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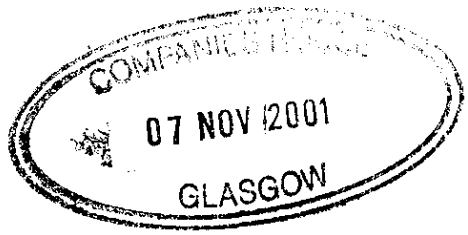
Stoneridge Electronics Limited (formerly TVI Europe Limited)

Accounts for the year ended 31 December 2000

together with directors' and auditors' reports

Registered number: 139213



The directors present their annual report on the affairs of the company, together with the accounts and auditors' report for the year ended 31 December 2000.

Principal activities

The principal activities of the company comprise the manufacture and distribution of recording instruments for a range of applications.

The company continues to invest in research and development. The principal activities in research and development include new product development and enhancement on the 2400 series tachograph as well as engineering maintenance support on existing 8400 business and work on product cost reduction projects.

The company operates a distribution centre in Spain which is self accounting. The results of this branch are consolidated into the accounts of the company.

During the year, the company commenced operation of a distribution centre in France, which is also self accounting, and whose results are consolidated into the accounts of the company.

On 14 August 2001 the company changed its name to Stoneridge Electronics Limited.

Results and dividends

The audited accounts for the year ended 31 December 2000 are set out on pages 5 to 18. The profit for the year, after taxation, was £534,744 (1999 - £261,472).

The directors recommend a final dividend of £Nil (1999 - £Nil) to ordinary shareholders.

Directors and their interests

The directors who served during the year were as follows:

N P Key	(resigned 31 May 2001)
C M O'Malley	
M E T Lisle	
D K J Gibson	
A G Duffy	
G Pisani	
C J Abruzzo	
D M Draime	
K P Bagby	
A Cohen	
S Forseke	
W Whitelaw	(appointed 19 April 2001)

At 31 December 2000, no directors who held office had any interests in the shares of the company.

As a wholly owned subsidiary undertaking of Stoneridge Inc., a company incorporated outside Great Britain, the company has taken advantage of the exemption under SI 1985/802 of Section 324 (1) and (2) of the Companies Act 1985 to disclose director interests in shares or debentures of Stoneridge Inc..

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

C/o Shepard & Wedderburn
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2ET

26 October 2001

By order of the Board,

M. O'Malley

C M O'Malley
Director

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To the Shareholders of Stoneridge Electronics Limited (formerly TVI Europe Limited)

We have audited the accounts on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

26 October 2001

Profit and loss account

For the year ended 31 December 2000

	Notes	2000 £	1999 £
Turnover	2	15,552,733	12,888,342
Cost of sales		(10,856,270)	(8,531,737)
Gross profit		4,696,463	4,356,605
Other operating expenses (net)	3	(3,920,802)	(3,920,336)
Operating profit		775,661	436,269
Investment income	4	-	518
Interest payable and similar charges	5	(104,917)	(85,315)
Profit on ordinary activities before taxation	6	670,744	351,472
Tax on profit on ordinary activities	9	(136,000)	(90,000)
Profit for the financial year		534,744	261,472
Dividends paid and proposed	10	-	(9,600)
Retained profit for the year		534,744	251,872

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year for both 31 December 2000 and 31 December 1999 and their respective historical cost equivalents.

All operations of the company continued throughout both periods and no operations were acquired or discontinued.

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

Statement of total recognised gains and losses

For the year ended 31 December 2000

	2000 £	1999 £
Profit for the financial year	534,744	261,472
Loss on foreign currency translation	(1,405)	(36,208)
Total recognised gains and losses relating to the year	533,339	225,264

Balance sheet

At 31 December 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	11	1,359,069	1,587,831
Current assets			
Stocks	12	2,512,061	1,837,311
Debtors	13	3,422,340	2,726,293
Cash at bank and in hand		128,768	93,689
		6,063,169	4,657,293
Creditors: Amounts falling due within one year	14	(4,679,952)	(3,982,306)
Net current assets		1,383,217	674,987
Total assets less current liabilities		2,742,286	2,262,818
Creditors: Amounts falling due after more than one year	15	(76,949)	(163,088)
Provisions for liabilities and charges	16	(52,618)	(20,350)
Net assets		2,612,719	2,079,380
Capital and reserves			
Called-up share capital			
- equity share capital	18	250,000	250,000
- non-equity share capital	18	-	-
Share premium account	19	85,418	85,418
Capital redemption reserve	19	563,334	563,334
Profit and loss account	19	1,713,967	1,180,628
Total shareholders' funds	20	2,612,719	2,079,380

Signed on behalf of the Board of Directors

M. O'Malley

C M O'Malley Director

26 October 2001

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

1 Statement of 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 accounts have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

b) Tangible fixed assets

Tangible fixed assets are shown at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write-off the cost of fixed assets on a straight-line basis over their estimated useful lives as follows:

Freehold land and buildings	10 to 25 years
Plant and machinery	4 to 10 years
Fixtures and fittings	2 to 5 years
Motor vehicles	3 to 4 years

c) Stocks

Stocks are stated at the lower of cost and net realisable value. Costs have been determined using standard costs approximating to actual costs on a first-in, first-out basis. In the case of work-in-progress and finished goods, standard cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable 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.

d) Taxation

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

Deferred taxation is provided to allow for the effect of certain items of income and expense being attributable for tax purposes to periods different from those in which credits or charges are recorded in the accounts, and is computed using the liability method. Such taxation is determined by applying the rate of tax expected to be applicable at the estimated date of reversal of accumulated timing differences. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

1 Statement of accounting policies (continued)

e) Pension costs

The company contributes to a defined contribution scheme and the amount charged to the profit and loss account relates to the contributions and related fees payable in the year. Further information on pension costs is provided in note 21.

f) Foreign currency

Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

Profit and loss accounts of overseas branches are translated at the average rate, with assets and liabilities denominated in foreign currencies at the year end being translated at the exchange rate prevailing at the year end.

Exchange differences arising on the translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are dealt with through reserves. All other exchange differences are included in the profit and loss account.

g) Research and development

Research and development expenditure is written-off as incurred.

h) Leases and hire purchase agreements

The company has entered into finance leases and hire purchase agreements as described in note 15.

Assets held under finance leases and hire purchase agreements are initially reported at the present value of the minimum lease payments at the inception of the lease, 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 or agreement 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 return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and debited to interest payable and similar charges.

i) Cash flow statement

As permitted by FRS 1 (Revised), no cash flow statement has been prepared as the company is a wholly owned subsidiary of Stoneridge Inc. whose group accounts include a consolidated cash flow statement.

j) *Related party transactions*

The company has taken advantage of the FRS 8 exemption from having to provide details of the transactions with fellow group undertakings.

2 Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services supplied in the normal course of business.

3 Other operating expenses (net)

	2000 £	1999 £
Selling and distribution costs	2,199,392	2,139,549
Administrative expenses	816,978	757,294
Research and development costs	904,432	1,023,493
	3,920,802	3,920,336

4 Investment income

	2000 £	1999 £
Bank interest receivable	-	518

5 Interest payable and similar charges

	2000 £	1999 £
Finance leases and hire purchase contracts	8,381	12,808
Bank loans	96,536	72,507
	104,917	85,315

6 Profit on ordinary activities before taxation

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

	2000 £	1999 £
Depreciation on tangible fixed assets		
- owned	422,650	330,325
- held under finance leases and hire purchase agreements	60,634	64,167
Auditors' remuneration	20,000	19,500
Staff costs - (note 7)	4,591,806	3,905,084
Exchange gain on foreign currency transactions	(21,701)	(23,061)
Gain on disposal of fixed assets	(2,797)	(7,121)

In addition to the auditors' remuneration shown above, the company paid £6,900 (1999 - £11,750) for other services provided by the auditors.

7 Staff costs

Particulars of employees, excluding executive directors, are shown below:

Employee costs during the year amounted to:	2000 £	1999 £
Wages and salaries	4,036,139	3,427,299
Social security costs	434,747	369,438
Other pension costs (note 21)	120,920	108,347
	4,591,806	3,905,084

The average monthly number of persons employed by the company (excluding executive directors) during the year was as follows:

	2000 Number	1999 Number
Administration and management	86	80
Manufacturing	133	105
	219	185

8 Directors' remuneration

a) Remuneration

The remuneration of the directors was as follows:

	2000 £	1999 £
Emoluments	346,826	339,984
Company contributions to money purchase pension schemes	30,995	29,777
	377,821	369,761
Fees paid to third parties in respect of directors' services	-	5,348

b) Pensions

The number of directors who were members of pension schemes was as follows:

	2000 Number	1999 Number
Money purchase schemes	5	5

8 Directors' remuneration (continued)

c) Highest paid director

	2000	1999
	£	£
The above amounts for remuneration include the following in respect of the highest paid director:		
Emoluments	85,631	81,615
Company contributions to money purchase pension schemes	10,075	9,685
	95,706	91,300

9 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and comprises:	2000	1999
	£	£
Corporation tax at 30% (1999: 30%)	177,000	115,318
Prior year adjustments	(73,268)	(19,068)
Deferred tax arising from:		
- capital allowances	(39,977)	(28)
- other timing differences	72,245	(6,222)
	136,000	90,000

10 Dividends paid and proposed

	2000	1999
	£	£
Dividends paid:		
12% Cumulative participating preferred ordinary shares:		
- interim dividend paid on 30 June	-	9,600
	-	9,600

11 Tangible fixed assets

The movement on tangible fixed assets during the year was as follows:

	Freehold Land and Buildings £	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
Cost					
Beginning of year	563,277	1,679,181	369,279	506,350	3,118,087
Additions	9,872	131,892	31,955	80,803	254,522
Disposals	-	-	(45,264)	-	(45,264)
End of year	573,149	1,811,073	355,970	587,153	3,327,345
Depreciation					
Beginning of year	(156,521)	(690,357)	(294,300)	(389,078)	(1,530,256)
Charge	(28,610)	(337,819)	(46,120)	(70,735)	(483,284)
Disposals	-	-	45,264	-	45,264
End of year	(185,131)	(1,028,176)	(295,156)	(459,813)	(1,968,276)
Net book value					
Beginning of year	406,756	988,824	74,979	117,272	1,587,831
End of year	388,018	782,897	60,814	127,340	1,359,069

Included in the above are leased motor vehicles with a net book value of £47,865 (1999 - £68,600), and leased plant and machinery with a net book value of £46,836 (1999 - £68,235).

12 Stocks

	2000 £	1999 £
Raw materials and consumables	720,890	655,528
Work-in-progress	374,733	355,045
Finished goods and goods for resale	1,416,438	826,738
	2,512,061	1,837,311

In the opinion of the directors, the estimated replacement cost of stock is not materially different from its balance sheet value as shown above.

13 Debtors

Amounts falling due within one year:

	2000 £	1999 £
Trade debtors	3,292,342	2,632,079
VAT	95,361	47,715
Prepayments and accrued income	34,637	46,499
	3,422,340	2,726,293

14 Creditors: Amounts falling due within one year

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

	2000 £	1999 £
Bank overdraft	1,180,349	1,099,761
Bank loans	50,000	59,708
Trade creditors	2,327,896	1,518,740
Other creditors		
- UK corporation tax payable	280,568	178,558
- Social security and PAYE	119,376	119,526
Accruals and deferred income	672,564	938,252
Obligations under finance leases and hire purchase agreements	49,199	67,761
	4,679,952	3,982,306

15 Creditors: Amounts falling due after more than one year

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

	2000 £	1999 £
Bank loans	58,333	108,333
Obligations under finance leases and hire purchase agreements	18,616	54,755
	76,949	163,088

15 Creditors: Amounts falling due after more than one year (continued)

Bank loans are repayable as follows:

	2000 £	1999 £
Due within 1 year (note 14)	50,000	59,708
Due within 1 - 2 years	58,333	50,000
Due within 2 - 5 years	-	58,333
	108,333	168,041

Obligations under finance leases and hire purchase agreements are payable as follows:

	2000 £	1999 £
Due within 1 year (note 14)	49,199	67,761
Due within 1 - 2 years	17,476	43,640
Due within 2 - 5 years	1,140	11,115
	67,815	122,516

The company has an overdraft facility of £2,000,000 available with Bank of Scotland who hold a first and only Standard Security over the company premises at Kilspindie Road, Dundee and a first and only Bond and Floating Charge over the whole assets of the company.

16 Provisions for liabilities and charges

	2000 £	1999 £
Deferred tax (note 17)	52,618	20,350

17 Deferred taxation

	2000 £	1999 £
Excess of tax allowances over book depreciation of fixed assets	(13,943)	26,034
Other timing differences	66,561	(5,684)
	52,618	20,350

17 Deferred taxation (continued)

The movement on deferred taxation comprises:

	2000 £	1999 £
Beginning of year	20,350	26,600
(Credited)/charged to profit and loss in respect of:		
- capital allowances	(39,977)	(28)
- other timing differences	72,245	(6,222)
End of year	52,618	20,350

There is no unprovided deferred tax on accelerated capital allowances (1999: £57,256). There is an unrecognised deferred tax asset on other timing differences of £111,423 (1999: £157,445).

18 Called-up share capital

Authorised, allotted, called-up and fully paid

	2000 £	1999 £
Equity shares:		
Beginning of year	250,000	125,001
Repurchase of shares	-	(35,000)
Reclassification from non-equity shares	-	159,999
Called-up equity share capital at end of year	250,000	250,000
Non-equity shares:		
Beginning of year	-	210,863
Accrued dividend paid during the year	-	(50,864)
Reclassified to equity shares	-	(159,999)
Called-up non-equity share capital at end of year	-	-
Total	-	250,000

On 27 August 1999 the outstanding 90,001 ordinary shares of £1 each and 159,999 12% cumulative participating preferred ordinary shares of £1 each were purchased by Stoneridge-Pollak (Holdings) Limited. The 159,999 12% cumulative participating preferred ordinary shares of £1 each were then reclassified as 159,999 ordinary shares of £1 each.

19 Reserves

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	2000 £	1999 £
Distributable		
- profit and loss account	1,713,967	1,180,628
Non-distributable		
- share premium account	85,418	85,418
- capital redemption	563,334	563,334
	2,362,719	1,829,380

	2000 £	1999 £
Capital redemption reserve		
Beginning of year	563,334	528,334
Transfer from profit and loss account in respect of repurchased ordinary shares	-	35,000
End of year	563,334	563,334

	2000 £	1999 £
Profit and loss account		
Beginning of year	1,180,628	1,226,064
Profit for the financial year	534,744	261,472
Dividends paid and proposed	-	(9,600)
Premium on repurchase of ordinary shares	-	(226,100)
Transfer to capital redemption reserve	-	(35,000)
Translation adjustment	(1,405)	(36,208)
End of year	1,713,967	1,180,628

20 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	534,744	261,472
Dividends paid and proposed	-	(9,600)
Repurchase of ordinary shares	-	(261,100)
Translation adjustment	(1,405)	(36,208)
Accrued dividend brought forward paid during the year	-	(50,864)
Net increase/(reduction) to shareholders' funds	533,339	(96,300)
Opening shareholders' funds	2,079,380	2,175,680
Closing shareholders' funds	2,612,719	2,079,380
Equity Interests	2,612,719	2,079,380
Non-equity interests	-	-
	2,612,719	2,079,380

On 2 February 1999 the company repurchased 35,000 ordinary shares of £1 each for a consideration of £261,100.

21 Pension arrangements

The company operates a defined contribution pension scheme. The scheme is a group of personal pension schemes administered by Prudential Life and Pensions.

The company also operates an occupational pension scheme which provides benefits limited to lump sum death-in-service benefits, and a permanent health insurance policy under which long term employee disability insurance cover is provided.

These schemes are open to substantially all employees.

The amount charged to the profit and loss account for the costs to the company of these schemes was £120,920 (1999 - £108,347). In addition the company paid fees of £10,846 (1999 - £13,705) in respect of professional advice on the schemes.

22 Guarantees and other financial commitments

a) Capital commitments

At the end of the year capital commitments were £Nil (1999 - £Nil).

b) Guarantees

The company has granted a guarantee in favour of Her Majesty's Customs and Excise to cover the import duty deferment scheme, liability under which is limited to £30,000 (1999 - £30,000).

23 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Stoneridge, Inc. incorporated in the state of Ohio, U.S.A.

The smallest group of which the company is consolidated into is that headed by Stoneridge Pollack (Holdings) Limited. The largest group of which the company is consolidated into is that headed by Stoneridge Inc. The consolidated accounts of these groups are available to the public and may be obtained from the following addresses:

Stoneridge Pollack (Holdings) Limited
c/o Ref 145
222 Grays Inn Road
London
WC1X 8HB

Stoneridge, Inc.
C/o National City Bank
Corporate Trust Operations
Third Floor, North Annexe
4100 West 150th Street
Cleveland, OHIO 44135-1385