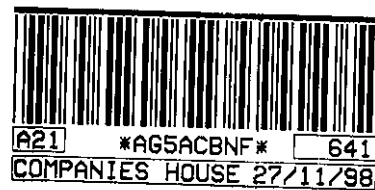


Company No 01432801

Grant Thornton 



**METRO PRODUCTS
(ACCESSORIES & LEISURE)
LIMITED**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

15 MAY 1998

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 15 MAY 1998

Company registration number:

01432801

Registered office:

Dominion House
Kennetside
NEWBURY
Berkshire
RG14 5PX

Directors:

E J Johnston
R H McGrath
T S Redfern

Secretary:

T S Redfern

Auditors:

Grant Thornton
Registered Auditors
Chartered Accountants
Grant Thornton House
Kettering Parkway
KETTERING
Northants
NN15 6XR

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 15 MAY 1998

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METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 15 MAY 1998

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METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the period ended 15 May 1998.

Principal activities

The company was principally engaged in the selling of automotive accessories and automotive security products up until the end of the period under review.

Business review

The business was acquired by H Young (Operations) Limited on 15 May 1998. The business and net assets were transferred to a separate division of H Young (Operations) Limited on 16 May 1998, and the company ceased to trade from that date.

The directors were satisfied with the performance of the company in the period to 15 May 1998.

There was a profit for the period after taxation amounting to £682,398 (1997 - loss £124,200). Dividends of £2,000,000 (1997 - £nil) have been paid during the period, and the loss of £1,317,602 (1997 - loss £124,200) has therefore been transferred from reserves.

Directors

None of the directors served throughout the period. Mr J V Pullin was appointed to the Board on 19 September 1997. On the same date, Mr I D Brooker resigned from the Board. Mrs E J Johnston, Mr R H McGrath and Mr T S Redfern were appointed to the Board on 15 May 1998. On the same date, Mr E M Pflanz and Mr J V Pullin resigned from the Board.

None of the directors had a direct interest in the shares of the company at the date of their appointment to the Board or at 15 May 1998.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial period 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;
- 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.

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED

REPORT OF THE DIRECTORS

Year 2000 compliance

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to some degree on those of the company's customers and suppliers.

The company has completed the process of assessing these risks resulting from this issue. No significant costs have been incurred.

Auditors

Grant Thornton offer themselves for re-appointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



T S Redfern
Secretary

10 NOVEMBER 1998

REPORT OF THE AUDITORS TO THE MEMBERS OF

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED

We have audited the financial statements on pages 4 to 17 which have been prepared under the accounting policies set out on pages 4 and 5.

Respective responsibilities of directors and auditors

As described on page 1 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.

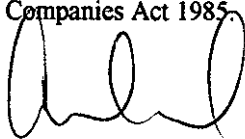
Basis of opinion

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 15 May 1998 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
KETTERING**

16 November 1998

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous period 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.

DEPRECIATION

Depreciation is calculated to write down the cost of all tangible fixed assets by annual instalments over their expected useful lives.

The periods generally applicable are:

Improvements to short leasehold property	- period of lease
Motor vehicles	- 4 years straight line
Fixtures and fittings	- 10 years straight line
Plant and machinery	- 4 years straight line
Computer software	- 2 years straight line
Computer hardware	- 4 years straight line
Mould tools	- 5 years straight line
Merchandising stands	- 2 years straight line

Following a review of improvements to leasehold property and fixtures and fittings depreciation, the directors considered that a further reduction in value was required on certain items.

The directors also now consider that the useful economic life of mould tools approximates to 5 years, and not 4 years as previously thought and have amended the depreciation charge accordingly.

The effect of the above was to reduce the book value of improvements to leasehold property and fixtures and fittings by £39,987 and £39,382 respectively and to increase the book value of mould tools by £79,369. There is no net effect on the profit on ordinary activities.

STOCKS

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

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED

PRINCIPAL ACCOUNTING POLICIES

DEFERRED TAXATION

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

CONTRIBUTIONS TO PENSION FUNDS

The company contributes to the personal pension plans of certain former directors. The pension costs charged against profits represent the amount of the contributions payable in respect of the accounting period.

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.

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 and all exchange differences are dealt with through the profit and loss account.

RESEARCH AND DEVELOPMENT

Expenditure on research and development is charged to profits in the period in which it is incurred.

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 15 MAY 1998

	Note	Period ended 15 May 1998 £	7 months ended 31 May 1997 £
Turnover	1	8,420,836	5,442,081
Cost of sales		<u>4,525,957</u>	<u>3,011,580</u>
Gross profit		3,894,879	2,430,501
Distribution costs		166,414	145,823
Administrative expenses		<u>3,100,002</u>	<u>2,374,443</u>
Operating profit/(loss)	14	628,463	(89,765)
Exceptional item			
Reorganisation costs of continuing operations		0	58,406
Net interest	2	<u>50,802</u>	<u>31,029</u>
Profit/(loss) on ordinary activities before taxation	1	577,661	(179,200)
Tax on profit/(loss) on ordinary activities	4	<u>(104,737)</u>	<u>(55,000)</u>
Profit/(loss) for the period	13	682,398	(124,200)
Dividends			
Equity	5	<u>2,000,000</u>	<u>0</u>
Transfer from reserves	12	<u>(1,317,602)</u>	<u>(124,200)</u>

There were no recognised gains or losses other than the result for the financial period.

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

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED

BALANCE SHEET AT 15 MAY 1998

	Note	£	1998 £	£	1997 £
Fixed assets					
Tangible assets	6		434,803		676,092
Current assets					
Stocks	7	932,352		1,008,236	
Debtors	8	1,789,154		2,476,573	
Cash at bank and in hand		<u>10,850</u>		<u>2,636,339</u>	
		2,732,356		6,121,148	
Creditors: amounts falling due within one year	9	<u>2,697,297</u>		<u>4,856,680</u>	
Net current assets			<u>35,059</u>		<u>1,264,468</u>
Total assets less current liabilities			469,862		1,940,560
Provisions for liabilities and charges	10		<u>66,094</u>		<u>219,190</u>
			<u>403,768</u>		<u>1,721,370</u>
Capital and reserves					
Called up share capital	11		12,245		12,245
Profit and loss account	12		<u>391,523</u>		<u>1,709,125</u>
Shareholders' funds	13		<u>403,768</u>		<u>1,721,370</u>

The financial statements were approved by the Board of Directors on 10 NOVEMBER 1998



E J Johnston
Director

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

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED**CASH FLOW STATEMENT****FOR THE PERIOD ENDED 15 MAY 1998**

	Note	Period ended 15 May 1998 £	7 months ended 31 May 1997 £
Net cash (outflow)/inflow from operating activities	14	(2,952,294)	1,771,855
Returns on investments and servicing of finance			
Interest received		242	0
Interest paid		(48,294)	(24,228)
Finance lease interest paid		<u>(2,750)</u>	<u>(6,801)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(50,802)</u>	<u>(31,029)</u>
Taxation		6,720	3,360
Capital expenditure			
Purchase of tangible fixed assets		(54,896)	(14,570)
Sale of tangible fixed assets		<u>66,503</u>	<u>84,905</u>
Net cash inflow from capital expenditure		<u>11,607</u>	<u>70,335</u>
Equity dividends paid		(746,306)	0
Financing			
Repayment of borrowing		0	(473,000)
Capital element of finance lease rentals		<u>(21,609)</u>	<u>(61,067)</u>
Net cash outflow from financing	15	<u>(21,609)</u>	<u>(534,067)</u>
(Decrease)/increase in cash	16	<u><u>(3,752,684)</u></u>	<u><u>1,280,454</u></u>

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

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 15 MAY 1998

1 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit/(loss) before taxation are attributable to the selling of automotive accessories and automotive security products, which were carried out by the company up until the end of the period under review.

An analysis of turnover by geographical market is given below:

	Period ended 15 May 1998 £	7 months ended 31 May 1997 £
UK	7,007,036	3,960,542
Rest of the world	<u>1,413,800</u>	<u>1,481,539</u>
	<u>8,420,836</u>	<u>5,442,081</u>

The profit/(loss) on ordinary activities is stated after:

	Period ended 15 May 1998 £	7 months ended 31 May 1997 £
Auditors' remuneration	14,500	12,500
Depreciation of tangible fixed assets:		
Owned	268,019	180,112
Held under finance leases and hire purchase contracts	0	23,046
Hire of plant and machinery	3,307	6,525
Other operating lease rentals	<u>295,713</u>	<u>202,353</u>

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 15 MAY 1998

2 NET INTEREST

	Period ended 15 May 1998 £	7 months ended 31 May 1997 £
On bank overdraft	36,839	24,228
Finance charges in respect of finance leases	2,750	6,801
Other interest payable	<u>11,455</u>	<u>0</u>
	51,044	31,029
Other interest receivable and similar income	<u>(242)</u>	<u>0</u>
	<u>50,802</u>	<u>31,029</u>

3 DIRECTORS AND EMPLOYEES

Staff costs during the period were as follows:

	Period ended 15 May 1998 £	7 months ended 31 May 1997 £
Wages and salaries	925,789	740,023
Social security costs	87,784	71,184
Other pension costs	<u>13,695</u>	<u>12,348</u>
	<u>1,027,268</u>	<u>823,555</u>

The average number of employees of the company during the period was as follows:

	Period ended 15 May 1998 Number	7 months ended 31 May 1997 Number
Production and warehouse	29	44
Sales and marketing	14	21
Administration	<u>7</u>	<u>11</u>
	<u>50</u>	<u>76</u>

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 15 MAY 1998**

DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of directors was as follows:

	Period ended 15 May 1998 £	7 months ended 31 May 1997 £
Emoluments	148,514	89,343
Pension contributions to money purchase pension schemes	<u>13,695</u>	<u>6,851</u>
	162,209	96,194
Compensation for loss of office	<u>77,000</u>	<u>0</u>
	<u>239,209</u>	<u>96,194</u>

During the period 1 director (1997 - 2) participated in money purchase pension schemes.

In addition, Mr T A E W Wardale was paid £71,352 (1997 - £21,445) as invoiced by a company owned by him.

4 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The tax credit represents:

	Period ended 15 May 1998 £	7 months ended 31 May 1997 £
Corporation tax at 31% (1997 - 33%)	3,475	(55,000)
Adjustments in respect of prior year: Corporation tax	<u>(108,212)</u>	<u>0</u>
	<u>(104,737)</u>	<u>(55,000)</u>

5 DIVIDENDS

	Period ended 15 May 1998 £	7 months ended 31 May 1997 £
Equity dividend:		
Interim dividend	<u>2,000,000</u>	<u>0</u>

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 15 MAY 1998

6 TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 June 1997	160,536	1,806,826	185,426	2,152,788
Additions	<u>0</u>	<u>54,896</u>	<u>0</u>	<u>54,896</u>
	160,536	1,861,722	185,426	2,207,684
Disposals	<u>(12,392)</u>	<u>(246,499)</u>	<u>(116,325)</u>	<u>(375,216)</u>
At 15 May 1998	<u>148,144</u>	<u>1,615,223</u>	<u>69,101</u>	<u>1,832,468</u>
Depreciation				
At 1 June 1997	96,215	1,265,986	114,495	1,476,696
Provided in the period	<u>64,321</u>	<u>170,549</u>	<u>33,149</u>	<u>268,019</u>
	160,536	1,436,535	147,644	1,744,715
Eliminated on disposals	<u>(12,392)</u>	<u>(243,793)</u>	<u>(90,865)</u>	<u>(347,050)</u>
At 15 May 1998	<u>148,144</u>	<u>1,192,742</u>	<u>56,779</u>	<u>1,397,665</u>
Net book amount at 15 May 1998	<u>0</u>	<u>422,481</u>	<u>12,322</u>	<u>434,803</u>
Net book amount at 31 May 1997	<u>64,321</u>	<u>540,840</u>	<u>70,931</u>	<u>676,092</u>

7 STOCKS

	1998 £	1997 £
Raw materials and components	740,976	791,420
Work in progress	76,557	60,952
Finished goods and goods for resale	<u>114,819</u>	<u>155,864</u>
	<u>932,352</u>	<u>1,008,236</u>

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 15 MAY 1998****8 DEBTORS**

	1998 £	1997 £
Trade debtors	1,577,110	2,311,684
Other debtors	5,327	33,628
Prepayments	206,717	131,261
	<u>1,789,154</u>	<u>2,476,573</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Bank overdraft	1,127,195	0
Trade creditors	1,156,229	1,913,946
Amounts owed to group undertakings	0	2,331,545
Corporation tax	16,915	114,932
Social security and other taxes	65,767	52,214
Other creditors	12,296	37,471
Accruals	318,895	384,963
Amounts due under finance leases	0	21,609
	<u>2,697,297</u>	<u>4,856,680</u>

The bank overdraft is secured by a fixed and floating charge over all assets. The charge is in favour of Midland Bank plc as given by H Young (Operations) Limited.

10 PROVISIONS FOR LIABILITIES AND CHARGES

	Other provisions £
At 1 June 1997	219,190
Utilised during the period	<u>(153,096)</u>
At 15 May 1998	<u>66,094</u>

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 15 MAY 1998

11 SHARE CAPITAL

	1998 and 1997 £
Authorised	
20,000 ordinary shares of £1 each	20,000
1,000 'A' non-voting shares of £1 each	<u>1,000</u>
	<u>21,000</u>
Allotted, called up and fully paid	
12,000 ordinary shares of £1 each	12,000
245 'A' non-voting shares of £1 each	<u>245</u>
	<u>12,245</u>

12 PROFIT AND LOSS ACCOUNT

	£
At 1 June 1997	1,709,125
Loss for the period	<u>(1,317,602)</u>
At 15 May 1998	<u>391,523</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit/(loss) for the period	682,398	(124,200)
Dividends	<u>2,000,000</u>	<u>0</u>
Net decrease in shareholders' funds	(1,317,602)	(124,200)
Shareholders' funds at 1 June 1997	<u>1,721,370</u>	<u>1,845,570</u>
Shareholders' funds at 15 May 1998	<u>403,768</u>	<u>1,721,370</u>

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 15 MAY 1998****14 NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	Period ended 15 May 1998 £	7 months ended 31 May 1997 £
Operating profit/(loss)	628,463	(89,765)
Depreciation	268,019	203,158
Profit on sale of tangible fixed assets	(38,337)	0
Decrease/(increase) in stock	75,884	(138,537)
Decrease in debtors	687,419	1,785,854
(Decrease)/increase in creditors and provisions	<u>(4,573,742)</u>	<u>149,725</u>
Net cash (outflow)/inflow from continuing activities	(2,952,294)	1,910,435
Net cash outflow in respect of reorganisation costs	<u>0</u>	<u>(138,580)</u>
Net cash (outflow)/inflow from operating activities	<u><u>(2,952,294)</u></u>	<u><u>1,771,855</u></u>

15 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Period ended 15 May 1998 £	7 months ended 31 May 1997 £
(Decrease)/increase in cash in the period	(3,752,684)	1,280,454
Cash outflow from financing	0	473,000
Cash outflow from finance leases	<u>21,609</u>	<u>61,067</u>
Movement in net funds in the year	(3,731,075)	1,814,521
Net funds at 1 June 1997	<u>2,614,730</u>	<u>800,209</u>
Net debt at 15 May 1998	<u><u>(1,116,345)</u></u>	<u><u>2,614,730</u></u>

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 15 MAY 1998**

16 ANALYSIS OF CHANGES IN NET DEBT

	At 1 June 1997 £	Cashflow £	At 15 May 1998 £
Cash in hand and at bank	2,636,339	(2,625,489)	10,850
Bank overdraft	<u>0</u>	<u>(1,127,195)</u>	<u>(1,127,195)</u>
Finance leases	2,636,339	(3,752,684)	(1,116,345)
	<u>(21,609)</u>	<u>21,609</u>	<u>0</u>
	<u>2,614,730</u>	<u>(3,731,075)</u>	<u>(1,116,345)</u>

17 MAJOR NON-CASH TRANSACTIONS

Part of the dividend payable of £2,000,000 comprised the settlement of amounts owed by group undertakings of £1,253,694.

18 CAPITAL COMMITMENTS

There were no capital commitments at 15 May 1998 or 31 May 1997.

19 CONTINGENT LIABILITIES

There were no contingent liabilities at 15 May 1998 or 31 May 1997.

20 PENSIONS

The company contributes to the personal pension plans of certain former directors.

METRO PRODUCTS (ACCESSORIES & LEISURE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 15 MAY 1998**

21 LEASING COMMITMENTS

Operating lease payments amounting to £339,063 (1997 - £346,891) are due within one year. The leases to which these amounts relate expire as follows:

	1998		1997	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	0	5,063	0	8,757
Between one and five years	<u>334,000</u>	<u>0</u>	<u>334,000</u>	<u>4,134</u>
	<u>334,000</u>	<u>5,063</u>	<u>334,000</u>	<u>12,891</u>

22 CONTROLLING RELATED PARTY

The ultimate parent undertaking and controlling related party of this company is H Young Holdings plc.

As a wholly owned subsidiary of H Young Holdings plc the company is exempt from the requirement of FRS 8 to disclose transactions with other members of the group headed by H Young Holdings plc.