

Peterson Spring Europe Limited

**Directors' report and financial
statements**

Registered number 1363153

For the year ended 31 December 2009



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

Principal activities and business review

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

Trading conditions in the Global Automotive industry remained depressed throughout 2009. However, following the measures taken in late 2008 to reflect the forecast reduced sales, the company was re-organized and well managed, finishing the year strongly, taking on new employees as the market recovery started in the last quarter 2009.

The company retained its customer base, albeit at lower sales volumes, and was successful in obtaining new business for 2010 despite the adverse conditions. It is now in a good position to grow as the Global markets recover.

Given the poor trading conditions, the Directors are satisfied with the progress made by the Company.

Key performance indicators

The key performance indicators for the company remain as turnover and gross profit.

Risks and uncertainties

The main risks to the company are the industry sector in which it trades and the exposure to foreign exchange fluctuations. The company has maintained its position with its customers, under the difficult trading conditions.

Results and dividends

The loss before tax for the year amounted to £332,857 (2008 £376,970). The directors do not recommend the payment of any dividends on preference or ordinary shares (2008 £Nil).

Directors

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

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

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

Pursuant to Section 487 of Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



G Tarbuck
Director

Heath House
Hewell Road
Enfield
Redditch
B97 6AY

25 March 2010

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).

Under company law, the directors must not approve the financial statements unless they are satisfied that they 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 are sufficient to show and explain the company's transactions and 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 2006. 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
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditors' report to the members of Peterson Spring Europe Limited

We have audited the financial statements of Peterson Spring Europe Limited for the year ended 31 December 2009 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

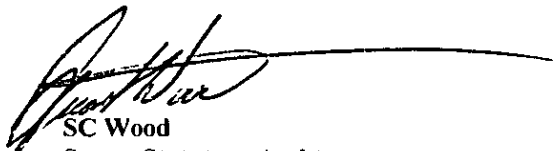
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



SC Wood
Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

25 March 2010

Profit and loss account
for the year ended 31 December 2009

	<i>Note</i>	2009 £	2008 £
Turnover	2	3,215,570	4,815,744
Cost of sales		(2,647,968)	(4,046,062)
Gross profit		567,602	769,682
Distribution costs		(138,965)	(183,529)
Administrative expenses		(756,368)	(961,237)
Operating loss		(327,731)	(375,084)
Other interest receivable and similar income	6	1	832
Interest payable and similar charges	7	(5,127)	(2,718)
Loss on ordinary activities before taxation	3	(332,857)	(376,970)
Tax on loss on ordinary activities	8	-	-
Loss for the financial year	17	(332,857)	(376,970)

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 2009

	<i>Note</i>	2009		2008	
		£	£	£	£
Fixed assets					
Tangible assets	9	674,565		803,796	
Investments	10	2,232,066		2,232,066	
		<u>2,906,631</u>		<u>3,035,862</u>	
Current assets					
Stocks	11	821,678		1,028,524	
Debtors	12	967,806		946,556	
Cash at bank and in hand		32,880		18,707	
		<u>1,822,364</u>		<u>1,993,787</u>	
Creditors Amounts falling due within one year	13	(922,567)		(848,736)	
Net current assets			<u>899,797</u>		<u>1,145,051</u>
Total assets less current liabilities			<u>3,806,428</u>		<u>4,180,913</u>
Creditors Amounts falling due after more than one year	14	(2,806,468)		(2,848,096)	
Net assets			<u>999,960</u>		<u>1,332,817</u>
Capital and reserves					
Called up share capital	16	3,193,617		3,193,617	
Capital redemption reserve	17	35,376		35,376	
Profit and loss account	17	(2,229,033)		(1,896,176)	
Shareholders' funds	21	<u>999,960</u>		<u>1,332,817</u>	

These financial statements were approved by the board of directors on 25 March 2010 and were signed on its behalf by



G Tarbuck
 Director

Company number 1363153

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

The financial statements have been prepared on the going concern basis which the directors believes to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Peterson American Corporation Inc, the company's immediate holding company. Peterson American Corporation Inc has indicated that, for the foreseeable future, it will continue to make available such funds as are needed by the company to enable it to continue to trade. This should enable the company to trade for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking, the directors believe that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The Company is exempt by virtue of the small companies regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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.

As the company is a wholly owned subsidiary of Peterson American Corporation Inc, 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 Inc, within which the company is included, can be obtained from the address given in note 22.

Fixed assets and 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.

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.

Notes (continued)

1 Accounting policies (continued)

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post retirement benefits

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.

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.

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.

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:

	2009 £	2008 £
United Kingdom	1,466,080	2,557,186
Europe	1,143,456	1,579,407
USA	201,425	228,207
Rest of world	404,609	450,944
	<u>3,215,570</u>	<u>4,815,744</u>

Notes (continued)

3 Notes to the profit and loss account

	2009 £	2008 £
<i>Loss on ordinary activities before taxation is stated</i>		
<i>after charging/(crediting)</i>		
Depreciation and other amounts written off tangible fixed assets		
Owned	125,531	155,085
Leased	3,700	3,700
Hire of other assets – operating leases	86,833	88,453
Hire of plant and machinery – rentals payable under operating leases	11,838	11,337
Net (gain)/loss on foreign currency translation	(52,021)	73,797
	<hr/>	<hr/>
<i>Auditor's remuneration</i>		
Audit of these financial statements	19,750	19,750
	<hr/>	<hr/>

4 Remuneration of directors

	2009 £	2008 £
Directors' emoluments	79,083	93,524
Company contributions to money purchase pension schemes	5,460	8,190
	<hr/>	<hr/>
	84,543	101,714
	<hr/>	<hr/>

Four directors waived their rights to remuneration (2008 four)

Retirement benefits are accruing to the following number of directors

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

Notes (continued)

5 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	
	2009	2008
Production staff	34	48
Administrative staff	10	11
	<u>44</u>	<u>59</u>

The aggregate payroll costs of these persons were as follows

	£	£
Wages and salaries	942,620	1,398,920
Social security costs	86,585	121,411
Other pension costs	31,565	35,762
	<u>1,060,770</u>	<u>1,556,093</u>

6 Other interest receivable and similar income

	2009	2008
	£	£
Bank interest receivable	<u>1</u>	<u>832</u>

7 Interest payable and similar charges

	2009	2008
	£	£
On bank loans and overdrafts	<u>5,127</u>	<u>2,718</u>

Notes (continued)

8 Taxation

(i) Analysis of credit in year

	2009 £	2008 £
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
<i>Deferred tax (see note 15)</i>	-	-
	<hr/>	<hr/>
Tax on loss on ordinary activities	-	-
	<hr/>	<hr/>

(ii) Factors affecting the tax credit for the current year

The current tax credit for the year is lower (2008 lower) than the standard rate of corporation tax in the UK (28% (2008 28.5%)). The differences are explained below

	2009 £	2008 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(332,857)	(376,970)
	<hr/>	<hr/>
Current tax at 28% (2008 28.5%)	(93,200)	(107,436)
<i>Effects of</i>		
Expenses not deductible for tax purposes	342	448
Capital allowances less than depreciation	4,651	714
Unrelieved tax losses	88,207	106,274
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

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

The company has unutilised tax losses of £1,280,600 (2008 £965,579) and accelerated capital allowances of £65,633 (2008 £59,095)

The resulting deferred tax asset of £376,945 (2008 £286,909) has not been recognised due to the uncertainty of its recoverability (see note 15)

Notes (continued)

9 Tangible fixed assets

	Leasehold property	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At beginning and end of year	15,310	466,210	3,476,109	145,435	18,500	4,121,564
Depreciation						
At beginning of year	11,905	164,562	3,032,293	105,308	3,700	3,317,768
Charge for the year	3,405	7,722	101,072	13,332	3,700	129,231
At end of year	15,310	172,284	3,133,365	118,640	7,400	3,446,999
Net book value						
At 31 December 2009	-	293,926	342,744	26,795	11,100	674,565
At 31 December 2008	3,405	301,648	443,816	40,127	14,800	803,796

The amount included above in respect of land which is not depreciated is £84,000 (2008 £84,000)

Included in the total net book value of motor vehicles is £11,100 (2008 £14,800) in respect of assets held under finance leases. Depreciation for the year on these assets was £3,700 (2008 £3,700)

10 Investments

	Shares in group undertakings £
Cost	
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

	2009 £	2008 £
Raw materials and consumables	99,868	80,105
Work in progress	303,180	163,256
Finished goods and goods for resale	418,630	785,163
	<u>821,678</u>	<u>1,028,524</u>

12 Debtors

	2009 £	2008 £
Trade debtors	848,721	868,539
Other debtors	29,466	1,190
Prepayments and accrued income	89,619	76,827
	<u>967,806</u>	<u>946,556</u>

13 Creditors: Amounts falling due within one year

	2009 £	2008 £
Bank overdraft (secured)	199,073	225,085
Trade creditors	651,840	547,768
Obligations under finance leases and hire purchase contracts (see note 14)	6,000	6,000
Other creditors including taxation and social security	40,446	36,707
Accruals and deferred income	25,208	33,176
	<u>922,567</u>	<u>848,736</u>

Other creditors, including taxation and social security, comprise

	£	£
Social security	31,443	29,528
Other creditors	9,003	7,179
	<u>40,446</u>	<u>36,707</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

	2009 £	2008 £
Amounts owed to group undertakings	2,804,468	2,840,096
Obligations under finance leases and hire purchase contracts	2,000	8,000
	<u>2,806,468</u>	<u>2,848,096</u>

The maturity of obligations under finance leases and hire purchase contracts is as follows

	£	£
Within one year	6,821	6,821
In the second to fifth years	2,274	9,095
	<u>9,095</u>	<u>15,916</u>
Less future finance charges	(1,095)	(1,916)
	<u>8,000</u>	<u>14 000</u>

15 Deferred taxation

The elements of deferred taxation are as follows

	2009 £	2008 £
Difference between accumulated depreciation and amortisation and capital allowances	18,377	16,547
Tax losses	358,568	270,362
	<u>376,945</u>	<u>286,909</u>

Notes (continued)

16 Share capital

	2009 £	2008 £
<i>Allotted, called up and fully paid.</i>		
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

17 Reserves

	Capital redemption reserve £	Profit and loss account £
At beginning of year	35,376	(1,896,176)
Loss for year	-	(332,857)
	<hr/>	<hr/>
At end of year	35,376	(2,229,033)
	<hr/>	<hr/>

18 Commitments

(a) Operating leases

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

	2009 Land and buildings £	Other £	2008 Land and buildings £	Other £
Operating leases which expire In the second to fifth years inclusive	70,000	17,846	50,167	17,462
	<hr/>	<hr/>	<hr/>	<hr/>

(b) Guarantees

The company has made a guarantee to HM Revenue & Customs in relation to deferment of VAT of £20,000 (2008 £20,000)

Notes (continued)

19 Capital commitments

At 31 December 2009, the company had no capital commitments (2008 £Nil)

20 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 £31,565 (2008 £35,762)

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

21 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Loss for the financial year	(332,857)	(376,970)
Net reduction in shareholders' funds	(332,857)	(376,970)
Opening shareholders' funds	1,332,817	1,709,787
Closing shareholders' funds	999,960	1,332,817

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 Inc, 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 prepare consolidated financial statements