

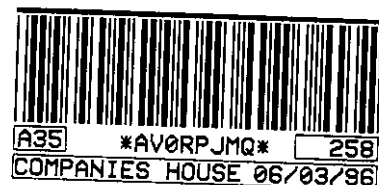
ARTHUR  
ANDERSEN

ARTHUR ANDERSEN & CO, SC

Standard Products Limited  
and subsidiary undertakings

Financial Statements 2 July 1995  
together with directors' and auditors' reports

Registered number: 258607



## Directors' report

For the period ended 2 July 1995

The directors present their annual report on the affairs of the group together with the financial statements and auditors' report for the period ended 2 July 1995.

### Accounting period

In the current accounting period the group has made up its financial statements to 2 July 1995 and accordingly the financial statements are presented for the 52 weeks ended 2 July 1995. The comparative financial statements are for the 52 weeks ended 3 July 1994.

### Directors' responsibilities

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 group and of the profit or loss of the group 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; and
- 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 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 financial statements 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.

### Principal activity and business review

The principal activity of the group continues to be the manufacture of extruded rubber and plastic components for the motor and allied industries.

Group turnover increased by £7,990,000 (16%) during the year and group pre tax profits improved by £659,000 (19%). The directors expect the general level of activity to continue.

### Results and dividends

Group results are as follows:

|                                      | £000           |
|--------------------------------------|----------------|
| Accumulated deficit at 4 July 1994   | (10,718)       |
| Profit for the period after taxation | 4,195          |
| Accumulated deficit at 2 July 1995   | <u>(6,523)</u> |

The directors are unable to recommend the payment of a dividend.

## Directors' report (continued)

### Directors

The directors who served during the period were:

A G Coates  
P S Griffith (Non Executive, died 19 May 1995)  
D S Harris  
J F Keys (USA)  
S J Levitt  
R J Marshall (USA) (Non Executive)  
J S Reid Jnr (USA)  
P A Rowlings  
P C Woods  
T K Zampetis (USA) (Chairman)

The directors do not have any interests in the shares of group companies required to be disclosed under Schedule 7 of the Companies Act 1985.

### Fixed assets

Information relating to changes in tangible fixed assets is given in note 10 to the financial statements.

No recent professional valuation has been performed in respect of the freehold land and buildings. However the directors consider that their current value is in excess of their book value.

### Charitable and political contributions

The group contributed £6,035 (1994 - £3,095) to charities during the period. No political contributions were made.

### Employment of disabled persons

The group is conscious of its legal and moral obligations for the health, safety and welfare of all its employees. These obligations are fully considered in any employment decision, including recruitment, training and career development relating to disabled persons.

## Directors' report (continued)

### Employee consultation

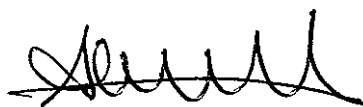
The group places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees and on the various factors influencing the performance of the company. This is achieved through regular consultation over decisions likely to affect their interests.

### Auditors

The directors will place a resolution before a general meeting of the company to reappoint Arthur Andersen as auditors for the ensuing period.

Dryden House  
St John's Street  
Huntingdon  
PE18 6DD

By order of the Board,

A handwritten signature in black ink, appearing to read 'S J Levitt', written over a horizontal line.

S J Levitt  
Secretary

29 September 1995

Auditors' report

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Cambridge

**To the Shareholders of Standard Products Limited:**

We have audited the financial statements on pages 5 to 24 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 11.

**Respective responsibilities of directors and auditors**

As described on page 1 the company's directors are responsible for the preparation of the 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.

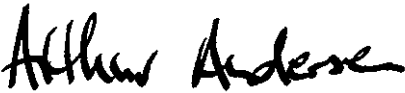
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 affairs of the company and of the group at 2 July 1995 and of the group's profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Betjeman House  
104 Hills Road  
Cambridge  
CB2 1LH

29 September 1995

# Consolidated profit and loss account

For the period ended 2 July 1995

|                                                      | Notes | 1995<br>£000 | 1994<br>£000 |
|------------------------------------------------------|-------|--------------|--------------|
| <b>Turnover</b>                                      | 2     | 58,593       | 50,603       |
| <b>Cost of sales</b>                                 |       | (48,853)     | (42,712)     |
| <b>Gross profit</b>                                  |       | 9,740        | 7,891        |
| <b>Other operating expenses (net)</b>                | 3     | (4,268)      | (4,246)      |
| <b>Operating profit</b>                              |       | 5,472        | 3,645        |
| <b>Interest receivable and similar income</b>        |       | 312          | 39           |
| <b>Interest payable and similar charges</b>          | 4     | (63)         | (122)        |
| <b>Exceptional item</b>                              | 5     | (1,500)      | -            |
| <b>Profit on ordinary activities before taxation</b> | 6     | 4,221        | 3,562        |
| <b>Tax on profit on ordinary activities</b>          | 8     | (26)         | 33           |
| <b>Retained profit for the period</b>                |       | 4,195        | 3,595        |
| <b>Retained profit for the period</b>                |       |              |              |
| The company                                          |       | 4,185        | 3,633        |
| Subsidiary undertakings                              |       | 10           | (38)         |
|                                                      |       | 4,195        | 3,595        |

A statement of movement on reserves is given in note 18.

There are no recognised gains or losses in either period other than the retained profit for each period.

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

# Consolidated balance sheet

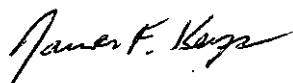
2 July 1995

|                                                                | Notes | 1995<br>£000  | 1994<br>£000  |
|----------------------------------------------------------------|-------|---------------|---------------|
| <b>Fixed assets</b>                                            |       |               |               |
| Intangible assets                                              | 9     | 143           | 168           |
| Tangible assets                                                | 10    | 19,000        | 18,507        |
|                                                                |       | <u>19,143</u> | <u>18,675</u> |
| <b>Current assets</b>                                          |       |               |               |
| Stocks                                                         | 12    | 2,735         | 2,220         |
| Debtors                                                        | 13    | 11,180        | 12,258        |
| Cash at bank and in hand                                       |       | 8,776         | 3,310         |
|                                                                |       | <u>22,691</u> | <u>17,788</u> |
| <b>Creditors: Amounts falling due within one year</b>          | 14    | (10,812)      | (9,563)       |
| <b>Net current assets</b>                                      |       | <u>11,879</u> | <u>8,225</u>  |
| <b>Total assets less current liabilities</b>                   |       | <u>31,022</u> | <u>26,900</u> |
| <b>Creditors: Amounts falling due after more than one year</b> | 15    | (217)         | (290)         |
| <b>Net assets</b>                                              |       | <u>30,805</u> | <u>26,610</u> |
| <b>Capital and reserves</b>                                    |       |               |               |
| Called-up share capital                                        | 16    | 34,954        | 34,954        |
| Other reserves                                                 | 18    | 2,374         | 2,374         |
| Profit and loss account                                        | 18    | (6,523)       | (10,718)      |
| <b>Total capital employed</b>                                  |       | <u>30,805</u> | <u>26,610</u> |

Signed on behalf of the Board

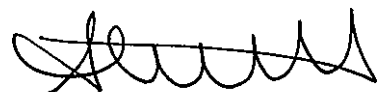
J F Keys

Director



S J Levitt

Director



29 September 1995

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

# Company balance sheet

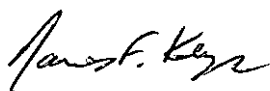
2 July 1995

|                                                                | Notes | 1995<br>£000    | 1994<br>£000   |
|----------------------------------------------------------------|-------|-----------------|----------------|
| <b>Fixed assets</b>                                            |       |                 |                |
| Intangible assets                                              | 9     | 143             | 168            |
| Tangible assets                                                | 10    | 18,438          | 17,879         |
| Investments                                                    | 11    | 571             | 571            |
|                                                                |       | <u>19,152</u>   | <u>18,618</u>  |
| <b>Current assets</b>                                          |       |                 |                |
| Stocks                                                         | 12    | 2,500           | 2,160          |
| Debtors                                                        | 13    | 11,935          | 12,769         |
| Cash at bank and in hand                                       |       | 8,714           | 3,303          |
|                                                                |       | <u>23,149</u>   | <u>18,232</u>  |
| <b>Creditors: Amounts falling due within one year</b>          | 14    | <u>(11,020)</u> | <u>(9,682)</u> |
| <b>Net current assets</b>                                      |       | <u>12,129</u>   | <u>8,550</u>   |
| <b>Total assets less current liabilities</b>                   |       | <u>31,281</u>   | <u>27,168</u>  |
| <b>Creditors: Amounts falling due after more than one year</b> | 15    | <u>(212)</u>    | <u>(284)</u>   |
| <b>Net assets</b>                                              |       | <u>31,069</u>   | <u>26,884</u>  |
| <b>Capital and reserves</b>                                    |       |                 |                |
| Called-up share capital                                        | 16    | 34,954          | 34,954         |
| Other reserves                                                 | 18    | 2,374           | 2,374          |
| Profit and loss account                                        | 18    | (6,259)         | (10,444)       |
| <b>Total capital employed</b>                                  |       | <u>31,069</u>   | <u>26,884</u>  |

Signed on behalf of the Board

J F Keys

Director



S J Levitt

Director



29 September 1995

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

# Group cash flow statement

For the period ended 2 July 1995

|                                                                             | Notes | 1995<br>£000 | 1994<br>£000 |
|-----------------------------------------------------------------------------|-------|--------------|--------------|
| <b>Net cash inflow from operating activities</b>                            | 20    | 9,045        | 4,776        |
| <b>Returns on investments and servicing of finance</b>                      |       |              |              |
| Interest received                                                           |       | 312          | 39           |
| Interest paid                                                               |       | (24)         | (57)         |
| Interest element of finance lease rentals                                   |       | (39)         | (65)         |
| <b>Net cash inflow from returns on investments and servicing of finance</b> |       | 249          | (83)         |
| <b>Taxation</b>                                                             |       |              |              |
| Corporation tax paid                                                        |       | (5)          | -            |
| <b>Investing activities</b>                                                 |       |              |              |
| Payments to acquire tangible fixed assets                                   |       | (3,652)      | (1,958)      |
| Sale of tangible fixed assets                                               |       | 9            | 45           |
| <b>Net cash outflow from investing activities</b>                           |       | (3,643)      | (1,913)      |
| <b>Net cash inflow before financing</b>                                     |       | 5,646        | 2,780        |
| <b>Financing</b>                                                            |       |              |              |
| Capital repayments under finance leases                                     | 21    | (180)        | (402)        |
| <b>Net cash outflow from financing</b>                                      |       | (180)        | (402)        |
| <b>Increase in cash and cash equivalents</b>                                | 22    | 5,466        | 2,378        |

The accompanying notes are an integral part of this cash flow statement.

# Notes to financial statements

2 July 1995

## 1 Accounting policies

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

### *a) Basis of accounting*

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

### *b) Basis of consolidation*

The group financial statements consolidate the financial statements of Standard Products Limited and its subsidiary undertakings, made up to 2 July 1995. The results of subsidiary undertakings acquired in the period are included in the consolidated profit and loss account from the date of acquisition. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition.

In the company's financial statements, investments in subsidiary undertakings are stated at cost, less amounts written off.

No profit and loss account is presented for Standard Products Limited as provided by Section 230 of the Companies Act 1985. An amount of £4,185,000 of the consolidated profit (1994 - £3,633,000) for the financial period has been dealt with in the financial statements of the company.

### *c) Intangible fixed assets*

Intangible fixed assets are recorded at cost and amortised over their estimated useful lives.

### *d) Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset, on a straight-line basis, over its expected useful life, as follows:

|                        |               |
|------------------------|---------------|
| Freehold buildings     | 25 years      |
| Plant and machinery    | 10 years      |
| Furniture and fixtures | 10 years      |
| Tools and utensils     | 4 years       |
| Computer software      | 4 years       |
| Computer hardware      | 7 years       |
| Motor vehicles         | 4 years       |
| Leasehold property     | term of lease |

Residual value is calculated on prices prevailing at the date of acquisition. Profits or losses on the disposal of fixed assets are included in the calculation of operating profit.

## Notes to financial statements (continued)

### 1 Accounting policies (continued)

#### d) *Tangible fixed assets (continued)*

Capital work-in-progress, including directly attributable finance charges, is depreciated from the date the asset is brought into use.

#### e) *Stocks*

Stocks are stated at the lower of cost, on a first-in first-out basis, and net realisable value, after making due allowance for any obsolete or slow-moving items. In the case of finished goods and work-in-progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads.

Net realisable value is based on 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.

#### f) *Taxation*

Corporation tax payable is provided at the current rate on the taxable profit for the period.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the financial statements and by the tax authorities) is calculated on the liability method.

Deferred taxation is the taxation attributable to timing differences between profits or losses as computed for taxation purposes and results as stated in the accounts. It is provided fully on all timing differences since directors are unable to conclude with certainty that timing differences will not reverse in the foreseeable future.

#### g) *Turnover*

Group turnover comprises the value of sales, net of value added tax, returns and allowances.

#### h) *Foreign currency*

Transactions denominated in foreign currency are recorded in pounds sterling at actual exchange rates as of the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end. 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) *Government grants*

Government grants related to tangible fixed assets are accounted for by crediting the grants receivable to a deferred grants account which is amortised over the lives of the related assets.

Grants receivable in respect of revenue expenditure are credited to the profit and loss account in the periods in which the expenditure is incurred.

## Notes to financial statements (continued)

### 1 Accounting policies (continued)

#### j) Leases

Assets held under finance leases are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of charge on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate.

Assets held under operating leases are not reported on the balance sheet. Rentals under operating leases are charged on a straight-line basis over the lease term. Material future commitments in respect of operating leases are set out in note 10(d).

#### k) Pension costs

The company operates a defined contribution pension and life assurance scheme. All contributions are charged to the profit and loss account in the period to which they relate. For further details see note 19.

### 2 Segment information

The analysis of turnover by geographical area has been omitted.

### 3 Other operating expenses (net)

|                                          | 1995<br>£000 | 1994<br>£000 |
|------------------------------------------|--------------|--------------|
| Administration and other operating costs | 4,268        | 4,246        |

### 4 Interest payable and similar charges

|                                                   | 1995<br>£000 | 1994<br>£000 |
|---------------------------------------------------|--------------|--------------|
| On bank loans and overdrafts, and other loans     |              |              |
| - repayable within five years, by instalments     | 39           | 65           |
| - repayable within five years, not by instalments | 24           | 57           |
|                                                   | 63           | 122          |

Included in the above is the interest element of charges payable under finance leases amounting to £39,000 (1994 - £65,000).

## Notes to financial statements (continued)

### 5 Exceptional item

The exceptional item of £1,500,000 (1994 £nil) relates to the write off of a debt from a fellow subsidiary undertaking which is now in liquidation.

### 6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting) the following:

|                                      | 1995<br>£000  | 1994<br>£000  |
|--------------------------------------|---------------|---------------|
| Loss on sale of fixed asset          | 13            | -             |
| Depreciation and amounts written off |               |               |
| i) intangible fixed assets           | 25            | 36            |
| ii) tangible fixed assets            |               |               |
| - owned assets                       | 2,683         | 2,571         |
| - assets held under finance leases   | 329           | 342           |
| Amortisation of deferred grants      | (6)           | (6)           |
| Hire of motor vehicles and equipment | 555           | 446           |
| Auditors' remuneration - audit       | 42            | 45            |
| - non-audit                          | 42            | 91            |
| Staff costs (note 6)                 | <u>15,393</u> | <u>13,013</u> |

### 7 Staff costs

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

Employee costs during the period amounted to:

|                       | 1995<br>£000  | 1994<br>£000  |
|-----------------------|---------------|---------------|
| Wages and salaries    | 12,955        | 10,891        |
| Social security costs | 1,723         | 1,511         |
| Pension costs         | 715           | 611           |
|                       | <u>15,393</u> | <u>13,013</u> |

The average weekly number of persons employed by the group during the period was 1,187 (1994 1,074).

## Notes to financial statements (continued)

### 7 Staff costs (continued)

#### Directors' remuneration:

Remuneration in respect of directors of the company was as follows:

|                                                    | 1995<br>£000 | 1994<br>£000 |
|----------------------------------------------------|--------------|--------------|
| Fees                                               | 15           | 14           |
| Other emoluments (including pension contributions) | 482          | 455          |
|                                                    | <u>497</u>   | <u>469</u>   |

Directors' remuneration shown above (excluding pension contributions) included:

|                       | 1995<br>£000 | 1994<br>£000 |
|-----------------------|--------------|--------------|
| Chairman              | -            | -            |
| Highest-paid director | <u>132</u>   | <u>132</u>   |

Emoluments of directors (excluding pension contributions) fell into the following ranges:

|                     | Number of directors |          |
|---------------------|---------------------|----------|
|                     | 1995                | 1994     |
| £Nil - £ 5,000      | 3                   | 3        |
| £ 5,001 - £ 10,000  | -                   | 1        |
| £ 10,001 - £ 15,000 | 1                   | -        |
| £ 50,001 - £ 55,000 | 1                   | 2        |
| £ 55,001 - £ 60,000 | 1                   | 1        |
| £ 60,001 - £ 65,000 | 1                   | -        |
| £ 65,001 - £ 70,000 | -                   | 2        |
| £ 70,001 - £ 75,000 | 1                   | -        |
| £ 80,001 - £ 85,000 | 1                   | -        |
| £130,001 - £135,000 | <u>1</u>            | <u>1</u> |

## Notes to financial statements (continued)

### 8 Tax on profit on ordinary activities

The tax credit is based on the profit for the period, after adjusting for certain items which are not deductible for tax purposes, and comprises:

|                                             | 1995<br>£000 | 1994<br>£000 |
|---------------------------------------------|--------------|--------------|
| Corporation tax at 33% (1994 - 33%)         |              |              |
| - Tax charge for current year               | (20)         | -            |
| - Under provision in prior year             | (6)          | -            |
| Deferred taxation arising from              |              |              |
| - capital allowances                        | (73)         | 1,969        |
| - utilisation of tax losses brought forward | 73           | (1,892)      |
| - other timing differences                  | -            | (44)         |
|                                             | <u>(26)</u>  | <u>33</u>    |

Subject to agreement with the Inland Revenue, tax losses available for carry forward are approximately £6,800,000 (1994 - £11,000,000).

### 9 Intangible fixed assets

|                     | Group and Company |              |
|---------------------|-------------------|--------------|
|                     | 1995<br>£000      | 1994<br>£000 |
| Marketing agreement | <u>143</u>        | <u>168</u>   |

## Notes to financial statements (continued)

The movement in the period was as follows:

|                            | Group and Company |              |
|----------------------------|-------------------|--------------|
|                            | 1995<br>£000      | 1994<br>£000 |
| <b>Cost</b>                |                   |              |
| Beginning of period        | 204               | -            |
| Additions                  | -                 | 204          |
| End of period              | <u>204</u>        | <u>204</u>   |
| <b>Amounts written off</b> |                   |              |
| Beginning of period        | 36                | -            |
| Written off                | 25                | 36           |
| End of period              | <u>61</u>         | <u>36</u>    |
| <b>Net book value</b>      | <u>143</u>        | <u>168</u>   |

The amount represents the cost to the company of a worldwide marketing agreement entered into by Standard Products Co., the company's parent undertaking, on 1 February 1993 and is to be amortised over a period of 8 years.

## Notes to financial statements (continued)

### 10 Tangible fixed assets

a) The movement during the period was as follows:

| Group                           | Freehold<br>land and<br>buildings<br>£000 | Leasehold<br>property<br>£000 | Plant,<br>machinery<br>tools and<br>utensils<br>£000 | Furniture<br>and<br>fixtures<br>£000 | Computer<br>software<br>£000 | Computer<br>hardware<br>£000 | Capital<br>work-in-<br>progress<br>£000 | Motor<br>Vehicles<br>£000 | Total<br>£000 |
|---------------------------------|-------------------------------------------|-------------------------------|------------------------------------------------------|--------------------------------------|------------------------------|------------------------------|-----------------------------------------|---------------------------|---------------|
| <b>Cost</b>                     |                                           |                               |                                                      |                                      |                              |                              |                                         |                           |               |
| Balance, beginning of period    | 6,211                                     | 197                           | 22,331                                               | 1,507                                | 525                          | 1,055                        | 190                                     | 154                       | 32,170        |
| Reclassifications               | -                                         | -                             | (65)                                                 | (11)                                 | (16)                         | 29                           | (92)                                    | -                         | (155)         |
| Additions                       | 56                                        | -                             | 919                                                  | 96                                   | 68                           | 267                          | 2,056                                   | 92                        | 3,554         |
| Disposals                       | -                                         | -                             | (102)                                                | -                                    | -                            | (32)                         | (3)                                     | (1)                       | (138)         |
| Transfers                       | -                                         | -                             | (2)                                                  | (3)                                  | -                            | 3                            | -                                       | -                         | (2)           |
| Balance, end of period          | 6,267                                     | 197                           | 23,081                                               | 1,589                                | 577                          | 1,322                        | 2,151                                   | 245                       | 35,429        |
| <b>Accumulated depreciation</b> |                                           |                               |                                                      |                                      |                              |                              |                                         |                           |               |
| Balance, beginning of period    | 1,658                                     | 21                            | 10,363                                               | 836                                  | 228                          | 529                          | -                                       | 28                        | 13,663        |
| Reclassifications               | -                                         | (1)                           | (148)                                                | -                                    | -                            | (4)                          | -                                       | -                         | (153)         |
| Charge                          | 225                                       | 4                             | 2,354                                                | 107                                  | 96                           | 180                          | -                                       | 46                        | 3,012         |
| Disposals                       | -                                         | -                             | (70)                                                 | -                                    | -                            | (22)                         | -                                       | -                         | (92)          |
| Transfers                       | -                                         | -                             | (1)                                                  | -                                    | -                            | -                            | -                                       | -                         | (1)           |
| Balance, end of period          | 1,883                                     | 24                            | 12,498                                               | 943                                  | 324                          | 683                          | -                                       | 74                        | 16,429        |
| <b>Net book value</b>           |                                           |                               |                                                      |                                      |                              |                              |                                         |                           |               |
| End of period                   | 4,384                                     | 173                           | 10,583                                               | 646                                  | 253                          | 639                          | 2,151                                   | 171                       | 19,000        |
| Beginning of period             | 4,553                                     | 176                           | 11,968                                               | 671                                  | 297                          | 526                          | 190                                     | 126                       | 18,507        |

# Notes to financial statements (continued)

## 10 Tangible fixed assets (continued)

| Company                         | Freehold<br>land and<br>buildings<br>£000 | Leasehold<br>property<br>£000 | Plant,<br>machinery<br>tools and<br>utensils<br>£000 | Furniture<br>and<br>fixtures<br>£000 | Computer<br>software<br>£000 | Computer<br>hardware<br>£000 | Capital<br>work-in-<br>progress<br>£000 | Motor<br>vehicles<br>£000 | Total<br>£000 |
|---------------------------------|-------------------------------------------|-------------------------------|------------------------------------------------------|--------------------------------------|------------------------------|------------------------------|-----------------------------------------|---------------------------|---------------|
| <b>Cost</b>                     |                                           |                               |                                                      |                                      |                              |                              |                                         |                           |               |
| Balance, beginning of period    | 6,211                                     | 10                            | 21,777                                               | 1,456                                | 525                          | 983                          | 190                                     | 125                       | 31,277        |
| Reclassifications               | -                                         | -                             | (64)                                                 | 4                                    | (16)                         | 14                           | (92)                                    | -                         | (154)         |
| Additions                       | 56                                        | -                             | 889                                                  | 96                                   | 67                           | 256                          | 2,056                                   | 91                        | 3,511         |
| Disposals                       | -                                         | -                             | (49)                                                 | -                                    | -                            | (32)                         | (3)                                     | -                         | (84)          |
| Transfers                       | -                                         | -                             | (2)                                                  | -                                    | -                            | -                            | -                                       | -                         | (2)           |
| Balance, end of period          | 6,267                                     | 10                            | 22,551                                               | 1,556                                | 576                          | 1,221                        | 2,151                                   | 216                       | 34,548        |
| <b>Accumulated depreciation</b> |                                           |                               |                                                      |                                      |                              |                              |                                         |                           |               |
| Balance, beginning of period    | 1,658                                     | 1                             | 10,148                                               | 831                                  | 228                          | 516                          | -                                       | 16                        | 13,398        |
| Reclassifications               | -                                         | -                             | (145)                                                | (2)                                  | 96                           | (4)                          | -                                       | -                         | (55)          |
| Charge                          | 225                                       | 1                             | 2,299                                                | 104                                  | -                            | 157                          | -                                       | 39                        | 2,825         |
| Disposals                       | -                                         | -                             | (35)                                                 | -                                    | -                            | (22)                         | -                                       | -                         | (57)          |
| Transfers                       | -                                         | -                             | (1)                                                  | -                                    | -                            | -                            | -                                       | -                         | (1)           |
| Balance, end of period          | 1,883                                     | 2                             | 12,266                                               | 933                                  | 324                          | 647                          | -                                       | 55                        | 16,110        |
| <b>Net book value</b>           |                                           |                               |                                                      |                                      |                              |                              |                                         |                           |               |
| End of period                   | 4,384                                     | 8                             | 10,285                                               | 623                                  | 252                          | 574                          | 2,151                                   | 161                       | 18,438        |
| Beginning of period             | 4,553                                     | 9                             | 11,629                                               | 625                                  | 297                          | 467                          | 190                                     | 109                       | 17,879        |

## Notes to financial statements (continued)

### 10 Tangible fixed assets (continued)

Freehold land held by the group amounting to £69,000 (1994 - £69,000) has not been depreciated.

Total interest costs capitalised within the cost of tangible fixed assets amount to £1,204,000.

b) Leased assets included in tangible fixed assets were as follows:

|                     | Plant and machinery<br>and computer software |         |
|---------------------|----------------------------------------------|---------|
|                     | Group                                        | Company |
| Net book value      | £000                                         | £000    |
| Beginning of period | 1,109                                        | 1,079   |
| End of period       | 931                                          | 921     |

c) The company's capital commitments at the end of the period were as follows:

|                                                       | Group        |              | Company      |              |
|-------------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                       | 1995<br>£000 | 1994<br>£000 | 1995<br>£000 | 1994<br>£000 |
| Contracts for capital expenditure not provided for    | -            | 346          | -            | 346          |
| Capital expenditure authorised but not contracted for | -            | 264          | -            | 264          |

d) Operating lease commitments:

The company has commitments in respect of an operating lease for a factory. The minimum future annual rentals under the lease are approximately £462,000 with rent reviews every 5 years. The lease expires in 2014 although the company may cancel the lease, at its option, in 1999.

The group has also entered into short-term leases in respect of motor vehicles and equipment. The total annual rental for these leases was £555,000 (1994 - £402,000).

## Notes to financial statements (continued)

### 10 Tangible fixed assets (continued)

The minimum future annual rentals under the foregoing leases are as follows:

|                                | Group            |                                | Company          |                                |
|--------------------------------|------------------|--------------------------------|------------------|--------------------------------|
|                                | Property<br>£000 | Plant and<br>machinery<br>£000 | Property<br>£000 | Plant and<br>machinery<br>£000 |
| 1995                           |                  |                                |                  |                                |
| Operating leases which expire: |                  |                                |                  |                                |
| - within one year              | -                | 75                             | -                | 75                             |
| - within 2 - 5 years           | -                | 158                            | -                | 153                            |
| - after 5 years                | 462              | -                              | 370              | -                              |
|                                | <u>462</u>       | <u>233</u>                     | <u>370</u>       | <u>228</u>                     |
| 1994                           |                  |                                |                  |                                |
| Operating leases which expire: |                  |                                |                  |                                |
| - within one year              | -                | 34                             | -                | 31                             |
| - within 2 - 5 years           | 12               | 185                            | -                | 185                            |
| - after 5 years                | 370              | -                              | 370              | -                              |
|                                | <u>382</u>       | <u>219</u>                     | <u>370</u>       | <u>216</u>                     |

### 11 Fixed asset investments

Investments in subsidiary undertakings:

|                                                      | 1995<br>£000 | 1994<br>£000 |
|------------------------------------------------------|--------------|--------------|
| Company                                              |              |              |
| Cost and net book value, beginning and end of period | <u>571</u>   | <u>571</u>   |

The company owns all of the ordinary share capital of Bird Mould and Tool Company Limited, a company registered in England, whose principal activity is the manufacture of rubber moulds.

The company also owns the whole of the ordinary share capital of 100 £1 shares of the Huntingdon Rubber Company Limited, a dormant company registered in England.

## Notes to financial statements (continued)

### 12 Stocks

The following are included in stocks:

|                                     | Group        |              | Company      |              |
|-------------------------------------|--------------|--------------|--------------|--------------|
|                                     | 1995<br>£000 | 1994<br>£000 | 1995<br>£000 | 1994<br>£000 |
| Raw materials                       | 1,240        | 1,075        | 1,133        | 1,075        |
| Work-in-progress and finished goods | 1,495        | 1,145        | 1,367        | 1,085        |
|                                     | <u>2,735</u> | <u>2,220</u> | <u>2,500</u> | <u>2,160</u> |

In the opinion of the directors, the replacement cost of stocks at 2 July 1995 and 3 July 1994 was substantially the same as the balance sheet values.

### 13 Debtors

The following are included in debtors, all amounts falling due within one year:

|                                        | Group         |               | Company       |               |
|----------------------------------------|---------------|---------------|---------------|---------------|
|                                        | 1995<br>£000  | 1994<br>£000  | 1995<br>£000  | 1994<br>£000  |
| Trade debtors                          | 8,619         | 7,954         | 8,539         | 7,951         |
| Due from fellow subsidiary undertaking | 2,010         | 3,259         | 2,865         | 3,801         |
| Prepayments and accrued income         | 513           | 835           | 493           | 807           |
| Other debtors                          | 38            | 210           | 38            | 210           |
|                                        | <u>11,180</u> | <u>12,258</u> | <u>11,935</u> | <u>12,769</u> |

## Notes to financial statements (continued)

### 14 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

|                                                     | Group         |              | Company       |              |
|-----------------------------------------------------|---------------|--------------|---------------|--------------|
|                                                     | 1995<br>£000  | 1994<br>£000 | 1995<br>£000  | 1994<br>£000 |
| Current portion of obligations under finance leases | 172           | 186          | 169           | 181          |
| Trade creditors                                     | 5,000         | 3,730        | 5,119         | 3,674        |
| Due to holding company                              | 404           | 606          | 404           | 606          |
| Due to fellow subsidiary undertakings               | 227           | 339          | 376           | 549          |
| Social security and PAYE                            | 710           | 588          | 699           | 578          |
| VAT                                                 | (106)         | 69           | (148)         | 61           |
| Corporation tax                                     | 10            | 20           | 10            | 20           |
| Accruals and deferred income                        | 4,395         | 4,025        | 4,391         | 4,013        |
|                                                     | <u>10,812</u> | <u>9,563</u> | <u>11,020</u> | <u>9,682</u> |

### 15 Creditors: Amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year:

|                                  | Group        |              | Company      |              |
|----------------------------------|--------------|--------------|--------------|--------------|
|                                  | 1995<br>£000 | 1994<br>£000 | 1995<br>£000 | 1994<br>£000 |
| Obligations under finance leases | 196          | 284          | 191          | 278          |
| Deferred government grants       | 1            | 6            | 1            | 6            |
| Other                            | 20           | -            | 20           | -            |
|                                  | <u>217</u>   | <u>290</u>   | <u>212</u>   | <u>284</u>   |

Long-term obligations under finance leases are repayable as follows:

|                        | Group        |              | Company      |              |
|------------------------|--------------|--------------|--------------|--------------|
|                        | 1995<br>£000 | 1994<br>£000 | 1995<br>£000 | 1994<br>£000 |
| Due within 1 - 2 years | 162          | 121          | 157          | 115          |
| Due within 2 - 5 years | 34           | 163          | 34           | 163          |
|                        | <u>196</u>   | <u>284</u>   | <u>191</u>   | <u>278</u>   |

## Notes to financial statements (continued)

### 16 Called-up share capital

|                                                | 1995<br>£000  | 1994<br>£000  |
|------------------------------------------------|---------------|---------------|
| <i>Authorised:</i>                             |               |               |
| 600,000 ordinary shares of 1p each             | 6             | 6             |
| 39,994,000 deferred ordinary shares of £1 each | 39,994        | 39,994        |
|                                                | <u>40,000</u> | <u>40,000</u> |
| <i>Allotted, called-up and fully paid:</i>     |               |               |
| 600,000 ordinary shares of 1p each             | 6             | 6             |
| 34,948,197 deferred ordinary shares of £1 each | 34,948        | 34,948        |
|                                                | <u>34,954</u> | <u>34,954</u> |

### 17 Reconciliation of movements in shareholders' funds for the period ended 2 July 1995

|                                     | 1995<br>£000  | 1994<br>£000  |
|-------------------------------------|---------------|---------------|
| Retained profit for the period      | 4,195         | 3,595         |
| Net addition to shareholders' funds | 4,195         | 3,595         |
| Opening shareholders' funds         | 26,610        | 23,015        |
| Closing shareholders' funds         | <u>30,805</u> | <u>26,610</u> |

## Notes to financial statements (continued)

### 18 Reserves

|                            | 1995              |                            |                |
|----------------------------|-------------------|----------------------------|----------------|
|                            | Other<br>reserves | Profit and<br>loss account | Total          |
| <b>Group</b>               |                   |                            |                |
| Beginning of period        | 2,374             | (10,718)                   | (8,344)        |
| Retained profit for year   | -                 | 4,195                      | 4,195          |
| End of period              | <u>2,374</u>      | <u>(6,523)</u>             | <u>(4,149)</u> |
| <b>Company</b>             |                   |                            |                |
| Beginning of period        | 2,374             | (10,444)                   | (8,070)        |
| Retained profit for period | -                 | 4,185                      | 4,185          |
| End of period              | <u>2,374</u>      | <u>(6,259)</u>             | <u>(3,885)</u> |

Other reserves represent contributed capital which the holding company invested in the company over a number of years. This reserve is not deemed to be distributable.

### 19 Pension scheme

The company operates a defined contribution pension and life assurance scheme which is administered in-house, and is open to employees of the company and subsidiary undertakings. The investment is administered by an insurance company.

The pension expense for the period was £715,000 (1994 - £611,000) and included within accruals are pension costs of £119,000 (1994 - £96,000).

### 20 Reconciliation of group operating profit to the net cash inflow from operating activities

|                                         | 1995<br>£000 | 1994<br>£000 |
|-----------------------------------------|--------------|--------------|
| Operating profit                        | 5,472        | 3,645        |
| Depreciation                            | 3,012        | 2,913        |
| Amortisation of intangible fixed assets | 25           | 36           |
| Amortisation of government grants       | (6)          | (6)          |
| Loss (profit) on sale of fixed assets   | 13           | 5            |
| Increase in stocks                      | (515)        | (176)        |
| Increase in debtors                     | (422)        | (1,898)      |
| Increase in creditors                   | 1,466        | 257          |
|                                         | <u>9,045</u> | <u>4,776</u> |

## Notes to financial statements (continued)

### 21 Analysis of changes in group financing during the period

|                                      | 1995       | 1994       |
|--------------------------------------|------------|------------|
|                                      | Finance    | Finance    |
|                                      | leases     | leases     |
|                                      | £000       | £000       |
| Balance brought forward              | 470        | 781        |
| Cash outflow from financing          | (180)      | (402)      |
| Inception of finance lease contracts | 78         | 91         |
| Balance carried forward              | <u>368</u> | <u>470</u> |

### 22 Analysis of changes in cash and cash equivalents during the period

|                        | Cash at bank<br>and in hand<br>£000 |
|------------------------|-------------------------------------|
| Balance at 4 July 1994 | 3,310                               |
| Net cash inflow        | <u>5,466</u>                        |
| Balance at 2 July 1995 | <u>8,776</u>                        |

### 23 Accounting reference date

The company's holding company, The Standard Products Co., makes up its financial statements to 30 June annually. In the current period the company has made up its financial statements to 2 July 1995 and accordingly the financial statements are presented for the 52 weeks ended 2 July 1995, and the comparative financial statements are for the 52 weeks ended 3 July 1994.

### 24 Ultimate holding company

The company is a wholly-owned subsidiary undertaking of The Standard Products Co., incorporated in Ohio, U.S.A., whose principal place of business is 2401 South Gulley Road, Dearborn, Michigan 48124. The consolidated financial statements of this group are available and may be obtained from the above address.