

**RECARO UK LIMITED**  
**COMPANY REGISTRATION NO 3377489**

**ACCOUNTS FOR THE 32 WEEK PERIOD**  
**ENDED 31 DECEMBER 1997**



**RECARO UK LIMITED**

**ACCOUNTS FOR THE 32 WEEK PERIOD**

**ENDED 31 DECEMBER 1997**

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**RECARO UK LIMITED****DIRECTORS' REPORT FOR THE 32 WEEK PERIOD ENDED 31 DECEMBER 1997****Principal activities**

The company was incorporated on 22 May 1997 and commenced trading on 1 July 1997. During the period the Company's principal activity was that of UK distributor of RECARO vehicle seats.

**Directors**

The directors who served during the period are as noted below. The directors had no interests in the shares of the Company during the period. Their interests in the shares of the parent company, RECARO GmbH & Co, are disclosed in that company's accounts.

P. Plateau (Appointed 23 May 1997)  
K. Fricke (Appointed 22 May 1997)  
D. Schwenne (Appointed 22 May 1997)

**Directors' responsibilities**

Company law requires the 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 profit or loss of the company 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;
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the company 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 company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Cont'd.....

**RECARO UK LIMITED**

**DIRECTORS' REPORT FOR THE 32 WEEK PERIOD ENDED 31 DECEMBER 1997**

**Auditors**

Coopers & Lybrand were appointed during the year and have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

**Small Company Exemption**

The report of the Directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

*Barbara Keller*

.....  
Company Secretary

*27/03/98*

.....  
Date

William House  
Clarendon Court  
Parade  
Leamington Spa  
CV32 4DG

**AUDITORS' REPORT TO THE MEMBERS OF  
RECARO UK LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**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.

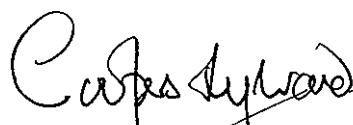
**Basis of opinion**

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 as at 31 December 1997 and of its loss for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 as applicable to small companies.



**Coopers & Lybrand**  
Chartered Accountants and Registered Auditors  
Birmingham

30 June 1998

**RECARO UK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE 32 WEEK PERIOD ENDED 31 DECEMBER 1997**

	Note	Continuing Activities
		£
<b>Turnover</b>	2	385660
Cost of sales		(225938)
<b>Gross profit</b>		<u>159722</u>
Distribution costs		(63476)
Administrative expenses		(121042)
<b>Operating loss</b>	3	<u>(24796)</u>
Interest payable and similar charges	4	(251)
<b>Loss on ordinary activities before taxation</b>		<u>(25047)</u>
Tax on loss on ordinary activities	5	-
<b>Retained loss for the financial period</b>	11	<u><u>£(25047)</u></u>

**Statement of Total Recognised Gains and Losses**

There are no recognised gains or losses other than the loss for the period shown above.

## RECARO UK LIMITED

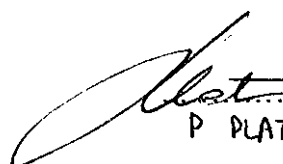
## BALANCE SHEET

AS AT 31 DECEMBER 1997

	Note	1997 £	£
<b>Fixed Assets</b>			
Tangible assets	6		21229
<b>Current Assets</b>			
Stocks	7	38972	
Debtors	8	144486	
Cash at bank and in hand		634	
		<u>184092</u>	
<b>Creditors</b>			
Amounts falling due within one year	9	(230268)	
<b>Net Current Liabilities</b>			<u>(46176)</u>
<b>Total Assets Less Current Liabilities</b>			<u>£(24947)</u>
<b>Capital and Reserves</b>			
Called up share capital	10		100
Profit and loss account	11		(25047)
<b>Equity Shareholders' Funds</b>	12		<u>£(24947)</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

 Director  
P PLATEAU

March 27, 1998...Date

**RECARO UK LIMITED****NOTES TO THE ACCOUNTS FOR THE****32 WEEK PERIOD ENDED 31 DECEMBER 1997****1. Accounting Policies**

The principal accounting policies adopted in the preparation of the accounts are set out below and have been consistently applied within the same accounts.

**a) Accounting Convention**

The accounts have been prepared under the historical cost convention and, inter alia, on the going concern basis due to the continued support of the company's parent company.

**b) Depreciation**

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, or lease period if shorter, as follows:-

Fixtures, fittings and office equipment	)	10-33%	Straight Line
	)		

**c) Stocks**

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

Cost is defined as the cost incurred in bringing each product to its present location and condition.

Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal.

**d) Deferred Taxation**

Deferred taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences, except for those which are not expected to reverse in the future.

**e) Leases and Hire Purchase Agreements**

The costs of operating leases are charged to profit and loss account as they are incurred.

**f) Pension Contributions**

The company contributes to one Director's and two employees' personal pension plans. The contributions are charged to profit and loss account as they are incurred.



**RECARO UK LIMITED****NOTES TO THE ACCOUNTS FOR THE****32 WEEK PERIOD ENDED 31 DECEMBER 1997****(Continued)...****g) Foreign Currency Translation**

Transactions in foreign currencies are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

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

**h) Related Party Transactions**

As in excess of 90% of the company's voting rights are controlled by RECARO GmbH & Co the company is not required to disclose transactions with other group companies. The company has not entered into any other related party transactions.

**i) Cash Flow Statement**

The company satisfies the small company criteria as defined in Section 247 of the Companies Act 1985 and, in accordance with the exemption set out in Financial Reporting Standard No.1 a cash flow statement has not been prepared.

**2. Turnover**

The company's turnover represents the value, excluding value added tax, of goods and services supplied during the period. 1% of the company's turnover related to exports.

**3. Operating Loss****1997****£****Operating loss is stated after charging:**

Directors' emoluments	27686
Auditors' remuneration	4000
Depreciation of owned assets	1703
Operating leases - other assets	4224
Foreign currency exchange variances	3084

Directors' emoluments include money purchase pension contributions of £ 912 made by the company on behalf of a director.

**RECARO UK LIMITED**  
**NOTES TO THE ACCOUNTS FOR THE**  
**32 WEEK PERIOD ENDED 31 DECEMBER 1997**

(Continued)...

<b>4.</b>	<b>Interest Payable and Similar Charges</b>	<b>1997</b>
		<b>£</b>
	Bank interest	251
		<hr/>
<b>5.</b>	<b>Tax on Loss on Ordinary Activities</b>	<b>1997</b>
		<b>£</b>
	Corporation tax	Nil
		<hr/>
	No charge to tax arises on the result for the period.	
<b>6.</b>	<b>Tangible Fixed Assets</b>	<b>Office Equipment, Fixtures and Fittings</b>
		<b>£</b>
	<b>Cost</b>	
	Additions	22932
	At 31 December 1997	<hr/> 22932
		<hr/>
	<b>Depreciation</b>	
	Charge for the period	1703
	At 31 December 1997	<hr/> 1703
		<hr/>
	<b>Net book value</b>	
	At 31 December 1997	<hr/> 21229
		<hr/>
<b>7.</b>	<b>Stocks</b>	<b>1997</b>
		<b>£</b>
	Stocks of finished goods	38972
		<hr/>

**RECARO UK LIMITED**

**NOTES TO THE ACCOUNTS FOR THE  
32 WEEK PERIOD ENDED 31 DECEMBER 1997**

**(Continued)...**

<b>8. Debtors</b>	<b>1997 £</b>
Trade debtors	109756
Amounts owed by parent company	22590
Other debtors	12140
	<hr/>
	144486
	<hr/>
<b>9. Creditors - Amounts Falling Due Within One Year</b>	<b>1997 £</b>
Trade creditors	18146
Amounts owed to parent company	183606
Other creditors	17140
Other taxes and social security costs	11376
	<hr/>
	230268
	<hr/>
<b>10. Share Capital</b>	<b>1997 £</b>
<b>Authorised</b>	
10,000 ordinary shares of £1 each	10000
	<hr/>
<b>Issued and Fully Paid</b>	
100 ordinary shares of £1 each	100
	<hr/>

All the above shares were issued at par on 23 May 1997, the consideration being inter-group debt, and represented the initial working capital of the company.

**RECARO UK LIMITED**

**NOTES TO THE ACCOUNTS FOR THE  
32 WEEK PERIOD ENDED 31 DECEMBER 1997**

**(Continued)...**

<b>11. Profit and Loss Account</b>	<b>1997</b>
	<b>£</b>
Loss for the financial period	(25047)
At 31 December 1997	<u>(25047)</u>
	<u><u>          </u></u>
 <b>12. Reconciliation of Movements in Shareholders' Funds</b>	 <b>1997</b>
	<b>£</b>
Loss for the financial period	(25047)
New share capital subscribed (note 10)	100
Closing shareholders' funds	<u>(24947)</u>
	<u><u>          </u></u>
 <b>13. Controlling Party</b>	
The company is controlled by RECARO GmbH & Co, a company incorporated in Germany.	
 <b>14. Ultimate and Immediate Parent Company</b>	
The ultimate and intermediate parent company is RECARO GmbH & Co.	
 <b>15. Capital Commitments</b>	
There were no capital commitments at 31 December 1997.	

**RECARO UK LIMITED****NOTES TO THE ACCOUNTS FOR THE****32 WEEK PERIOD ENDED 31 DECEMBER 1997****(Continued)...****16. Financial Commitments**

At 31 December 1997 the company had annual commitments under non-cancellable operating leases as detailed below:

	<b>Property</b>	<b>Other Assets</b>
Operating leases which expire:		
Within two to five years	20860	10943
	<hr/>	<hr/>

**17. Contingent Liabilities**

The Company provides either a one or two year warranty on all of its products. At 31 December 1997 no provision is considered necessary in respect of possible future claims against warranties issued during the period.

In support of a bank overdraft facility the Company has given a fixed and floating charge over its assets in favour of the bank and the parent company has provided a guarantee.