

DIRECTORS' REPORT

Directors: R S Nickerson
M J Moore
R R Kuhnert USA
J F Daly USA
A Helffrich USA - resigned 17 July 1979
R C Ressler USA
D E Peck USA - appointed 17 July 1979 and
resigned 1 February 1980

Secretary: Mrs J B King

Registered Office: 55 Progress Road, Leigh-on-Sea, Essex.

The directors present their report for the year ended 31 May 1980.

ACCOUNTS

The directors submit the audited accounts of the company for the year ended 31 May 1980. The loss for the year amounts to £24,815. This has been added to the accumulated deficit brought forward.

PRINCIPAL ACTIVITIES AND TRADING REVIEW

The activities of the company continue to be the manufacture and supply of seat assemblies and springs to the automotive and furniture industries.

DIRECTORS' INTERESTS

The directors to retire by rotation are Mr R S Nickerson and Mr J F Daly who, being eligible offer themselves for re-election.

No directors or any members of their families have any interest in the share capital of the company or in the debenture stock.

EMPLOYEES

The average number of employees during the year was 373 and the total remuneration was £1,687,747.

EXPORTS

The value of goods exported during the year was £276,000.




HOOVER BALL AND BEARING COMPANY (UK) LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

Ernst & Whinney have expressed their willingness to continue in office as auditors and in accordance with Section 14 of the Companies Act 1976 a resolution proposing their reappointment will be submitted at the annual general meeting.

By order of the board


Secretary

Ernst & Whinney Chartered Accountants

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts of Hoover Ball and Bearing Company (UK) Limited set out on pages 4 to 10. These have been prepared under the historical cost convention as explained in note 1(a).

In our opinion the accounts give a true and fair view of the state of affairs at 31 May 1980 and of the loss, changes in accumulated deficit and source and application of funds for the year then ended and comply with the Companies Acts 1948 and 1967.

Ernst & Whinney
London 13 August 1980

HOOVER BALL AND BEARING COMPANY (UK) LIMITED

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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 1980

	Note	1980 £	1979 £
TURNOVER	2	<u>£6,400,224</u>	<u>£4,939,757</u>
TRADING LOSS	3	13,601	58,522
Interest payable		<u>46,967</u>	<u>48,163</u>
LOSS BEFORE TAXATION		60,568	106,685
Less: Taxation recoverable	6	-	4,775
LOSS BEFORE EXCHANGE GAIN		<u>60,568</u>	<u>101,910</u>
Less exchange gain on translation of US dollar balances payable		35,753	38,953
NET LOSS FOR THE YEAR		<u>£24,815</u>	<u>£62,957</u>

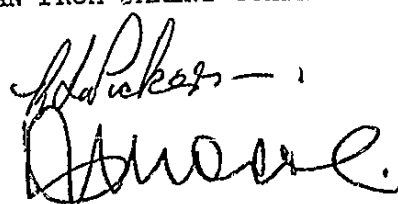
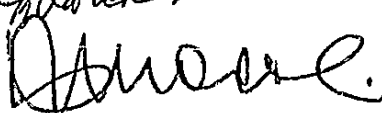
STATEMENT OF ACCUMULATED DEFICIT

Balance at 1 June 1979			
As previously reported		391,582	323,028
Prior year adjustment	7	<u>15,312</u>	<u>20,909</u>
		406,894	343,937
Loss for the year		<u>24,815</u>	<u>62,957</u>
Balance at 31 May 1980		<u>£431,709</u>	<u>£406,894</u>

Ernst & Young

HOOVER BALL AND BEARING COMPANY (UK) LIMITED

BALANCE SHEET - 31 MAY 1980

	Note	1980 £	1979 £
ASSETS EMPLOYED			
FIXED ASSETS	8	800,557	651,217
INVESTMENT IN SUBSIDIARY	9	-	100
CURRENT ASSETS			
Stocks and work in progress	10	611,229	611,204
Debtors		1,070,919	829,556
Bank balances and cash		334	223,454
Amount due from fellow subsidiary company on current account		-	1,531
		<u>1,682,482</u>	<u>1,665,745</u>
CURRENT LIABILITIES			
Bank overdraft		12,825	-
Creditors		1,193,346	1,188,999
Taxation		-	1,045
Amount due to parent company on current account		516,492	306,074
		<u>1,722,663</u>	<u>1,496,118</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(40,181)</u>	<u>169,627</u>
		<u>£760,376</u>	<u>£820,944</u>
FUNDS EMPLOYED			
SHARE CAPITAL - Authorised issued and fully paid ordinary shares of £1			
		650,000	650,000
CAPITAL RESERVE		144,190	144,190
ACCUMULATED DEFICIT		(431,709)	(406,894)
		<u>362,481</u>	<u>387,296</u>
LOAN FROM PARENT COMPANY	11	397,895	433,648
<div style="display: flex; align-items: center;"> <div style="margin-right: 20px;">   </div> <div style="font-size: 2em; margin-right: 10px;">}</div> <div>Directors</div> </div>			
		<u>£760,376</u>	<u>£820,944</u>

Ernst & Whinney

HOOVER BALL AND BEARING COMPANY (UK) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 MAY 1980

	1980 £	1979 £
SOURCE OF FUNDS		
FROM OPERATIONS		
Net loss for the year	(24,815)	(62,957)
Depreciation	147,019	95,967
Write-off of investment in subsidiary	100	-
Net book amount of plant and equipment disposals	3,040	2,930
Total generated from operations	<u>125,344</u>	<u>35,940</u>
FUNDS APPLIED		
Decrease of loan from parent company	35,753	38,953
Purchase of fixed assets	299,399	315,843
	<u>335,152</u>	<u>354,796</u>
DECREASE IN WORKING CAPITAL	<u>£(209,808)</u>	<u>£(318,856)</u>
Arising from movements in:		
Stocks and work in progress	25	39,231
Debtors	241,363	15,542
Creditors	(4,347)	(278,396)
Taxation	1,045	3,403
Group companies current accounts	(211,949)	(150,566)
Liquid funds	(235,945)	51,930
	<u>£(209,808)</u>	<u>£(318,856)</u>

Ernst & Whinney

NOTES ON THE ACCOUNTS - 31 MAY 1980

1 ACCOUNTING POLICIES

(a) The accounts are prepared under the historical cost convention modified by the translation of foreign currencies.

(b) Stocks

Stocks are valued at the lower of cost or net realisable value on a first in first out basis, with 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 fixed and variable overheads. Consumable stores have been charged against income.

(c) Depreciation

The cost of fixed assets is written off on the reducing balance method at the following rates:

Plant and equipment	20%
Fixtures, fittings and office equipment	10%
Motor vehicles	25%

(d) Foreign currencies

Balances in US dollars at 31 May 1980 have been translated at the rate of \$2.34 to the £.

2 TURNOVER

Turnover comprises the invoice value of sales of seating assemblies, springs and components to the automotive and furniture industries, exclusive of VAT and inter group transactions. Retroactive price increases are accounted for at 80% of agreed amounts when purchase orders are received subsequent to the year end, and at 50% of the total estimated recovery of price increases in negotiation at year end.

3 TRADING LOSS is stated after charging:

	1980	1979
	£	£
Depreciation	147,019	95,967
Hire of plant and equipment	56,011	58,654
Auditors' remuneration	12,300	11,000
Emoluments of directors of the company (note 4)	28,667	20,885

HOOVER BALL AND BEARING COMPANY (UK) LIMITED

NOTES ON THE ACCOUNTS - 31 MAY 1980

4 EMOLUMENTS OF DIRECTORS

The emoluments, excluding pension contributions, of directors of the company are detailed as follows:

	1980	1979
Chairman	-	-
Highest paid director	<u>£14,675</u>	<u>£11,000</u>
Other directors in scale	Number of directors	
£5,001 to £10,000	-	1
£10,001 to £15,000	1	-

5 INTEREST PAYABLE

	1980 £	1979 £
Loan interest to parent company	43,233	42,907
Bank interest	3,734	4,972
Other interest	-	284
	<u>£46,967</u>	<u>£48,163</u>

6 TAXATION

Corporation tax loss carried forward and available against future profits amounts to approximately £1,111,000 (1979 - £1,050,000). No charge arises from the taxable loss incurred in this accounting period.

7 PRIOR YEAR ADJUSTMENT

The basis of recognising accrued retroactive price increases on goods sold was formalised during the year and accordingly, these increases are now brought into account on the basis set out in note 2 on the accounts.

The net increase in the accumulated deficit which relates to the years prior to 1 June 1979 amounts to £15,312 of which a decrease of £5,597 arose during the year ended 31 May 1979. This amount is reflected in the restated results for that year.

HOOPER BALL AND BEARING COMPANY (UK) LIMITED

NOTES ON THE ACCOUNTS - 31 MAY 1980

8 FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Furniture, fixtures, fittings and canteen equipment £	Total £
Cost				
At 31 May 1979	1,227,606	36,339	80,017	1,343,962
Additions	291,535	5,852	2,012	299,399
Cost of disposals	(4,500)	(9,649)	-	(14,149)
	<u>1,514,641</u>	<u>32,542</u>	<u>82,029</u>	<u>1,629,212</u>
Depreciation				
At 31 May 1979	623,527	23,062	46,156	692,745
Charge for year	139,106	4,325	3,588	147,019
Relating to disposals	(4,500)	(6,609)	-	(11,109)
	<u>758,133</u>	<u>20,778</u>	<u>49,744</u>	<u>828,655</u>
Net book amounts at 31 May 1980	<u>£756,508</u>	<u>£11,764</u>	<u>£32,285</u>	<u>£800,557</u>
Net book amounts at 31 May 1979	<u>£604,079</u>	<u>£13,277</u>	<u>£33,861</u>	<u>£651,217</u>

9 INVESTMENT IN SUBSIDIARY

	1980 £	1979 £
No-Sag Spring Company (New Zealand) Limited, at cost	<u>-</u>	<u>£100</u>

During the year the company cancelled the registration of its non-trading subsidiary in New Zealand and, accordingly, the cost of this investment has been written off.

10 STOCKS AND WORK IN PROGRESS

	1980 £	1979 £
Raw materials	303,865	211,322
Work in progress	186,319	270,968
Finished goods	121,045	128,914
	<u>£611,229</u>	<u>£611,204</u>

HOOVER BALL AND BEARING COMPANY (UK) LIMITED

NOTES ON THE ACCOUNTS - 31 MAY 1980

11 LOAN FROM PARENT COMPANY

		1980	1979
	\$	£	£
The loan comprises:			
Notes:- payable within 12 months	475,589	203,070	74,784
payable at various dates between October 1982 and November 1983	161,657	69,025	233,064
Debenture		125,800	125,800
		<u>£397,895</u>	<u>£433,648</u>

The debenture of £125,800 is secured on all assets of the company and carries interest at 1½% over Bank of England minimum lending rate.

12 CAPITAL COMMITMENTS

At 31 May 1980 the directors have authorised future capital expenditure which amounts to:

	1980	1979
Contracted for	£67,941	£13,826
Not contracted for	<u>£125,000</u>	<u>£134,080</u>

13 HOLDING COMPANY

The company's ultimate holding company is Hoover Universal Inc., which is incorporated in the United States of America.