

ARTHUR ANDERSEN

Standard Products Limited and subsidiary undertakings

Financial statements 30 June 1998
together with directors' and auditors' reports

Registered number: 258607



Directors' report

For the year ended 30 June 1998

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report for the year ended 30 June 1998.

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 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.

The group turnover increased by £2,327,000 (3.8%) during the year reflecting the introduction of many new programmes. The costs associated with these introductions, particularly the development of new processes and technology, has resulted in the group pre-tax result being £11,884,000 lower than the prior year. The directors expect the growth in the general level of activity to continue.

The group continues to invest in research and development.

Results and dividends

Group results are as follows:

	£000
Accumulated profit at 30 June 1997	6,814
Loss for the year after taxation	(2,410)
Accumulated profit at 30 June 1998	<u>4,404</u>

The directors do not recommend the payment of a dividend (1997 - £nil).

Directors' report (continued)

Directors

The directors who served during the year were:

M J Anderson

A G Coates

D S Harris

J F Keys (USA)

S J Levitt (resigned 1 December 1998)

J S Reid Jnr (USA)

P A Rowlings

T K Zampetis (USA)

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.

Year 2000

The group has recognised the risk and uncertainty associated with the year 2000 problem and has been working to its plan to address them. The plan incorporates all internal software, manufacturing equipment and site services, including co-ordination with customers and suppliers. Activities have been mainly completed by the use of internal resources with external support as appropriate, which have been fully expensed within the financial statements. Future costs associated with ensuring compliance have not been quantified by the group.

Charitable and political contributions

The group contributed £4,850 (1997 - £5,027) to charities during the year. 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. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the group continues and that appropriate training is arranged.

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.

Directors' report (continued)

Auditors

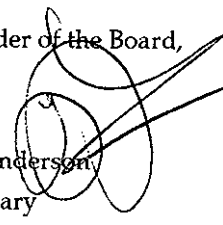
The directors will place a resolution before the annual general meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

Dryden House
St John's Street
Huntingdon
PE18 6DD

16 April 1999

By order of the Board,

M J Anderson
Secretary

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right, is written over the printed name and title.

Auditors' report

Cambridge

To the Shareholders of Standard Products Limited:

We have audited the financial statements on pages 5 to 22 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 financial 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 1998 and of the group's loss for the year 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

16 April 1999

Consolidated profit and loss account

For the year ended 30 June 1998

	Notes	1998 £000	1997 £000
Turnover	2	62,849	60,522
Cost of sales		(59,926)	(47,017)
Gross profit		2,923	13,505
Other operating expenses (net)	3	(7,950)	(6,449)
Exceptional item: recovery of bad debt	4	-	600
Exceptional item: write off of unremittable cash	4	-	(974)
Operating (loss) profit		(5,027)	6,682
Interest receivable and similar income	5	1,496	1,603
Interest payable and similar charges	6	(321)	(253)
(Loss) profit on ordinary activities before taxation	7	(3,852)	8,032
Tax on (loss) profit on ordinary activities	9	1,442	(2,400)
Retained (loss) profit for the year	18	(2,410)	5,632

There are no recognised gains or losses in either year other than the result for each year.

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 1998

	Notes	1998 £000	1997 £000
Fixed assets			
Intangible assets	10	66	91
Tangible assets	11	31,072	22,096
Investments	12	14	14
		<u>31,152</u>	<u>22,201</u>
Current assets			
Stocks	13	4,198	3,133
Debtors: Amounts falling due within one year	14	17,095	13,370
Debtors: Amounts falling due after more than one year	14	8,484	20,965
Cash at bank and in hand		783	285
		<u>30,560</u>	<u>37,753</u>
Creditors: Amounts falling due within one year	15	(18,178)	(14,332)
Net current assets		<u>12,382</u>	<u>23,421</u>
Total assets less current liabilities		<u>43,534</u>	<u>45,622</u>
Provisions for liabilities and charges	16	(1,802)	(1,480)
Net assets		<u>41,732</u>	<u>44,142</u>
Capital and reserves			
Called-up share capital	17	34,954	34,954
Other reserves	18	2,374	2,374
Profit and loss account	18	4,404	6,814
Shareholders' funds - all equity	19	<u>41,732</u>	<u>44,142</u>

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

Company balance sheet

30 June 1998

	Notes	1998 £000	1997 £000
Fixed assets			
Intangible assets	10	66	91
Tangible assets	11	30,583	21,515
Investments	12	585	585
		<u>31,234</u>	<u>22,191</u>
Current assets			
Stocks	13	3,771	2,593
Debtors: Amounts falling due within one year	14	17,087	13,331
Debtors: Amounts falling due after more than one year	14	8,484	20,965
Cash at bank and in hand		785	254
		<u>30,127</u>	<u>37,143</u>
Creditors: Amounts falling due within one year	15	(18,416)	(13,561)
Net current assets		<u>11,711</u>	<u>23,582</u>
Total assets less current liabilities		<u>42,945</u>	<u>45,773</u>
Provisions for liabilities and charges	16	(1,802)	(1,480)
Net assets		<u>41,143</u>	<u>44,293</u>
Capital and reserves			
Called-up share capital	17	34,954	34,954
Other reserves	18	2,374	2,374
Profit and loss account	18	3,815	6,965
Shareholders' funds - all equity		<u>41,143</u>	<u>44,293</u>

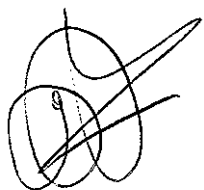
Signed on behalf of the Board

A G Coates



Director

M J Anderson



Director

16 April 1999

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

Notes to financial statements

30 June 1998

1 Accounting policies

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

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and 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 1998. 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) has been 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 permitted by Section 230 of the Companies Act 1985. A loss of £3,364,000 (1997 - profit of £5,544,000) of the consolidated result relates to the company only.

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.

Notes to financial statements (continued)

1 Accounting policies (continued)

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, based on normal levels of activity.

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*

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 of 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 that 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 relating to tangible fixed assets are accounted for by crediting the grants receivable to a deferred income 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.

j) *Research and development*

Research and development expenditure is written off as incurred.

Notes to financial statements (continued)

1 Accounting policies (continued)

k) 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.

l) Pension costs

The group operates a defined contribution pension and death benefits plan. All contributions are charged to the profit and loss account in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments on the balance sheet. For further details refer to note 20.

m) Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No. 1 (Revised) "Cash flow statements" to present a cash flow statement as it is a wholly owned subsidiary and the consolidated financial statements of the parent company are publicly available.

2 Turnover

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

Turnover is derived from one class of business and relates to continuing activities.

3 Other operating expenses (net)

	1998 £000	1997 £000
Development and engineering costs	3,770	3,202
Selling and distribution costs	1,011	476
Administrative expenses	3,169	2,771
	<u>7,950</u>	<u>6,449</u>

Notes to financial statements (continued)

4 Exceptional items

The exceptional item in 1997 of £600,000 related to cash received against a debt from a fellow subsidiary undertaking which is in liquidation.

The exceptional cost in 1997 of £974,000 related to the write-off of a debt from a fellow subsidiary undertaking which is irrecoverable due to government restrictions.

5 Interest receivable and similar income

	1998 £000	1997 £000
Intercompany loans	1,462	1,558
Bank interest	34	45
	<u>1,496</u>	<u>1,603</u>

6 Interest payable and similar charges

	1998 £000	1997 £000
Bank loans and overdrafts	303	36
Finance leases	2	14
Intercompany loans	-	203
Other	16	-
	<u>321</u>	<u>253</u>

Notes to financial statements (continued)

7 (Loss) profit on ordinary activities before taxation

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

	1998 £000	1997 £000
Loss (profit) on sale of fixed assets	33	(1)
Depreciation and amounts written off:		
i) intangible fixed assets	25	26
ii) tangible fixed assets		
- owned assets	3,801	3,228
- assets held under finance leases	-	264
Release of deferred grant income	(100)	(450)
Operating lease rentals on		
- plant and machinery	386	451
- other	422	462
Auditors' remuneration		
- audit	61	39
- non-audit	18	11
	<u> </u>	<u> </u>

8 Staff costs

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

Employee costs during the year amounted to:	1998 £000	1997 £000
Wages and salaries	25,693	21,556
Social security costs	2,014	1,620
Pension costs	1,053	884
	<u>28,760</u>	<u>24,060</u>

The average monthly number of persons employed by the group during the year was as follows:

	1998 Number	1997 Number
Manufacturing	1,196	1,004
Sales and design engineers	33	32
Administration	152	162
	<u>1,381</u>	<u>1,198</u>

Notes to financial statements (continued)

8 Staff costs (continued)

Directors' remuneration:

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

	1998 £000	1997 £000
Emoluments	366	437
Company contributions to money purchase pension schemes	36	35
	<u>402</u>	<u>472</u>

Highest paid director:

	1998 £000	1997 £000
Emoluments	106	141
Company contributions to money purchase pension schemes	12	12
	<u>118</u>	<u>153</u>

Pensions:

Retirement benefits are accruing under money purchase schemes in respect of qualifying service for 5 (1997 - 5) of the company's directors.

9 Tax on (loss) profit on ordinary activities

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

	1998 £000	1997 £000
Corporation tax		
- Tax charge for current year	(1,574)	2,164
- Adjustment in respect of prior year	(397)	(129)
- Overseas tax	207	-
Deferred taxation	322	365
	<u>(1,442)</u>	<u>2,400</u>

Notes to financial statements (continued)

10 Intangible fixed assets

	Group and Company	
	1998 £000	1997 £000
Marketing agreement	<u>66</u>	<u>91</u>

The movement in the year was as follows:

	Group and Company	
	1998 £000	1997 £000
Cost		
Beginning and end of year	204	204
Amounts written off		
Beginning of year	113	87
Write off in the year	<u>25</u>	<u>26</u>
End of year	138	113
Net book value	<u>66</u>	<u>91</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)

11 Tangible fixed assets

a) The movement during the year was as follows:

Group	Land and buildings Freehold	Leasehold	Plant, machinery tools and utensils	Furniture and fixtures	Computer software and hardware	Capital work-in- progress	Motor vehicles	Total
Cost	£000	£000	£000	£000	£000	£000	£000	£000
Beginning of year	6,486	10	27,845	1,733	2,674	5,840	201	44,789
Additions	36	-	8,173	152	210	4,303	23	12,897
Disposals	-	-	(1,718)	-	(4)	(1)	(20)	(1,743)
Transfers	(142)	174	4,117	25	18	(4,192)	-	-
End of year	6,380	184	38,417	1,910	2,898	5,950	204	55,943
Accumulated depreciation								
Beginning of year	2,369	3	17,121	1,190	1,853	-	157	22,693
Charge	216	4	3,024	133	391	-	33	3,801
Disposals	-	-	(1,603)	-	(2)	-	(18)	(1,623)
Transfers	(18)	18	-	-	-	-	-	-
End of year	2,567	25	18,542	1,323	2,242	-	172	24,871
Net book value								
Beginning of year	4,117	7	10,724	543	821	5,840	44	22,096
End of year	3,813	159	19,875	587	656	5,950	32	31,072

Notes to financial statements (continued)

11 Tangible fixed assets (continued)

Company	Land and buildings Freehold	Leasehold	Plant, machinery tools and utensils	Furniture and fixtures	Computer software and hardware	Capital work-in- progress	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
Beginning of year	6,311	10	27,196	1,680	2,459	5,840	174	43,670
Additions	36	-	8,133	153	195	4,304	23	12,844
Disposals	-	-	(1,710)	-	(4)	(1)	(21)	(1,736)
Transfers	33	-	4,117	25	18	(4,193)	-	-
End of year	6,380	10	37,736	1,858	2,668	5,950	176	54,778
Accumulated depreciation								
Beginning of year	2,351	3	16,776	1,172	1,723	-	130	22,155
Charge	216	-	2,951	127	335	-	33	3,662
Disposals	-	-	(1,601)	-	(2)	-	(19)	(1,622)
End of year	2,567	3	18,126	1,299	2,056	-	144	24,195
Net book value								
Beginning of year	3,960	7	10,420	508	736	5,840	44	21,515
End of year	3,813	7	19,610	559	612	5,950	32	30,583

Notes to financial statements (continued)

11 Tangible fixed assets (continued)

Freehold land held by the group amounting to £69,000 (1997 - £69,000) has not been depreciated.

Cumulative interest costs capitalised included in the cost of tangible fixed assets amount to £1,204,000 (1997 - £1,204,000) for both the group and the company.

The net book value of assets held under finance leases at the year end was £nil (1997 - £nil).

b) The group's and company's capital commitments at the end of the year were as follows:

	Group		Company	
	1998 £000	1997 £000	1998 £000	1997 £000
Contracts for capital expenditure not provided for	<u>375</u>	<u>1,470</u>	<u>375</u>	<u>1,470</u>

c) 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 £280,000 with rent reviews every 5 years. The lease expires in 2014 although the group 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 £386,000 (1997 - £451,000).

Notes to financial statements (continued)

11 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
1998				
Operating leases which expire:				
- within one year	61	34	34	29
- within 2 - 5 years	-	296	-	289
- after 5 years	280	-	280	-
	<u>341</u>	<u>330</u>	<u>314</u>	<u>318</u>
1997				
Operating leases which expire:				
- within one year	-	39	-	35
- within 2 - 5 years	-	216	-	215
- after 5 years	462	-	462	-
	<u>462</u>	<u>255</u>	<u>462</u>	<u>250</u>

12 Fixed asset investments

Investments in subsidiary undertakings:

	Group		Company	
	1998 £000	1997 £000	1998 £000	1997 £000
Standard Products Mould & Tool Company Limited	-	-	571	571
SPI Technistan	14	14	14	14
	<u>14</u>	<u>14</u>	<u>585</u>	<u>585</u>

Notes to financial statements (continued)

12 Fixed asset investments (continued)

	Country of incorporation	Principal activity	Holding	%
Standard Products Mould & Tool Company Limited	England	Manufacture and sale of moulds	Direct	100
SPI Technistan	France	Research and development	Direct	1

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.

13 Stocks

	Group		Company	
	1998	1997	1998	1997
	£000	£000	£000	£000
Raw materials	2,438	1,418	2,171	1,333
Work-in-progress	942	999	782	579
Finished goods	818	716	818	681
	<u>4,198</u>	<u>3,133</u>	<u>3,771</u>	<u>2,593</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

14 Debtors

	Group		Company	
	1998	1997	1998	1997
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	12,889	11,595	12,889	11,595
Amounts owed from other group undertakings	354	1,320	247	1,308
Corporation tax	1,467	-	1,467	-
VAT	228	-	360	-
Other debtors	59	38	59	37
Prepayments and accrued income	2,098	417	2,065	391
	<u>17,095</u>	<u>13,370</u>	<u>17,087</u>	<u>13,331</u>
Amounts falling due after more than one year:				
Amounts owed from other group undertakings	8,484	20,965	8,484	20,965
	<u>25,579</u>	<u>34,335</u>	<u>25,571</u>	<u>34,296</u>

Notes to financial statements (continued)

15 Creditors: Amounts falling due within one year

	Group		Company	
	1998	1997	1998	1997
	£000	£000	£000	£000
Obligations under finance leases	17	49	17	49
Trade creditors	9,966	4,816	9,562	4,701
Due to holding company	550	1,136	550	1,136
Due to other group undertakings	544	1,020	1,412	425
Social security and PAYE	912	721	894	709
VAT	-	36	-	26
Corporation tax	-	2,071	-	2,071
Accruals and deferred income	6,189	4,483	5,981	4,444
	<u>18,178</u>	<u>14,332</u>	<u>18,416</u>	<u>13,561</u>

16 Provisions for liabilities and charges

	Deferred taxation £000
Group and Company	
At beginning of year	1,480
Charged to profit and loss account	322
At end of year	<u>1,802</u>

All deferred taxation liabilities have been provided for as at 30 June 1998 and 1997.

Deferred taxation liability consists of:

	Provided	
	1998	1997
	£000	£000
Group and company		
Accelerated capital allowances	2,685	1,774
Tax losses available	(130)	-
Other timing differences	(753)	(294)
	<u>1,802</u>	<u>1,480</u>

Notes to financial statements (continued)

17 Called-up share capital

	1998 £000	1997 £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>

18 Reserves

	1998		
	Other reserves £000	Profit and loss account £000	Total £000
Group			
Beginning of year	2,374	6,814	9,188
Retained loss for year	-	(2,410)	(2,410)
End of year	<u>2,374</u>	<u>4,404</u>	<u>6,778</u>
Company			
Beginning of year	2,374	6,965	9,339
Retained loss for year	-	(3,150)	(3,150)
End of year	<u>2,374</u>	<u>3,815</u>	<u>6,189</u>

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

19 Reconciliation of movements in group shareholders' funds

	1998 £000	1997 £000
Retained (loss) profit for year	(2,410)	5,632
Net addition to shareholders' funds	(2,410)	5,632
Opening shareholders' funds	44,142	38,510
Closing shareholders' funds	<u>41,732</u>	<u>44,142</u>

Notes to financial statements (continued)

20 Pension scheme

The company operates a defined contribution pension and death benefits plan 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 year was £1,053,000 (1997 - £884,000).

21 Ultimate holding company and related party disclosures

The company is a wholly owned subsidiary undertaking of 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.

As a consequence of being wholly owned subsidiary, the company is exempt from the requirement of Financial Reporting Standard No. 8 "Related party disclosures" to disclose transactions with other group members.