

**Peterson Spring Europe Limited**  
**(formerly Peterson Spring UK Limited)**

**Directors' report and financial  
statements**

**Registered number 1363153**  
**For the year ended 31 December 2006**

TUESDAY



\*AYWRRBT\*

A22

17/07/2007

251

COMPANIES HOUSE

## Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	3
Independent auditors' report to the members of Peterson Spring Europe Limited (formerly Peterson Spring UK Limited)	4
Profit and loss account	6
Balance sheet	7
Notes	8

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

### Principal activities and business review

The principal activity of the company during the year was the manufacture and sale of springs

2006 sales were 8% down on prior year. Whilst the number of different items manufactured did not significantly reduce, the volume of each part did. Overall the number of customers remained constant. The decline in sales mirrored the performance of our major customers.

Our warehouse facility in Tyseley, Birmingham was vacated and a new sales and distribution centre set up in Redditch. This is a major step in our future strategy in providing enhanced supply chain services to our customers. Associated one-off costs of the relocation and internal re-organisation are reflected in our financial statements.

Having made due allowances for the events above, the underlying business performance is stronger, exceeding both plan and prior years figures.

The Directors are pleased with the progress made throughout the year and feel the company is now well placed moving into 2007.

On 3 May 2006, the company changed its name from Peterson Spring UK Limited to Peterson Spring Europe Limited.

### Results and dividends

The loss before tax for the year amounted to £131,899 (2005 *profit before tax* £1,242). The directors do not recommend the payment of any dividends on preference or ordinary shares (2005 *£Nil*).

### Directors and directors' interest

The directors who held office during the year were as follows:

AH Peterson Jnr  
AH Peterson (III)  
EC Peterson  
G Lauzzana  
G Tarbuck

All of the directors except for G Tarbuck are also directors of the immediate parent company, Peterson American Corporation and their interests in its share capital are disclosed in that company's financial statements.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe to shares in, or debentures of, the company or any other group company were granted to the directors or to their immediate family, or exercised by them, during the financial year.

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## **Directors' report** *(continued)*

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution to re-appoint KPMG LLP as auditors will be put to the members at the Annual General Meeting

By order of the board



**RK Groseley**  
*Secretary*

Heath House  
Hewell Road  
Enfield  
Redditch  
B97 6AY

2nd April 2007

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards, and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP  
2 Cornwall Street  
Birmingham  
B3 2DL

## **Independent auditors' report to the members of Peterson Spring Europe Limited (formerly Peterson Spring UK Limited)**

We have audited the financial statements of Peterson Spring Europe Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### ***Respective responsibilities of directors and auditors***

The directors' responsibilities for the preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### ***Basis of audit opinion***

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

**Independent auditors' report to the members of Peterson Spring Europe Limited  
(formerly Peterson Spring UK Limited) (continued)**

***Opinion***

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*KPMG LLP*

KPMG LLP  
Chartered Accountants  
Registered Auditor

2 April 2007

**Profit and loss account**  
*for the year ended 31 December 2006*

	<i>Note</i>	<b>2006</b> £	<b>2005</b> £
<b>Turnover</b>	<b>2</b>	<b>5,460,388</b>	<b>5,933,856</b>
<b>Cost of sales</b>		<b>(4,296,444)</b>	<b>(4,605,719)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>1,163,944</b>	<b>1,328,137</b>
<b>Distribution costs</b>		<b>(385,160)</b>	<b>(357,583)</b>
<b>Administrative expenses</b>		<b>(912,738)</b>	<b>(971,945)</b>
		<hr/>	<hr/>
<b>Operating loss</b>		<b>(133,954)</b>	<b>(1,391)</b>
<b>Other interest receivable and similar income</b>	<b>6</b>	<b>2,288</b>	<b>2,758</b>
<b>Interest payable and similar charges</b>	<b>7</b>	<b>(233)</b>	<b>(125)</b>
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>3</b>	<b>(131,899)</b>	<b>1,242</b>
<b>Tax on (loss)/profit on ordinary activities</b>	<b>8</b>	<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities after taxation and retained for the financial year</b>	<b>19</b>	<b>(131,899)</b>	<b>1,242</b>
		<hr/>	<hr/>

There were no recognised gains or losses in either the current or preceding year other than the result disclosed in the profit and loss account

All of the company's operations are classified as continuing



**Balance sheet**  
*at 31 December 2006*

	<i>Note</i>	2006		2005	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		935,672		965,030
Investments	10		2,232,066		2,232,066
			<hr/>		<hr/>
			3,167,738		3,197,096
<b>Current assets</b>					
Stocks	11	835,858		823,719	
Debtors	12	1,255,317		1,325,831	
Cash at bank and in hand		54,995		148,503	
		<hr/>		<hr/>	
			2,146,170		2,298,053
<b>Creditors: Amounts falling due within one year</b>	13	(1,278,707)		(1,328,049)	
		<hr/>		<hr/>	
<b>Net current assets</b>			867,463		970,004
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			4,035,201		4,167,100
<b>Creditors: Amounts falling due after more than one year</b>	14		(2,232,066)		(2,232,066)
			<hr/>		<hr/>
<b>Net assets</b>			1,803,135		1,935,034
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	18		3,193,617		3,193,617
Capital redemption reserve	19		35,376		35,376
Profit and loss account	19		(1,425,858)		(1,293,959)
			<hr/>		<hr/>
<b>Shareholders' funds</b>	20		1,803,135		1,935,034
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 2nd April 2007 and were signed on its behalf by



**G Tarbuck**  
*Director*

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards

As the company is a wholly owned subsidiary of Peterson American Corporation, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Peterson American Corporation, within which the company is included, can be obtained from the address given in note 22

#### *Group financial statements*

Group financial statements have not been prepared as the group is exempt under Section 248 of the Companies Act 1985. These financial statements, therefore, present information about the undertaking as an individual undertaking and not about its group.

#### *Cash flow statement*

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

#### *Depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful lives as follows

Freehold property	-	50 years
Plant and machinery	-	5-10 years
Fixtures and fittings	-	3-10 years
Motor vehicles	-	3-5 years
Leasehold property	-	Over period of lease

No depreciation is provided on freehold land

A full year's depreciation is charged in the year of acquisition and none in the year of disposal except leasehold

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the purchase price is used on a first-in, first-out basis. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads based on normal production levels.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

## Notes (continued)

### 1 Accounting policies (continued)

#### Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

#### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

#### Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable in accordance with the rules of the scheme in respect of the accounting period.

### 2 Turnover

Turnover comprises the invoice value of sales exclusive of value added tax and discounts, all of which relates to the one principal activity of the company, the manufacture and sale of springs.

The analysis of turnover by geographical market is given below

	2006 £	2005 £
United Kingdom	3,079,211	3,890,096
Europe	1,690,788	1,450,204
USA	212,644	232,331
Rest of world	477,745	361,225
	<hr/>	<hr/>
	5,460,388	5,933,856
	<hr/>	<hr/>

## Notes (continued)

### 3 (Loss)/profit on ordinary activities before taxation

	2006 £	2005 £
<i>(Loss)/profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation and other amounts written off tangible fixed assets		
Owned	211,735	241,663
Hire of other assets – operating leases	80,941	57,000
Hire of plant and machinery – rentals payable under operating leases	9,301	7,699
Net loss on foreign currency translation	-	34,442
<i>after crediting</i>		
Profit on disposal of fixed assets	305	26,921
Net gain on foreign currency translation	42,981	-
	<hr/>	<hr/>
Auditors remuneration		
Audit of these financial statements	18,500	18,500
	<hr/>	<hr/>

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2006	2005
Production staff	58	65
Administrative staff	16	18
	<hr/>	<hr/>
	74	83
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows

	£	£
Wages and salaries	1,705,687	1,636,930
Social security costs	148,488	160,652
Other pension costs	43,928	40,909
	<hr/>	<hr/>
	1,898,103	1,838,491
	<hr/>	<hr/>

**Notes (continued)**

**5 Remuneration of directors**

	2006 £	2005 £
Directors' emoluments	92,782	103,457
Company contributions to money purchase pension schemes	8,190	8,092
	<u>100,972</u>	<u>111,549</u>

Four directors waived their rights to remuneration (2005 *four*)

Retirement benefits are accruing to the following number of directors

	Number of directors	
Money purchase schemes	1	1
	<u>1</u>	<u>1</u>

**6 Other interest receivable and similar income**

	2006 £	2005 £
Bank interest receivable	2,288	2,758
	<u>2,288</u>	<u>2,758</u>

**7 Interest payable and similar charges**

	2006 £	2005 £
On bank loans and overdrafts	233	125
	<u>233</u>	<u>125</u>

## Notes (continued)

### 8 Tax on (loss)/profit on ordinary activities

#### (i) Analysis of credit in year

	2006	2005
	£	£
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Total current tax	-	-
<i>Deferred tax (see note 15)</i>		
Origination/reversal of timing differences	-	-
Total deferred tax	-	-
Tax on (loss)/profit on ordinary activities	-	-

#### (ii) Factors affecting the tax charge for the current year

The current tax credit for the year is lower (2005 lower) than the standard rate of corporation tax in the UK (30% (2005 30%)). The differences are explained below

	2006	2005
	£	£
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(131,899)	1,242
Current tax at 30% (2005 30%)	(39,570)	373
<i>Effects of</i>		
Expenses not deductible for tax purposes	560	827
Capital allowances in excess of depreciation	(10,388)	(19,481)
Unrelieved tax losses	49,398	18,281
Total current tax charge (see above)	-	-

#### (iii) Factors that may affect future current and total tax charges

The company has unutilised tax losses of £476,683 (2005 £312,021) and accelerated capital allowances of £353 (2005 £42,252)

The resulting deferred tax asset of £143,111 (2005 £106,282) has not been recognised due to the uncertainty of its recoverability (see note 15)

The corporation tax rate is due to reduce from 30% to 28% on 1 April 2008

## Notes (continued)

### 9 Tangible fixed assets

	Leasehold property	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At beginning of year	-	441,619	3,273,176	74,970	28,457	3,818,222
Additions	15,310	17,011	85,075	66,576	-	183,972
Disposals	-	-	(55,156)	(25,037)	-	(80,193)
At end of year	15,310	458,630	3,303,095	116,509	28,457	3,922,001
<b>Depreciation</b>						
At beginning of year	-	141,739	2,641,331	46,887	23,235	2,853,192
Charge for the year	1,701	7,570	172,393	26,839	3,132	211,635
Disposals	-	-	(55,156)	(23,342)	-	(78,498)
At end of year	1,701	149,309	2,758,568	50,384	26,367	2,986,329
<b>Net book value</b>						
At 31 December 2006	13,609	309,321	544,527	66,125	2,090	935,672
At 31 December 2005	-	299,880	631,845	28,083	5,222	965,030

The amount included above in respect of land which is not depreciated is £84,000 (2005 £84,000)

### 10 Investments

	Shares in group undertakings £
<b>Cost</b>	
At beginning and end of year	2,232,066

The company holds 100% of the ordinary share capital of Peterson Spring UK Limited (formerly AP Springs Limited), a dormant company registered in England and Wales

The subsidiary undertaking has no assets other than amounts of £2,232,066 due from the company

## Notes (continued)

### 11 Stocks

	2006 £	2005 £
Raw materials and consumables	76,162	122,241
Work in progress	252,493	240,429
Finished goods and goods for resale	507,203	461,049
	<u>835,858</u>	<u>823,719</u>

### 12 Debtors

	2006 £	2005 £
Trade debtors	1,140,711	1,255,638
Other taxes	27,907	-
Prepayments and accrued income	86,699	70,193
	<u>1,255,317</u>	<u>1,325,831</u>

Prepayments and accrued income includes a sum of £Nil (2005 £641) due from a company director, Mr G Tarbuck. This amount was fully repaid in February 2006.

### 13 Creditors: Amounts falling due within one year

	2006 £	2005 £
Bank overdraft (secured)	65,009	-
Trade creditors	704,580	819,351
Amounts owed to group undertakings	415,447	419,399
Other creditors including taxation and social security	53,587	65,297
Accruals and deferred income	40,084	24,002
	<u>1,278,707</u>	<u>1,328,049</u>

Other creditors, including taxation and social security, comprise

	£	£
Other taxes	-	1,747
Social security	42,218	50,547
Other creditors	11,369	13,003
	<u>53,587</u>	<u>65,297</u>

The bank overdraft facility is repayable on demand and is secured by a first legal charge on the property Heath House, Hewell Road, Enfield, Redditch, B97 6BA.



## Notes (continued)

### 14 Creditors: Amounts falling due after more than one year

	2006 £	2005 £
Amounts owed to group undertakings	2,232,066	2,232,066

### 15 Deferred taxation

The elements of deferred taxation are as follows

	2006 £	2005 £
Difference between accumulated depreciation and amortisation and capital allowances	106	12,676
Tax losses	143,005	93,606
Unprovided deferred tax asset	143,111	106,282

### 16 Commitments

#### (a) Operating leases

At the year end, the company had annual commitments under non-cancellable operating leases as follows

	2006		2005	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire In the second to fifth years inclusive	86,000	8,625	40,500	7,697

#### (b) Guarantees

The company has made a guarantee to HM Customs & Excise in relation to deferment of VAT of £20,000 (2005 £20,000)

### 17 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £43,928 (2005 £40,909)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

## Notes (continued)

### 18 Share capital

	2006 £	2005 £
<b>Authorised:</b>		
1,500,000 ordinary shares of £1 each	1,500,000	1,500,000
2,000,000 preference shares of £1 each	2,000,000	2,000,000
	<hr/>	<hr/>
	3,500,000	3,500,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid:</b>		
1,329,331 ordinary shares of £1 each	1,329,331	1,329,331
1,864,286 preference shares of £1 each	1,864,286	1,864,286
	<hr/>	<hr/>
	3,193,617	3,193,617
	<hr/>	<hr/>

The non-interest bearing redeemable preference shares have the same rights and privileges as the ordinary shares and rank pari passu in all respects except

- they are only redeemable at the discretion of the company,
- in the event of a winding up, they will be repaid in preference to ordinary shares

### 19 Reserves

	Capital redemption reserve £	Profit and loss account £
At beginning of year	35,376	(1,293,959)
Loss for year	-	(131,899)
	<hr/>	<hr/>
At end of year	35,376	(1,425,858)
	<hr/>	<hr/>

### 20 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
(Loss)/profit for the financial year	(131,899)	1,242
	<hr/>	<hr/>
Net (reduction in)/addition to shareholders' funds	(131,899)	1,242
Opening shareholders' funds	1,935,034	1,933,792
	<hr/>	<hr/>
Closing shareholders' funds	1,803,135	1,935,034
	<hr/>	<hr/>

**Notes** *(continued)*

**21 Capital commitments**

At 31 December 2006, the company had contracted to purchase two items of equipment with a total value of £52,844 (2005 £32,000)

**22 Parent companies**

The parent of the group of undertakings, for which group financial statements are drawn up and of which the company is a member, is Peterson American Corporation, incorporated in the United States of America. The group financial statements are available from

Peterson American Corporation Inc  
21200 Telegraph Road  
P O Box 5059  
Southfield  
MI 48086-5059  
USA

The ultimate parent company is the Garden Street Group Inc incorporated in the United States of America which does not prepared consolidated financial statements