

Fister UK Limited

Report and Accounts

31 July 1998



 **ERNST & YOUNG**

Fister UK Limited

Registered No. 1423606

DIRECTORS

D Fryer
A Yeomans

SECRETARY

A R Yeomans

AUDITORS

Ernst & Young
Old Town Court
10-14 High Street
Swindon
SN1 3EP

BANKERS

Barclays Bank plc
28 Regent Street
Swindon
Wiltshire
SN1 1JW

REGISTERED OFFICE

High Street North
Dunstable
Bedfordshire
LU6 1UZ

Fister UK Limited

DIRECTORS' REPORT

The directors present their report and the audited accounts of the company for the year ended 31 July 1998.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £170,000 (1997 - profit £33,000). The directors do not propose a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The company's principal activity continued to be the assembly and distribution of replacement parts and accessories for motor vehicles.

SUBSEQUENT EVENTS AND FUTURE DEVELOPMENTS

The directors expect that the present level of activity will continue for the short term and are confident that measures already taken to reduce overheads will lead to continued profitability in the coming year.

MARKET VALUE OF FREEHOLD LAND AND BUILDINGS

The directors have reviewed the current value of the freehold land and buildings and are of the opinion that, compared with the balance sheet amount, there is a shortfall of some £200,000. The directors are of the opinion that this shortfall is permanent and have therefore written the carrying value of this asset down by the above amount.

DIRECTORS AND THEIR INTERESTS

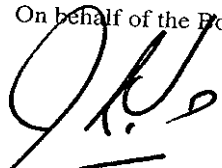
The directors of the company during the year ended 31 July 1998 were those listed on page 2. No director held any interests during the period in the share capital of the company. However, their interests in the share capital of Devtek Corporation, the ultimate parent undertaking, were as follows:-

	<i>At 31 July 1998</i>	<i>At 31 July 1997</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
A Yeomans		
D Fryer	37,200	39,000
	-	-

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

On behalf of the Board



A Yeomans
Director

14th April 1999

Fister UK Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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;
- 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 to 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.

REPORT OF THE AUDITORS
to the members of Fister UK Limited

We have audited the accounts on pages 6 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.


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 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 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 July 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditor
Swindon


16 April 1998

Fister UK Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 July 1998

	Notes	12 months ended 31 July 1998 £000	7 months ended 31 July 1997 £000
TURNOVER			
Cost of sales	3	3,485 (2,594)	1,987 (1,373)
GROSS PROFIT			
Operating costs		891	614
Exceptional write down of land and buildings	4	829 200	563 -
OPERATING (LOSS)/PROFIT			
Interest payable	7	(138) (32)	51 (18)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
	8	(170)	33
(LOSS)/PROFIT RETAINED FOR THE FINANCIAL YEAR			
	18	(170)	33

There were no recognised gains or losses for the year ended 31 July 1998 other than the loss of £170,000 (1997: Profit - £33,000).

Fister UK Limited

BALANCE SHEET

at 31 July 1998

	Notes	1998 £000	1997 £000
FIXED ASSETS			
Tangible assets	10	400	607
CURRENT ASSETS			
Stocks	12	708	713
Debtors	13	735	682
		1,443	1,395
CREDITORS: amounts falling due within one year	14	1,831	1,777
NET CURRENT LIABILITIES		(388)	(382)
TOTAL ASSETS LESS CURRENT LIABILITIES		12	225
CREDITORS: amounts falling due after more than one year			
Loans	15	168	192
Obligations under finance leases and hire purchase contracts	16	4	23
		172	215
		(160)	10
CAPITAL AND RESERVES			
Called up share capital	17	80	80
Profit and loss account	18	(240)	(70)
EQUITY SHAREHOLDERS' FUNDS	18	(160)	10

A Yeomans
Director

14th April 1999

Fister UK Limited

NOTES TO THE ACCOUNTS at 31 July 1998

1. FUNDAMENTAL ACCOUNTING CONCEPT

The accounts have been prepared on the going concern basis because the ultimate parent company will not require repayment of its loan, unless there are funds, in excess of those required for the business, available for the purpose.

2. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings, and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value evenly over their expected useful lives as follows:

Freehold buildings	-	2%
Plant, machinery, fixtures and fittings	-	15% - 33%
Motor vehicles	-	25%

Stocks

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Foreign exchange

Transactions in foreign currencies are translated at the rates ruling on the day of the transaction. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Fister UK Limited

NOTES TO THE ACCOUNTS at 31 July 1998

2. ACCOUNTING POLICIES (continued)

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Cash flow statement

A cash flow statement has not been prepared as the company is a wholly owned subsidiary of a parent.

3. ANALYSIS OF TURNOVER BY GEOGRAPHICAL MARKET

Turnover is generated wholly from the principal activity. An analysis of turnover by geographical destination is given below:

	<i>12 months ended 31 July 1998 £000</i>	<i>7 months ended 31 July 1997 £000</i>
United Kingdom	3,299	1,911
Rest of Europe	129	63
Other	57	13
	<u>3,485</u>	<u>1,987</u>

4. OPERATING COSTS

	<i>12 months ended 31 July 1998 £000</i>	<i>7 months ended 31 July 1997 £000</i>
Distribution costs	68	112
Administration expenses	761	451
	<u>829</u>	<u>563</u>

5. DIRECTORS' REMUNERATION

	<i>12 months ended 31 July 1998 £000</i>	<i>7 months ended 31 July 1997 £000</i>
Emoluments	41	21
Company contributions paid to money purchase pension schemes	<u>2</u>	<u>1</u>
Members of money purchase pension schemes	<u>1</u>	<u>1</u>

Fister UK Limited

NOTES TO THE ACCOUNTS at 31 July 1998

6. STAFF COSTS

	<i>12 months ended 31 July 1998 £000</i>	<i>7 months ended 31 July 1997 £000</i>
Wages and salaries	434	233
Social security costs	36	18
Other pension costs	12	6
	<u>482</u>	<u>257</u>

The average weekly number of employees employed by the company during the period was 39 (1997: 37) and is broken down into the following categories:

	<i>1998 No</i>	<i>1997 No</i>
Management and office	8	8
Manufacturing	19	18
Selling and distribution	12	11
	<u>39</u>	<u>37</u>

7. INTEREST PAYABLE

	<i>12 months ended 31 July 1998 £000</i>	<i>7 months ended 31 July 1997 £000</i>
Bank loan and overdraft	32	18

8. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<i>12 months ended 31 July 1998 £000</i>	<i>7 months ended 31 July 1997 £000</i>
Depreciation - owned assets	30	20
- leased assets	10	3
Auditors' remuneration	12	9
Hire of plant and machinery - operating leases	13	7
Loss on disposal of fixed assets	3	-
Gain on foreign exchange	(2)	(4)

Fister UK Limited

NOTES TO THE ACCOUNTS at 31 July 1998

9. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

		<i>12 months ended 31 July 1998 £000</i>	<i>7 months ended 31 July 1997 £000</i>
Corporation tax	- current year	-	-
	- prior year	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

10. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £000</i>	<i>Plant, machinery, fixtures, & fittings £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost or valuation				
At 1 August 1997	621	367	66	1,054
Additions	-	49	-	49
Disposals	-	-	(46)	(46)
Deficit on revaluation	(200)	-	-	(200)
At 31 July 1998	<u>421</u>	<u>416</u>	<u>20</u>	<u>857</u>
Depreciation:				
At 1 August 1997	77	348	22	447
Charge for year	12	13	15	40
Disposals	-	-	(30)	(30)
At 31 July 1998	<u>89</u>	<u>361</u>	<u>7</u>	<u>457</u>
Net book value:				
At 31 July 1998	<u>332</u>	<u>55</u>	<u>13</u>	<u>400</u>
At 31 July 1997	<u>544</u>	<u>19</u>	<u>44</u>	<u>607</u>

The net book value of motor vehicles above includes an amount of £13,000 in respect of assets held under finance leases.

Fister UK Limited

NOTES TO THE ACCOUNTS at 31 July 1998

11. FIXED ASSET INVESTMENTS

	<i>Interests in group undertakings £000</i>
Cost:	
At 31 July 1997 and 31 July 1998	9
Amounts written off	
At 31 July 1997 and 31 July 1998	9
Net book value	
At 31 July 1997 and 31 July 1998	-

Interests in group undertakings

<i>Name of undertaking</i>	<i>Country of incorporation or registration</i>	<i>Description of shares held</i>	<i>Proportion of nominal value of issued shares held</i>
Hi-Way (Automotive) Limited	England & Wales	£1 ordinary shares	100%
Aim (Products) Limited	England & Wales	£1 ordinary shares	100%

Both of the subsidiary undertakings were dormant throughout the entire year.

12. STOCKS

	<i>1998 £000</i>	<i>1997 £000</i>
Raw materials and consumables	307	267
Packaging materials	99	83
Finished goods and goods for resale	302	363
	<u>708</u>	<u>713</u>

13. DEBTORS: amounts falling due within one year

	<i>1998 £000</i>	<i>1997 £000</i>
Trade debtors	699	630
Corporation tax	-	27
Other debtors	3	1
Prepayments and accrued income	33	24
	<u>735</u>	<u>682</u>

Fister UK Limited

NOTES TO THE ACCOUNTS at 31 July 1998

14. CREDITORS: amounts falling due within one year

	1998 £000	1997 £000
Bank loans (note 15)	24	24
Bank overdraft (secured)	206	161
Trade creditors	475	393
Amounts owed to fellow subsidiary undertakings	155	151
Amounts owed to parent undertaking	794	794
Other taxation and social security payable	40	124
Obligations under finance leases and hire purchase contracts	6	12
Other creditors	4	-
Accruals and deferred income	127	118
	<u>1,831</u>	<u>1,777</u>

The bank loan and overdraft are secured by a debenture over the assets of the company and by a charge over the company's freehold property.

Included in 'other creditors' above are unpaid pension contributions at the year end of £2,417 (1997: £2,073)

15. LOANS

	1998 £000	1997 £000
Bank loans	192	216
Less: included in creditors: amounts falling due within one year	(24)	(24)
	<u>168</u>	<u>192</u>
Amounts repayable by instalments any of which fall for payment after five years:		
Instalments payable within five years	96	96
Instalments payable after five years	96	120
	<u>192</u>	<u>216</u>
Amounts repayable:		
In one year or less, or on demand	24	24
Between one and two years	24	24
Between two and five years	72	72
In five years or more	72	96
	<u>192</u>	<u>216</u>

The loan is repayable at a rate of £24,000 per annum on 29 July annually and interest is payable at 2% over the London Inter Bank Offer Rate.

Fister UK Limited

NOTES TO THE ACCOUNTS at 31 July 1998

16. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	1998 £000	1997 £000
Amounts payable:		
Within one year	6	14
Over one year	4	27
	<hr/>	<hr/>
Less: finance charges allocated to future periods	10	41
	-	6
	<hr/>	<hr/>
	10	35
	<hr/>	<hr/>

Finance leases and hire purchase contracts are analysed as follows:-

Current obligations (note 14)

Non current obligations

6	12
4	23
<hr/>	<hr/>
10	35
<hr/>	<hr/>

17. CALLED UP SHARE CAPITAL

	Authorised		Allotted and fully paid	
	1998 £000	1997 £000	1998 £000	1997 £000
"A" ordinary shares of £1 each	125	125	40	40
"B" ordinary shares of £1 each	125	125	40	40
	<hr/>	<hr/>	<hr/>	<hr/>
	250	250	80	80
	<hr/>	<hr/>	<hr/>	<hr/>

The voting rights, dividends and amounts receivable in the event of the company being wound up, are identical for both classes of share.

Fister UK Limited

NOTES TO THE ACCOUNTS at 31 July 1998

18. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £000</i>	<i>Profit & loss account £000</i>	<i>Total shareholders' funds £000</i>
At 1 January 1997			
Profit for the period	80	(103)	(23)
	-	33	33
At 31 July 1997			
Loss for the year	80	(70)	10
	-	(170)	(170)
At 31 July 1998			
	80	(240)	(160)

19. DEFERRED TAXATION

There is no deferred taxation provided as the company has a deferred tax asset.

20. CAPITAL COMMITMENTS

There were no capital commitments at 31 July 1998 or 31 July 1997.

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in paragraph 3 of FRS 8 from disclosing transactions with related parties that are part of the Devtek Corporation group.

22. OTHER FINANCIAL COMMITMENTS

At 31 July 1998 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>1998 £000</i>	<i>Equipment 1997 £000</i>
Operating leases which expire:		
within one year	22	-
in two to five years	10	21
	32	21

23. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Devtek Corporation, a company incorporated in Canada.

The largest group of undertakings for which group accounts have been prepared is that headed by Devtek Corporation and smallest such group is that headed by ACD Tridon Holdings Limited.