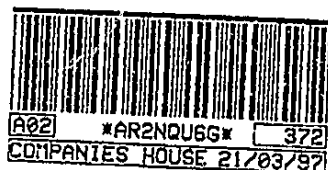


ARTHUR ANDERSEN

Standard Products Limited and subsidiary undertakings

Financial Statements 30 June 1996
together with directors' and auditors' reports

Registered number: 258607



Directors' report

For the period ended 30 June 1996

The directors present their annual report on the affairs of the group together with the financial statements and auditors' report for the period ended 30 June 1996.

Accounting period

In the current accounting period the group has made up its financial statements to 30 June 1996 and accordingly the financial statements are presented for the 52 weeks ended 30 June 1996. The comparative financial statements are for the 52 weeks ended 2 July 1995.

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 group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group 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 group 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 £3,623,000 (6%) during the year and group pre tax profits improved by £4,989,000 (118%). The directors expect the general level of activity to continue.

Results and dividends

Group results are as follows:

	£000
Accumulated loss at 2 July 1995	(6,523)
Profit for the period after taxation	7,705
Accumulated profit at 30 June 1996	<u>1,182</u>

The directors have not recommended the payment of a dividend.

Directors' report (continued)

Directors

The directors who served during the period were:

M J Anderson (Appointment 1 December 1995)
A G Coates
D S Harris
J F Keys (USA)
S J Levitt
R J Marshall (USA) (Non Executive - Resigned 16 July 1996)
J S Reid Jnr (USA)
P A Rowlings
P C Woods (Resigned 30 September 1996)
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.

Charitable and political contributions

The group contributed £4,411 (1995 - £6,035) 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.

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 group. This is achieved through regular consultation over decisions likely to affect their interests.

Auditors

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

Dryden House
St John's Street
Huntingdon
PE18 6DD

By order of the Board,



M J Anderson
Secretary

24 October 1996

Auditors' report

Cambridge

To the Shareholders of Standard Products Limited:

We have audited the financial statements on pages 4 to 23 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 10.

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.

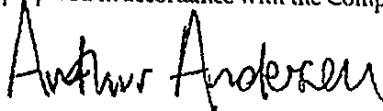
Basis of opinion

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 circumstances of the company and of the group, 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 30 June 1996 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

Beljeman House
104 Hills Road
Cambridge
CB2 1LH

24 October 1996

Consolidated profit and loss account

For the period ended 30 June 1996

	Notes	1996 £000	1995 £000
Turnover			
Cost of sales	2	62,216	58,593
Gross profit		(49,060)	(48,853)
Other operating expenses (net)		13,156	9,740
Operating profit	3	(4,868)	(4,268)
Interest receivable and similar income		8,288	5,472
Interest payable and similar charges		1,051	312
Exceptional item	4	(129)	(63)
Profit on ordinary activities before taxation	5	-	(1,500)
Tax on profit on ordinary activities	6	9,210	4,221
Retained profit for the period	8	(1,505)	(26)
	18	7,705	4,195

A statement of movement on reserves is given in note 19.

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

All of the results are derived from continuing activities.

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

Consolidated balance sheet

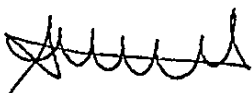
30 June 1996

	Notes	1996 £000	1995 £000
Fixed assets			
Intangible assets	9	117	143
Tangible assets	10	18,109	19,000
Investments	11	14	-
		<u>18,240</u>	<u>19,143</u>
Current assets			
Stocks	12	2,576	2,735
Debtors	13	34,525	11,180
Cash at bank and in hand		63	8,776
		<u>37,164</u>	<u>22,691</u>
Creditors: Amounts falling due within one year	14	(15,779)	(10,812)
Net current assets		<u>21,385</u>	<u>11,879</u>
Total assets less current liabilities		<u>39,625</u>	<u>31,022</u>
Creditors: Amounts falling due after more than one year	15	-	(217)
Provisions for liabilities and charges	16	(1,115)	-
Net assets		<u>38,510</u>	<u>30,805</u>
Capital and reserves			
Called-up share capital	17	34,954	34,954
Other reserves	19	2,374	2,374
Profit and loss account	19	1,182	(6,523)
Total capital employed - all equity	18	<u>38,510</u>	<u>30,805</u>

Signed on behalf of the Board

S J Levitt

Director



M J Anderson

Director



24 October 1996

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

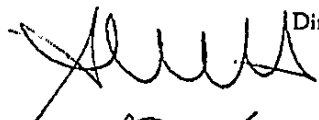
Company balance sheet

30 June 1996

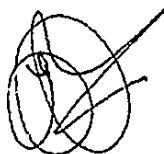
	Notes	1996 £000	1995 £000
Fixed assets			
Intangible assets	9	117	143
Tangible assets	10	17,450	18,438
Investments	11	585	571
		<u>18,152</u>	<u>19,152</u>
Current assets			
Stocks	12	2,436	2,500
Debtors	13	34,774	11,935
Cash at bank and in hand		101	8,714
		<u>37,311</u>	<u>23,149</u>
Creditors: Amounts falling due within one year	14	(15,599)	(11,020)
Net current assets		<u>21,712</u>	<u>12,129</u>
Total assets less current liabilities		<u>39,864</u>	<u>31,281</u>
Creditors: Amounts falling due after more than one year	15		(212)
Provision for liabilities and charges	16	(1,115)	-
Net assets		<u>38,749</u>	<u>31,069</u>
Capital and reserves			
Called-up share capital	17	34,954	34,954
Other reserves	19	2,374	2,374
Profit and loss account	19	1,421	(6,259)
Total capital employed - all equity		<u>38,749</u>	<u>31,069</u>

Signed on behalf of the Board

S J Levitt

 Director

M J Anderson

 Director

24 October 1996

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

Consolidated cash flow statement

For the period ended 30 June 1996

	Notes	1996 £000	1995 £000
Net cash inflow from operating activities	21	11,060	9,045
Returns on investments and servicing of finance			
Interest received		624	312
Interest paid		(99)	(24)
Interest element of finance lease rentals		(30)	(39)
Net cash inflow from returns on investments and servicing of finance		495	249
Taxation			
Corporation tax paid		(1)	(5)
Investing activities			
Payments to acquire tangible fixed assets		(2,416)	(3,652)
Purchase of tangible investment		(14)	-
Sale of tangible fixed assets		67	9
Net cash outflow from investing activities		(2,363)	(3,643)
Net cash inflow before financing		9,191	5,646
Financing			
Capital repayments under finance leases	22	(167)	(180)
Loan from fellow subsidiary	22	3,863	-
Loan to fellow subsidiary		(21,600)	-
Net cash outflow from financing		(17,904)	(180)
(Decrease) increase in cash and cash equivalents	23	(8,713)	5,466

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

Notes to financial statements

30 June 1996

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 30 June 1996. 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 £7,680,000 of the consolidated profit (1995 - £4,185,000) 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	- 3-4 years
Computer software	- 3-4 years
Computer hardware	- 4-7 years
Motor vehicles	- 4 years
Leasehold property	- Over the term of the 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 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, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

g) *Turnover*

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

h) *Foreign currency*

Transactions in foreign currencies are recorded at the rate of exchange at the date the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at the 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) *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 or the requirements of the grant have been satisfied.

Notes to financial statements (continued)

1 Accounting policies (continued)

j) Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

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.

k) Pension costs

The group 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 20.

2 Segment information

In the opinion of the directors the disclosure of turnover by geographical region would be seriously prejudicial to the interests of the group.

3 Other operating expenses (net)

	1996 £000	1995 £000
Administration and other operating costs	<u>4,868</u>	<u>4,268</u>

4 Interest payable and similar charges

	1996 £000	1995 £000
On bank loans and overdrafts, and other loans		
- repayable within five years, by instalments	30	39
- repayable within five years, not by instalments	<u>99</u>	<u>24</u>
	<u>129</u>	<u>63</u>

Included in the above is the interest element of charges payable under finance leases amounting to £30,000 (1995 - £39,000).

Notes to financial statements (continued)

5 Exceptional item

The exceptional item of £1,500,000 in 1995 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:

	1996 £000	1995 £000
(Profit) loss on sale of fixed asset	(1)	13
Depreciation and amounts written off		
i) intangible fixed assets	26	25
ii) tangible fixed assets		
- owned assets	2,912	2,683
- assets held under finance leases	329	329
Amortisation of deferred grants	(250)	(6)
Operating lease rentals on - motor vehicles and equipment	487	555
- land and buildings	462	462
Auditors' remuneration - audit	39	37
- non-audit	4	42
Staff costs (note 7)	16,433	15,393

7 Staff costs

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

Employee costs during the period amounted to:

	1996 £000	1995 £000
Wages and salaries	14,179	12,955
Social security costs	1,523	1,723
Pension costs	731	715
	16,433	15,393

The average weekly number of persons employed by the group during the period was 1,191 (1995: 1,187).

Notes to financial statements (continued)

7 Staff costs (continued)

Directors' remuneration:

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

	1996 £000	1995 £000
Fees	10	15
Other emoluments (including pension contributions)	427	482
	<u>437</u>	<u>497</u>

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

	1996 £000	1995 £000
Chairman	-	-
Highest-paid director	<u>124</u>	<u>132</u>

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

	Number of directors	
	1996	1995
£Nil - £ 5,000	3	3
£ 5,001 - £ 10,000	2	-
£ 10,001 - £ 15,000	-	1
£ 50,001 - £ 55,000	1	1
£ 55,001 - £ 60,000	-	1
£ 60,001 - £ 65,000	-	1
£ 65,001 - £ 70,000	2	-
£ 70,001 - £ 75,000	-	1
£ 80,001 - £ 85,000	1	1
£120,001 - £125,000	1	-
£130,001 - £135,000	-	1
	<u>-</u>	<u>1</u>

None of the directors had any interests in the shares of the company.

Notes to financial statements (continued)

8 Tax on profit on ordinary activities

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

	1996 £000	1995 £000
Corporation tax at 33% (1995 - 33%)		
- Tax charge for current year	390	20
- Under provision in prior year	-	6
Deferred taxation	1,115	-
	<u>1,505</u>	<u>26</u>

The group has utilised all tax losses available in the current year. In the prior year all deferred tax liabilities were matched against carried forward losses with the net tax charge being nil.

9 Intangible fixed assets

	Group and Company	
	1996 £000	1995 £000
Marketing agreement	<u>117</u>	<u>143</u>

The movement in the period was as follows:

	Group and Company	
	1996 £000	1995 £000
Cost		
Beginning of period	204	204
Additions	-	-
End of period	<u>204</u>	<u>204</u>
Amounts written off		
Beginning of period	61	36
Written off	26	25
End of period	<u>87</u>	<u>61</u>
Net book value	<u>117</u>	<u>143</u>

The amount represents the cost to the group of a world-wide 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	Land and Buildings Freehold	Leasehold	Plant, machinery tools and utensils	Furniture and fixtures	Computer software	Computer hardware	Capital work-in- progress	Motor Vehicles	Total £000
Cost	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance, beginning of period	6,442	22	23,081	1,589	577	1,322	2,151	245	35,429
Additions	20	-	946	26	71	365	986	2	2,416
Disposals	-	(12)	(54)	(4)	-	(11)	-	(18)	(99)
Transfers	-	-	1,953	43	7	14	(2,017)	-	-
Balance, end of period	6,462	10	25,926	1,654	655	1,690	1,120	229	37,746
Accumulated depreciation									
Balance, beginning of period	1,894	13	12,498	943	324	683	-	74	16,429
Charge	229	1	2,443	116	114	278	-	60	3,241
Disposals	-	(12)	(8)	-	-	(5)	-	(8)	(33)
Balance, end of period	2,123	2	14,933	1,059	438	956	-	126	19,637
Net book value									
End of period	4,339	8	10,993	595	217	734	1,120	103	18,109
Beginning of period	4,548	9	10,583	646	253	639	2,151	171	19,000

Notes to financial statements (continued)

10 Tangible fixed assets (continued)

Company	Land and Buildings Freehold £000	Leasehold £000	Plant, machinery tools and utensils £000	Furniture and fixtures £000	Computer software £000	Computer hardware £000	Capital work-in- progress £000	Motor vehicles £000	Total £000
Cost									
Balance, beginning of period	6,267	10	22,551	1,556	576	1,221	2,151	216	34,548
Additions	20	-	824	17	71	252	986	3	2,173
Disposals	-	-	(40)	(4)	-	(11)	-	(17)	(72)
Transfers	-	-	1,953	43	7	14	(2,017)	-	-
Balance, end of period	6,287	10	25,288	1,612	654	1,476	1,120	202	36,619
Accumulated depreciation									
Balance, beginning of period	1,883	2	12,266	933	324	647	-	55	16,110
Charge	226	-	2,359	113	114	241	-	54	3,107
Disposals	-	-	(5)	-	-	(5)	-	(8)	(18)
Balance, end of period	2,109	2	14,620	1,046	438	883	-	101	19,199
Net book value									
End of period	4,178	8	10,668	566	216	593	1,120	101	17,450
Beginning of period	4,384	8	10,285	623	252	574	2,151	161	18,438

Notes to financial statements (continued)

10 Tangible fixed assets (continued)

Freehold land held by the group amounting to £69,000 (1995 - £69,000) has not been depreciated.

Cumulative interest costs capitalised included in the cost of tangible fixed assets amount to £1,204,000 (1995 - £1,204,000) for both the group and the company.

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

	Plant and machinery and computer software	
	Group	Company
Net book value	£000	£000
Beginning of period	931	921
End of period	593	593

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

	Group		Company	
	1996 £000	1995 £000	1996 £000	1995 £000
Contracts for capital expenditure not provided for	1,919	-	1,919	-
Capital expenditure authorised but not contracted for	1,155	-	1,155	-

d) Operating lease commitments:

The group 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 £487,000 (1995 - £555,000).

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 £000	Motor vehicles & equipment £000	Property £000	Motor vehicles & equipment £000
1996				
Operating leases which expire:				
- within one year	20	23	-	23
- within 2 - 5 years	-	198	-	192
- after 5 years	462	1	462	-
	<u>482</u>	<u>222</u>	<u>462</u>	<u>215</u>
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>

11 Fixed asset investments

Investments in subsidiary undertakings:

	Group		Company	
	1996 £000	1995 £000	1996 £000	1995 £000
Bird Mould and Tool Co Limited	-	-	571	571
SPI Technistan	14	-	14	-
	<u>14</u>	<u>-</u>	<u>585</u>	<u>571</u>

	Country of Incorporation	Principal Activity	Holding	%
Bird Mould and Tool Co Limited	England	Manufacture and sale of moulds	Direct	100
SPI Technistan	France	Research and development	Direct	1%

During the year the company acquired 1 share in SPI Technistan, a company registered in France. SPI Technistan performs the research and development for the Standard Products Group Companies. The Directors consider that the carrying value adequately reflects the value of the company.

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.

17 STANDARD PRODUCTS LIMITED

Notes to financial statements (continued)

12 Stocks

The following are included in stocks:

	Group		Company	
	1996	1995	1996	1995
	£000	£000	£000	£000
Raw materials	902	1,240	854	1,133
Work-in-progress	935	816	852	816
Finished goods	739	679	730	551
	<u>2,576</u>	<u>2,735</u>	<u>2,436</u>	<u>2,500</u>

In the opinion of the directors, the replacement cost of stocks at 30 June 1996 and 2 July 1995 was substantially the same as the balance sheet values.

13 Debtors

The following are included in debtors:

	Group		Company	
	1996	1995	1996	1995
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	10,661	8,619	10,661	8,539
Due from fellow subsidiary undertaking	1,818	2,010	2,103	2,865
Prepayments and accrued income	419	513	383	493
Other debtors	27	38	27	38
	<u>12,925</u>	<u>11,180</u>	<u>13,174</u>	<u>11,935</u>

Amounts falling due after more than one year:

Due from fellow subsidiary undertakings	21,600	-	21,600	-
	<u>34,525</u>	<u>11,180</u>	<u>34,774</u>	<u>11,935</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	
	1996 £000	1995 £000	1996 £000	1995 £000
Current portion of obligations under finance leases	201	172	201	169
Trade creditors	4,879	5,000	4,751	5,119
Due to holding company	948	404	948	404
Due to fellow subsidiary undertakings	3,894	227	3,894	376
Social security and PAYE	659	710	647	699
VAT	91	(106)	55	(148)
Corporation tax	399	10	399	10
Accruals and deferred income	4,708	4,395	4,704	4,391
	<u>15,779</u>	<u>10,812</u>	<u>15,599</u>	<u>11,020</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	
	1996 £000	1995 £000	1996 £000	1995 £000
Obligations under finance leases	-	196	-	191
Deferred government grants	-	1	-	1
Other	-	20	-	20
	<u>-</u>	<u>217</u>	<u>-</u>	<u>212</u>

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

	Group		Company	
	1996 £000	1995 £000	1996 £000	1995 £000
Due within 1 - 2 years	-	162	-	157
Due within 2 - 5 years	-	34	-	34
	<u>-</u>	<u>196</u>	<u>-</u>	<u>191</u>

Notes to financial statements (continued)

16 Provisions for liabilities and charges

	Deferred taxation £000
Group and Company	
At beginning of period	-
Charged to profit and loss account	1,115
At end of period	<u>1,115</u>

All deferred taxation liabilities have been provided for as at 30 June 1996.

Deferred taxation liability consists of:

Group and company	Provided		Unprovided	
	1996 £000	1995 £000	1996 £000	1995 £000
Accelerated capital allowances	1,123	-	-	1,688
Other timing differences	(8)	-	-	(925)
Tax losses available	-	-	-	(763)
	<u>1,115</u>	<u>-</u>	<u>-</u>	<u>-</u>

17 Called-up share capital

	1996 £000	1995 £000
<i>Authorised:</i>		
600,000 ordinary shares of 1p each	6	6
39,994,000 deferred ordinary shares of £1 each	<u>39,994</u>	<u>39,994</u>
	<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	<u>34,948</u>	<u>34,948</u>
	<u>34,954</u>	<u>34,954</u>

Notes to financial statements (continued)

18 Reconciliation of movements in shareholders' funds for the period ended 30 June 1996

	1996 £000	1995 £000
Retained profit for the period	7,705	4,195
Net addition to shareholders' funds	7,705	4,195
Opening shareholders' funds	30,805	26,610
Closing shareholders' funds	38,510	30,805

19 Reserves

	1996		
	Other reserves £000	Profit and loss account £000	Total £000
Group			
Beginning of period	2,374	(6,523)	(4,149)
Retained profit for period	-	7,705	7,705
End of period	2,374	1,182	3,556
Company			
Beginning of period	2,374	(6,259)	(3,885)
Retained profit for period	-	7,680	7,680
End of period	2,374	1,421	3,795

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.

20 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 £731,000 (1995 - £715,000) and included within accruals are pension costs of £130,991 (1995 - £119,000).

Notes to financial statements (continued)

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

	1996 £000	1995 £000
Operating profit	8,288	5,472
Depreciation	3,241	3,012
Amortisation of intangible fixed assets	26	25
(Profit) loss on sale of fixed assets	(1)	13
Decrease (increase) in stocks	159	(515)
Increase in debtors	(1,318)	(422)
Increase in creditors	678	1,466
Decrease in deferred income - government grants	(13)	(6)
	<u>11,060</u>	<u>9,045</u>

22 Analysis of changes in group financing during the period

	1996 Finance leases £000	1996 Loans £000	1995 Finance leases £000	1995 Loans £000
Balance brought forward	368	-	470	-
Cash outflow from financing	(167)	-	(180)	-
Inception of finance lease contracts	-	-	78	-
Loans from fellow subsidiaries acquired during the period	-	3,863	-	-
Balance carried forward	<u>201</u>	<u>3,863</u>	<u>368</u>	<u>-</u>

Notes to financial statements (continued)

23 Analysis of changes in cash and cash equivalents during the period

	Cash at bank and in hand £000
Balance at 2 July 1995	8,776
Net cash outflow	(8,713)
Balance at 30 June 1996	<u>63</u>

24 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 30 June 1996 and accordingly the financial statements are presented for the 52 weeks ended 30 June 1996, and the comparative financial statements are for the 52 weeks ended 2 July 1995.

25 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.