

FC 21049

Harrier LLC

Accounts 31 December 1998

Registered number: BR004467

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Profit and loss account

For the 8.5 month period ended 31 December 1998

	Notes	1998 £000
Turnover		23,012
Cost of sales		<u>(14,031)</u>
Gross profit		8,981
Other operating expenses (net)	2	<u>(9,367)</u>
Operating loss		(386)
Interest receivable		158
Interest payable and similar charges	4	<u>(702)</u>
Retained loss for the period	5	<u>(930)</u>

All activity arises from acquired operations.

There are no recognised gains and losses other than the retained loss for the period.

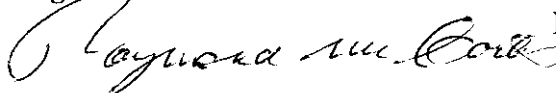
The accompanying notes are an integral part of this profit and loss account.

Balance sheet

31 December 1998

	Notes	1998 £000
Fixed assets		
Goodwill	6	2,013
Development costs	7	4,935
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Intangible assets		6,948
Tangible assets	8	2,142
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		9,090
 Current assets		
Stocks	9	252
Assets held for resale	10	463
Debtors	11	1,170
Marketable securities	12	3,636
Cash at bank and in hand		2,108
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		7,629
Creditors: Amounts falling due within one year	13	(3,631)
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Net current assets		3,998
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Total assets less current liabilities		13,088
Creditors: Amounts falling due after more than one year	14	(10,697)
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Net assets		2,391
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Members' capital		
Members' capital	15	3,321
Profit and loss account	16	(930)
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Total members' capital	17	2,391
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Signed on behalf of the Board

 Director

22 April 1999

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, are set out below.

a) Basis of accounting

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

The accounts present the results of Harrier LLC for the 8.5 month period ended 31 December 1998. Harrier LLC is a USA limited liability company (LLC). LLC's are formed in accordance with the laws of the state in which such entities are organised. LLCs generally have the following characteristics:

- An LLC is an unincorporated association of two or more "persons."
- Its members have limited personal liability for the obligations or debts of the entity.
- It is classified as a partnership for federal income tax purposes.

The accounts have been prepared for the purposes of delivery to Companies House. They have been prepared in accordance with Section 700 of the Companies Act 1985 as modified by The Overseas Companies (Accounts) (Modifications and Exemptions) Order 1990.

b) Intangible assets - Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired.

Goodwill is capitalised and written off on a straight-line basis over its useful economic life of 15 years. Provision is made for any impairment.

c) Intangible assets - Research and development

Research expenditure is written off as incurred.

d) Intangible assets - Development costs

Development costs capitalised represent the market value of the customer list acquired on the acquisition of the trade and assets.

Development costs are being amortised at an annual rate of 25% reducing balance to match the costs with the expected future economic benefits that are attributable to that asset.

Notes to accounts (continued)

1 Accounting policies (continued)

e) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life on the following bases:

Leasehold improvements - Term of lease or useful life if shorter

Plant and Machinery - 3 to 10 years

Residual value is calculated on prices prevailing at the date of acquisition

f) Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on the estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

g) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

h) Foreign currency

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction, or if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the rate of exchange prevailing at the balance sheet date or if appropriate at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

i) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

j) Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Notes to accounts (continued)

1 Accounting policies (continued)

k) Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable and in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Notes to accounts (continued)

2 Other operating expenses (net)

	1998 £000
Selling and distribution costs	5,879
Administrative expenses	3,488
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	9,367

Included within administrative expenses are exceptional operating costs of £1,280,000 resulting from termination of certain operations and reorganisation of the business.

3 Staff costs

Particulars of employees (including executive directors) are as shown below:

Employee costs during the period amounted to:

	1998 £000
Wages and salaries	3,561
Social security costs	261
Other pension costs	177
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	3,999

The average monthly number of employees was:

	1998 Number
Production	264
Administration	38
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	302

Notes to accounts (continued)

4 Interest payable and similar charges

	1998 £000
Other loans	610
Exchange loss on foreign currency borrowings	92
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	702
	<hr/>

5 Retained loss for the period

Retained loss for the period is stated after charging:

	1998 £000
Depreciation and amounts written off tangible fixed assets	
- owned	935
Amortisation of goodwill	103
Amortisation of development costs	1,104
Auditor's remuneration	
- audit fees	32
- other	114
Operating lease rentals	
- plant and machinery	39
- other	241
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6 Goodwill

	£000
Cost	
On acquisition of trade and assets	2,116
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31 December 1998	2,116
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Amortisation	
Charge for the period	103
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31 December 1998	103
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Net book value	
31 December 1998	2,013
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Notes to accounts (continued)

7 Development costs

	£000
Cost	
On acquisition of trade and assets	6,039
31 December 1998	<u>6,039</u>
Amortisation	
Charge for the period	1,104
31 December 1998	<u>1,104</u>
Net book value	
31 December 1998	<u>4,935</u>

8 Tangible fixed assets

	Leasehold Improvements £000	Plant and machinery £000	Total £000
Cost			
On acquisition of trade and assets	172	3,564	3,736
Additions	-	107	107
Transfer to current assets	-	(902)	(902)
Disposals	(106)	(237)	(343)
31 December 1998	<u>66</u>	<u>2,532</u>	<u>2,598</u>
Depreciation			
Charge for the period	25	910	935
Transfer to current assets	-	(439)	(439)
Disposals	(13)	(27)	(40)
31 December 1998	<u>12</u>	<u>444</u>	<u>456</u>
Net book value			
31 December 1998	<u>54</u>	<u>2,088</u>	<u>2,142</u>

Notes to accounts (continued)

9 Stocks

1998
£000

Raw materials and consumables

252

10 Assets held for resale

Assets held for resale represent assets that are no longer required in the business following the reorganisation during the period.

These assets have been transferred from fixed assets at their realisable value of £463,000.

11 Debtors

1998
£000

Trade debtors

155

Other debtors

280

Prepayments and accrued income

735

1,170

12 Marketable securities

Marketable securities represent short-term deposits and bonds at financial institutions.

13 Creditors: Amounts falling due within one year

1998
£000

Loans

900

Trade creditors

1,194

Other creditors

- VAT

522

- Social security and PAYE

78

Accruals and deferred income

937

3,631

Notes to accounts (continued)

14 Creditors: Amounts falling due after more than one year

	1998 £000
Other loans	<u>10,697</u>

Other loans are repayable as follows:

	1998 £000
Amounts payable	
- within one year	900
- between one and two years	963
- between two and five years	3,314
- after five years	<u>6,420</u>
	<u>11,597</u>

15 Members' capital

	1998 £000
Members' capital introduced	<u>3,321</u>

16 Profit and loss account

	1998 £000
Retained loss for the period	<u>(930)</u>

Notes to accounts (continued)

17 Reconciliation of movement in members' capital

	1998 £000
Members' capital introduced	3,321
Loss for the period	(930)
Net addition to members' capital	<u>2,391</u>
Closing members' capital	<u>2,391</u>

18 Financial commitments

a) Capital commitments

There are no capital commitments outstanding at 31 December 1998.

b) Operating leases

Annual commitments under non-cancellable operating leases are as follows:

Expiry Date	1998 Land and Buildings £000	1998 Other £000
- Within one year	-	6
- Between two and five years	-	24
- After five years	275	-
	<u>275</u>	<u>30</u>

19 Pension arrangements

The LLC operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from the assets of the business.

The pension charge during the period was £177,000.