 July</i> <i>1998</i> <i>£000</i>	<i>17 month</i> <i>period ended</i> <i>31 July</i> <i>1997</i> <i>£000</i>
Interest receivable from external sources	267	252
Interest receivable from group undertakings	239	—
Share of interest of associated undertaking	139	—
	<u>645</u>	<u>252</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>Year ended</i> <i>31 July</i> <i>1998</i> <i>£000</i>	<i>17 month</i> <i>period ended</i> <i>31 July</i> <i>1997</i> <i>£000</i>
Bank loans and overdrafts	85	163
Other loans	—	47
Interest payable to group undertakings	3,786	2,111
	<u>3,871</u>	<u>2,321</u>

Magna Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 July 1998

8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The charge based on the results for the year comprises:

	<i>Year ended 31 July 1998 £000</i>	<i>17 month period ended 31 July 1997 £000</i>
UK corporation tax at 31% (1997 – 32%)	411	(186)
Deferred taxation	–	140
Adjustment to prior years	(188)	–
Tax attributable to associated undertaking	(504)	(383)
	<u>(281)</u>	<u>(429)</u>

9. NET LOSS

	<i>Year ended 31 July 1998 £000</i>	<i>17 month period ended 31 July 1997 £000</i>
Loss dealt with in the accounts of Magna Automotive Holding (U.K.) Limited	821	420
	<u>821</u>	<u>420</u>

In accordance with the exemptions allowed by section 230 of the companies Act 1985 the company has not presented its own profit and loss account.

10. INTANGIBLE ASSETS

<i>Group</i>	<i>Goodwill £000</i>
Cost:	
At 31 July 1997	30,385
Additions (note 26)	75
At 31 July 1998	<u>30,460</u>
Amortisation:	
At 31 July 1997	529
Provided during the year	1,507
At 31 July 1998	<u>2,036</u>
Net book amount:	
At 31 July 1998	<u>28,424</u>
At 31 July 1997	<u>29,856</u>

Goodwill is being amortised over its estimated useful life of 20 years.

Magna Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 July 1998

11. TANGIBLE ASSETS

Group

	<i>Land and buildings £000</i>	<i>Fixtures, fittings, motor vehicles, plant and machinery £000</i>	<i>Total £000</i>
Cost:			
At 31 July 1997	12,233	41,229	53,462
Additions	712	11,811	12,523
Disposals	(32)	(755)	(787)
At 31 July 1998	12,913	52,285	65,198
Depreciation:			
At 31 July 1997	268	6,254	6,522
Provided during the year	422	7,299	7,721
Disposals	(8)	(689)	(697)
At 31 July 1998	682	12,864	13,546
Net book amounts:			
At 31 July 1998	12,231	39,421	51,652
At 31 July 1997	11,965	34,975	46,940

Included within land and buildings are short leasehold properties with a net book value of £412,000.

Magna Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 July 1998

12. INVESTMENTS

<i>Group</i>	<i>1998 £000</i>	<i>1997 £000</i>
Associated undertaking (a)	13,064	12,661
Other investments	5	5
	<u>13,069</u>	<u>12,666</u>

(a) Associated undertaking

	<i>Share of net tangible assets £000</i>	<i>Goodwill £000</i>	<i>Total £000</i>
At 31 July 1997	5,404	7,257	12,661
Share of profit retained by associated undertakings	1,147	—	1,147
Dividend	(375)	—	(375)
Amortisation of goodwill	—	(369)	(369)
At 31 July 1998	<u>6,176</u>	<u>6,888</u>	<u>13,064</u>

Goodwill is amortised over its estimated useful life of 20 years.

The group's share of retained profits of associated undertakings at 31 July 1998 is £1,302,000 (1997 — £899,000).

Additional disclosures are given in respect of Magna Kansei Limited, which exceeds certain thresholds under Financial Reporting Standards No. 9 *Associates and Joint Ventures*, as follows:

	<i>1998 £000</i>	<i>1997 £000</i>
Fixed assets	5,336	4,646
Current assets	6,460	6,698
Share of gross assets	<u>11,796</u>	<u>11,344</u>
Liabilities due within one year	5,551	5,392
Liabilities due after more than one year	69	548
Share of gross liabilities	<u>5,620</u>	<u>5,940</u>
Share of net assets	<u>6,176</u>	<u>5,404</u>

Magna Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 July 1998

12. INVESTMENTS (continued)

	1998 £000	1997 £000
Turnover	16,676	14,229
Profit before tax	1,282	985
Taxation	(504)	(383)
Profit after tax	778	602
<i>Company</i>		
	<i>Subsidiary undertakings £000</i>	
Cost:		
At 31 July 1997	48,159	
Additions	—	
Redemption of preference shares	—	
At 31 July 1998	48,159	

Principal subsidiaries

The principal subsidiaries of Magna Automotive Holding (U.K.) Limited at 31 July 1998, which are all registered in England and Wales were:

	Proportion held	Principal activity
Magna Exterior Systems Limited	100%	Automotive
Magna Exterior Systems (Swindon) Limited	100%	Automotive
Magna Interior Systems Limited	100%	Automotive
Tricom Group Holding Limited	100%	Holding company
Magna Seating Systems Limited	100%	Automotive
Tricom Systems Limited	100%	Engineering
Tricom Properties Limited	100%	Property
<i>Associated undertaking</i>		
Magna Kansei Limited	50%	Automotive

13. STOCK

	Group		Company	
	1998 £000	1997 £000	1998 £000	1997 £000
Raw materials and consumables	6,232	6,831	—	—
Work in progress	291	439	—	—
Finished goods and goods for resale	2,560	2,569	—	—
Other	545	5,206	—	—
	9,628	15,045	—	—

Magna Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 July 1998

14. DEBTORS

	Group		Company	
	1998	1997	1998	1997
	£000	£000	£000	£000
<i>Current</i>				
Trade debtors	38,875	37,339	—	—
Amounts due from subsidiary undertakings	—	—	55,017	26,718
Amounts due from group undertakings	1,603	20,334	—	20,004
Other debtors	1,698	504	33	37
Prepayments and accrued income	2,962	1,204	—	—
Deferred tax	140	140	140	140
	<u>45,278</u>	<u>59,521</u>	<u>55,190</u>	<u>46,899</u>

Deferred taxation is represented by other short term timing differences.

15. CREDITORS: amounts falling due within one year

	Group		Company	
	1998	1997	1998	1997
	£000	£000	£000	£000
Bank overdrafts (unsecured)	—	176	—	—
Trade creditors	34,343	33,004	—	—
Other loans	1,020	1,020	—	—
Deferred consideration payable	6,650	6,650	6,650	6,650
Amounts owing to subsidiary undertakings	—	—	5,874	189
Amounts owing to group undertakings	57,314	49,508	52,263	48,162
Corporation tax	794	2,622	35	35
Deferred tax	341	—	—	—
Social security and other taxes	3,131	3,537	—	—
Other creditors and accruals	7,960	11,462	190	289
	<u>111,553</u>	<u>107,979</u>	<u>65,012</u>	<u>55,325</u>

16. CREDITORS: amounts falling due after more than one year

	Group		Company	
	1998	1997	1998	1997
	£000	£000	£000	£000
Wholly repayable within five years:				
Loan from group undertaking (non interest bearing)	—	20,000	—	—
Analysis of changes in loan financing during the year:				
At 31 July 1997	20,000	—	—	—
(Repaid)/raised	(20,000)	20,000	—	—
At 31 July 1998	—	20,000	—	—

Magna Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 July 1998

17. PROVISIONS FOR LIABILITIES AND CHARGES

Group

	<i>Redundancy provision £000</i>	<i>Warranty provision £000</i>	<i>Total £000</i>
At 31 July 1997	115	88	203
Changes during the year	(68)	51	(17)
At 31 July 1998	47	139	186

Deferred taxation

There is an unprovided deferred tax liability of £1,605,000 made up of:

	<i>1998 £000</i>	<i>Group 1997 £000</i>
Accelerated capital allowances	2,920	1,247
Other timing differences	(1,315)	(1,199)
	1,605	48

Company

The company had no provisions for liabilities and charges.

18. SHARE CAPITAL

	<i>1998 £</i>	<i>1997 £</i>
Authorised:		
100 ordinary shares of £1 each	100	100
49,999,900 redeemable preference shares of £1 each	49,999,900	49,999,900
	50,000,000	50,000,000
	<i>1998 £</i>	<i>1997 £</i>
Allotted, called up and fully paid:		
1 Ordinary share of £1	1	1
40,152,999 Redeemable preference shares of £1 each	40,152,999	40,152,999
	40,153,000	40,153,000

Magna Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 July 1998

18. SHARE CAPITAL (continued)

The preference shares, which were issued at par, are redeemable by the company at any time. They carry the same dividend and voting rights as ordinary shares.

On a winding up of the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, £1 per share.

19. RESERVES

Group

*Profit and
loss account
£000*

At 31 July 1997	1,088
Retained loss for the year	(3,460)
At 31 July 1998	(2,372)

20. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

Annual commitments under non cancellable operating leases are as follows:

	<i>Land and buildings 1998 £000</i>	<i>Other 1998 £000</i>
Operating leases which expire:		
Within one year	638	661
Within two to five years	1,655	570
After five years	3,232	103
	<u>5,525</u>	<u>1,334</u>

21. PENSION ARRANGEMENTS

The group and its subsidiaries operate a defined contribution pension scheme and a defined benefit pension scheme. The assets of these schemes are held separately from those of the group in independently administered funds. The individual disclosures regarding pension arrangements are contained in the accounts for each subsidiary.

22. CONTINGENT LIABILITIES

The group has contingent liabilities arising in the ordinary course of business of £50,000 (1997 - £30,000).

23. CAPITAL COMMITMENTS

	<i>1998 £000</i>	<i>1997 £000</i>
Contracted	11,066	3,099
Authorised but not contracted	<u>328</u>	<u>237</u>

Magna Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 July 1998

24. ULTIMATE PARENT UNDERTAKING

In the directors opinion the ultimate parent undertaking, controlling party and parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member, is Magna International Inc. incorporated in Ontario, Canada. The immediate parent undertaking of the company is Magna Investments N.V., registered in Belgium.

Copies of the accounts of Magna International Inc. are available from 337 Magna Drive, Aurora, Ontario, Canada L4G 7K1.

25. RELATED PARTY TRANSACTIONS

The company has utilised the exemption available under FRS8 as a wholly owned subsidiary undertaking not to disclose transactions with other entities that are part of or investees in Magna International Inc.

During the year, the group sold and purchased goods to and from Magna Kansei Limited, a company which is an associate of the group. The total value of these transactions was as follows:

	1998 £000	1997 £000
Goods sold	2,280	4,050
Goods purchased	5,241	5,993

At balance sheet date, the following amounts were due from/(due to) the group.

	1998 £000	1997 £000
Due from Magna Kansei Limited	127	269
Due to Magna Kansei Limited	(968)	(1,261)

26. ACQUISITIONS

On 24 November 1996 the group acquired from Caradon plc a business and shares in a company, which both manufacture exterior automotive components for a consideration of £20,000,000 satisfied by cash. Goodwill arising on the acquisition of the business has been capitalised as an intangible asset.

Additional costs of £75,000 relating to the above acquisition were identified during the year ended 31 July 1998.

Magna Automotive Holding (U.K.) Limited

NOTES TO THE ACCOUNTS

at 31 July 1998

26. ACQUISITIONS (continued)

Analysis of the acquisition of the exterior components business:

Net assets at date of acquisition:

	<i>Book value £000</i>	<i>Adjustments other £000</i>	<i>Fair value to group £000</i>
Tangible fixed assets	15,057	—	15,057
Stocks	4,313	—	4,313
Debtors	5,615	—	5,615
Cash	569	—	569
Creditors due within one year	(6,788)	—	(6,788)
Other borrowings	(956)	—	(956)
Net assets	17,810	—	17,810
Goodwill arising on acquisition			2,346
Addition in 1998			75
Consideration paid including costs			20,231
Discharged by:			
Cash			20,000
Costs associated with the acquisition			156
Additional cost 1998			75
			20,231

It is not practicable to provide details of pre-acquisition results as the operations were part of a larger company.