

LTI Limited

Financial statements for the year ended 31 July 2000
together with directors' and auditors' reports

Registered number: 382553



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Directors and Officers

Directors

GRJ Borwick	Chairman
E Osmond	
I Pickering	
J Thorpe	
B Widdowson	Managing Director

Secretary

M Durham

Registered office

Holyhead Road
Coventry
West Midlands
CV5 8JJ

Bankers

HSBC
Poultry & Princes Street
London
EC2P 2BX

Auditors

Arthur Andersen
20 Old Bailey
London
EC4M 7AN

Directors' report

For the year ended 31 July 2000

Financial Statements

The directors present their report and financial statements, together with the auditors' report for the year ended 31 July 2000.

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 of the profit or loss of the Company 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 activities, business review and future developments

The principal activities of the Company are the design, manufacture, sale and servicing of taxi cabs.

The directors consider the result for the year to be satisfactory and expect the Company to trade profitably in the future.

Results and dividends

The results for the year are shown in the profit and loss account on page 6.

Out of the profit for the year of £2,786,915 (1999: £3,409,816), the directors paid a dividend of £2,500,000 (1999: £2,400,000).

Directors' report

For the year ended 31 July 2000

Financial Statements

The directors present their report and financial statements for the year ended 31 July 2000.

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 of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
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- 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 activities and business review

The activities of the Company relate to the making of arrangements for hire purchase and loan transactions undertaken by related companies.

The directors regard the performance for the year as satisfactory and are confident of future profitability.

Results and dividends

The profit for the year after taxation amounted to £1,378,347 (1999: £1,400,671). The directors propose a final dividend of £1,200,000 (1999: £2,278,897).

Directors' report (continued)

Elective regime

The Companies Act 1985 introduced the elective regime in order to simplify the conduct of private companies. On 25 April 1991 the Company passed elective resolutions to dispense with the holding of annual general meetings and the laying of accounts and reports before the Company in general meetings. On 10 January 1992 the Company passed an elective resolution to dispense with the obligation to appoint auditors annually.

Approved by the Board of Directors and signed on behalf of the Board on 12 March 2001.

A handwritten signature in black ink, appearing to read 'M Durham', written in a cursive style.

Mike Durham
Secretary

To the Shareholders of LTI Limited

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 2, the Company's directors are responsible for the preparation of financial statements 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 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 Company's state of affairs at 31 July 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

20 Old Bailey

London

EC4M 7AN

12 March 2001

Profit and loss account

For the year ended 31 July 2000

	Notes	2000 £	1999 £
Turnover	2	97,321,767	86,584,987
Cost of sales		<u>(83,114,994)</u>	<u>(73,619,810)</u>
Gross profit		14,206,773	12,965,177
Distribution costs		<u>(3,193,550)</u>	<u>(2,621,682)</u>
Administrative expenses		<u>(6,927,020)</u>	<u>(6,348,061)</u>
Operating profit	3	4,086,203	3,995,434
Interest payable	5	<u>(215,175)</u>	<u>(555,154)</u>
Profit on ordinary activities before taxation		3,871,028	3,440,280
Tax on profit on ordinary activities	7	<u>(1,084,113)</u>	<u>(30,464)</u>
Profit on ordinary activities after taxation		2,786,915	3,409,816
Dividends paid and proposed	6	<u>(2,500,000)</u>	<u>(2,400,000)</u>
Retained profit for the financial year	15	<u>286,915</u>	<u>1,009,816</u>

All of the company's results are derived from continuing operations.

Statement of total recognised gains and losses

There are no recognised gains and losses other than those reported in the profit and loss account.

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

Balance Sheet

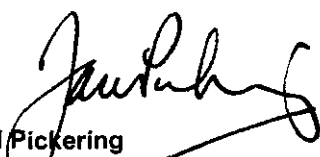
As at 31 July 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	8	17,293,148	18,568,355
Current assets			
Stocks	9	13,043,271	10,674,806
Debtors	10	2,039,494	2,498,602
Cash at bank and in hand		2,511,241	-
		<u>17,594,006</u>	<u>13,173,408</u>
Creditors: Amounts falling due within one year	11	<u>(26,059,126)</u>	<u>(23,764,821)</u>
Net current liabilities		<u>(8,465,120)</u>	<u>(10,591,413)</u>
Total assets less current liabilities		8,828,028	7,976,942
Creditors: Amounts falling due after more than one year	12	(330,828)	(26,064)
Provisions for liabilities and charges	13	<u>(2,893,810)</u>	<u>(2,634,403)</u>
Net assets		<u>5,603,390</u>	<u>5,316,475</u>
Capital and reserves			
Called up share capital	14	1,200,000	1,200,000
Share premium account	15	2,412,671	2,412,671
Profit and loss account	15	1,990,719	1,703,804
Equity shareholders' funds	16	<u>5,603,390</u>	<u>5,316,475</u>

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

The financial statements on pages 6 to 15 were approved by the board of directors on 12 March 2001.

Signed on its behalf by


I Pickering
Director

Notes to the financial statements

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceeding year.

a) *Basis of accounting*

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

The directors consider it appropriate to prepare the accounts on a going concern basis, as if required the ultimate parent company, Manganese Bronze Holdings PLC, will provide financial support for at least twelve months from the date these accounts are signed.

b) *Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and machinery	10% to 25%
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c) *Research and development*

Research and development costs are written off in the year in which they are incurred.

d) *Product tooling*

The cost of tooling, including overheads in instances of own manufacture, in respect of clearly defined projects, is accumulated and capitalised to the date when production commences and is disclosed as plant and machinery under development. Upon commencement of production the accumulated capital cost is transferred to plant and machinery and it is depreciated over the anticipated period of use of the investment with a maximum of 10 years.

e) *Stocks*

Stocks are valued consistently at the lower of cost and net realisable value on a first in, first out basis. Finished goods and work in progress are valued at the cost of raw materials content and labour plus attributable overheads. Appropriate provisions are made for slow moving and obsolete items. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

f) *Operating leases*

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

g) *Taxation*

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

Provision for deferred taxation is made, using the partial liability method, on all timing differences, except therefore to the extent that the directors consider that a liability will not arise in the foreseeable future.

Notes to the financial statements (continued)

1 Accounting policies (continued)

h) Foreign currencies

Export sales and imported goods invoiced in a foreign currency are translated into sterling at the amounts received or paid when the remittances to complete the transaction are exchanged for sterling. Assets and liabilities denominated in foreign currencies at the year end are translated into sterling at the rates ruling at the balance sheet date.

Consequential gains or losses arising from movements in exchange rates are dealt with in the profit and loss account.

i) Warranties

Provision is made for expected future warranty costs in respect of products sold which, at the year end, are still eligible for warranty repair under the Company's conditions of sale.

j) Pension costs

The cost of the Company's pension arrangements are charged to the profit and loss account so as to spread the expected long term cost of pensions over the remaining service lives of employees as calculated by a qualified actuary. Payments to the defined contribution scheme are charged to the profit and loss account as incurred.

k) Cash flow statement

The Company is exempt from the requirement of FRS1 (Revised) to include a cash flow statement because the Company's ultimate parent undertaking has prepared consolidated financial statements, including a cash flow statement, incorporating the cash flows of the Company.

l) Turnover

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

2 Analysis of results

All turnover arises through sales of motor vehicles and parts from the UK

	2000 £	1999 £
Geographical analysis by destination:		
United Kingdom	96,819,207	86,269,204
Asia	267,864	217,501
Western Europe	234,696	98,282
Other	-	-
	<u>97,321,767</u>	<u>86,584,987</u>

Notes to the financial statements (continued)

3 Operating profit is stated after charging:

	2000 £	1999 £
Auditors' remuneration	42,622	40,400
Hire of plant and equipment	484,769	365,536
Operating lease rentals	1,191,883	514,352
Depreciation	3,118,710	2,792,469
Research and development	<u>936,575</u>	<u>829,870</u>

4 Staff numbers and cost

The average number of people employed by the Company during the year (which excludes Messrs Borwick, Widdowson and Pickering) was as follows:

	2000 Number	1999 Number
Management	18	17
Administration and sales	179	155
Production	<u>348</u>	<u>343</u>
	<u>545</u>	<u>515</u>

The aggregate remuneration of these persons was as follows:

	2000 £	1999 £
Wages and salaries	13,172,961	11,194,571
Social security costs	1,249,138	1,082,466
Redundancy and severance payments	110,828	450,003
Other pension costs	<u>441,416</u>	<u>411,917</u>
	<u>14,974,343</u>	<u>13,138,957</u>

The remuneration of the directors of the company was:

Notes to the financial statements (continued)

	2000	1999
	£	£
Emoluments	79,643	134,018
Pension contributions	9,406	15,512
	<u>89,049</u>	<u>149,530</u>

The emoluments of GJR Borwick, B Widdowson, and I Pickering who are also directors of Manganese Bronze Holdings PLC, are disclosed in that company's financial statements. The above mentioned pension contributions were paid into a money purchase scheme in respect of two of the company's directors

5 Interest payable

	2000	1999
	£	£
To Group undertakings	11,485	273,611
Other interest payable	203,690	281,543
	<u>215,175</u>	<u>555,154</u>

6 Dividends

	2000	1999
	£	£
Final dividend	<u>2,500,000</u>	<u>2,400,000</u>

7 Taxation

	2000	1999
	£	£
Based on profit for the year		
UK Corporation tax at 30.00% (1999: 30.67%)	1,123,968	825,768
Deferred tax	171,000	(653,251)
Adjustments in respect of prior years		
UK Corporation tax	(210,855)	(504,053)
Deferred tax	-	362,000
	<u>1,084,113</u>	<u>30,464</u>

Notes to the financial statements (continued)

8 Tangible fixed assets – Plant and Machinery

	Total £
Cost	
At 1 August 1999	27,789,014
Additions	2,157,188
Disposals	(139,465)
Group transfer	(245,047)
At 31 July 2000	29,561,690
Depreciation	
At 1 August 1999	9,220,659
Provision for the year	3,118,710
Disposals	(67,679)
Group transfer	(3,148)
At 31 July 2000	12,268,542
Net book value	
At 31 July 2000	17,293,148
At 31 July 1999	18,568,355

9 Stocks

	2000 £	1999 £
Raw materials and consumables	3,527,416	3,464,701
Work-in-progress	1,361,073	1,867,071
Finished goods	8,154,782	5,343,034
	13,043,271	10,674,806

10 Debtors

	2000 £	1999 £
Trade debtors	1,266,249	1,788,385
Amounts owed by Group undertakings	-	471
Other debtors	399,961	410,428
Prepayments & accrued income	373,284	299,318
	2,039,494	2,498,602

Notes to the financial statements (continued)

11 Creditors: Amounts falling due within one year

	2000 £	1999 £
Stocking facilities with finance houses	4,217,100	2,925,398
Bank overdrafts	-	301,868
Finance contracts	22,332	-
Trade creditors	11,322,742	10,088,853
Amounts owed to Group undertakings	6,537,771	7,625,285
Other taxes and social security	1,324,119	746,875
Corporation tax	972,316	632,395
Other creditors	620,632	673,026
Accruals and deferred income	1,042,114	771,121
	<u>26,059,126</u>	<u>23,764,821</u>

The stocking facilities are secured on the finished goods stock to which the loan relates.

12 Creditors: Amounts falling due after more than one year

	2000 £	1999 £
Finance leases - due between one and two years	330,828	26,064
	<u>330,828</u>	<u>26,064</u>

13 Provision for liabilities and charges

	Deferred Taxation £	Warranty Costs £	Total £
At 1 August 1999	1,024,388	1,610,015	2,634,403
Transfer from profit and loss account	171,000	88,407	259,407
At 31 July 2000	<u>1,195,388</u>	<u>1,698,422</u>	<u>2,893,810</u>

Notes to the financial statements (continued)

The potential amount of deferred taxation for which no provision has been made in these accounts is as follows:

	2000 £	1999 £
Accelerated capital allowances	713,733	915,023
Short term timing differences	-	(44,555)
	<u>713,733</u>	<u>870,468</u>

14 Called up share capital

	2000 £	1999 £
Authorised, allotted, called up and fully paid		
1,100,000 Ordinary shares of £1 each	1,100,000	1,100,000
100,000 Deferred shares of £1 each	100,000	100,000
	<u>1,200,000</u>	<u>1,200,000</u>

15 Reserves

	Share Premium account £	Profit and loss account £
At 1 August 1999	2,412,671	1,703,804
Profit for the year	-	286,915
At 31 July 2000	<u>2,412,671</u>	<u>1,990,719</u>

16 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	2,786,915	3,409,816
Dividends	(2,500,000)	(2,400,000)
Increase in shareholders' funds	286,915	1,009,816
Opening shareholders' funds	5,316,475	4,306,658
Closing shareholders' funds	<u>5,603,390</u>	<u>5,316,475</u>

Notes to the financial statements (continued)

17 Capital commitments

	2000 £	1999 £
The following expenditure has been authorised at 31 July		
Contracted	<u>952,043</u>	<u>49,900</u>

18 Financial commitments

The company is committed to make the following payments in the next year under operating leases expiring:

	2000 £	1999 £
Within one year	25,767	46,006
In the second to fifth year	485,265	362,376
Over five years	520,000	480,505
	<u>1,031,032</u>	<u>888,887</u>

19 Pensions

The Company is a member of the Manganese Bronze Holdings PLC defined benefit and money purchase group pension schemes. Any pension costs charged are based on pension costs across the group as a whole, assessed by a qualified actuary. Full disclosure of the group pension scheme is included in the financial statements of Manganese Bronze Holdings PLC.

20 Contingent liability

The Company has given a guarantee to its bankers in respect of any amounts outstanding on the Group borrowing facilities. At 31 July 2000, the relevant Group net borrowings amount to £nil (1999: £2,901,991).

21 Ultimate parent undertaking

The Company's ultimate parent undertaking of the largest and smallest group in which the company is consolidated is Manganese Bronze Holdings PLC, which is registered in England and Wales. Copies of the Group Accounts are available from the Company Secretary, 1 Love Lane, London, EC2V 7HJ.

As a subsidiary undertaking of Manganese Bronze Holdings PLC, the company has taken advantage of the exemption in *Financial Reporting Standard 8: Related Party Disclosures* from disclosing transactions with other members of the group headed by Manganese Bronze Holdings PLC.