

Company Registration No. 1621157 (England and Wales)

MTB EQUIPMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2003



MTB EQUIPMENT LIMITED

COMPANY INFORMATION

Directors

J W Mainwaring
A D Berrington
R Roldan
J Singla

Secretary

A D Berrington

Company number

1621157

Registered office

9 Barton Road
Water Eaton
Bletchley
Milton Keynes
MK2 3HX

Auditors

Mercer & Hole
420 Silbury Boulevard
Milton Keynes
MK9 2AF

Bankers

National Westminster Bank Plc
Central Business Exchange
Exchange House
478 Midsummer Boulevard
Central Milton Keynes
MK9 2EA

MTB EQUIPMENT LIMITED

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MTB EQUIPMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2003

The directors present their report and financial statements for the year ended 30 September 2003.

Principal activities and review of the business

The principal activities of the company in the year under review were the assembly and distribution of coach seating and equipment.

The directors consider the results achieved on ordinary activities to be satisfactory in the light of current trading conditions.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

Future developments

The directors do not anticipate that there will be any fundamental change in the development of the company's business during the coming year.

Directors

The following directors have held office since 1 October 2002:

J W Mainwaring
A D Berrington
R Roldan
J Singla

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 September 2003	1 October 2002
J W Mainwaring	20,000	20,000
A D Berrington	20,000	20,000
R Roldan	-	-
J Singla	12,000	12,000

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Mercer & Hole be reappointed as auditors of the company will be put to the Annual General Meeting.

MTB EQUIPMENT LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003

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;
- 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.

On behalf of the board



J W Mainwaring

Director

27 April 2004

MTB EQUIPMENT LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF MTB EQUIPMENT LIMITED**

We have audited the financial statements of MTB Equipment Limited on pages 5 to 15 for the year ended 30 September 2003. These financial statements have been prepared under the historical cost convention and 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom 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.

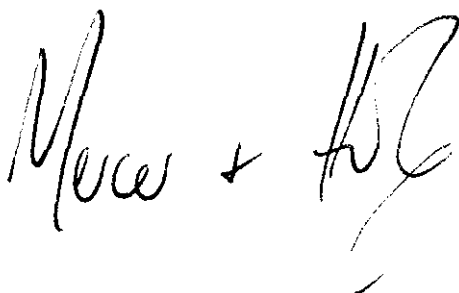
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 state of the company's affairs as at 30 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mercer & Hole

Chartered Accountants
Registered Auditor



27 April 2004

420 Silbury Boulevard
Milton Keynes
MK9 2AF

MTB EQUIPMENT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2003**

	Notes	2003 £	2002 £
Turnover	2	5,296,607	3,459,904
Cost of sales		(4,277,231)	(2,610,835)
Gross profit		1,019,376	849,069
Distribution costs		(189,175)	(203,982)
Administrative expenses		(613,028)	(555,371)
Operating profit	3	217,173	89,716
Other interest receivable and similar income		230	-
Interest payable and similar charges	4	(7,503)	(11,197)
Profit on ordinary activities before taxation		209,900	78,519
Tax on profit on ordinary activities	5	(74,102)	(16,922)
Profit on ordinary activities after taxation	13	135,798	61,597

The profit and loss account has been prepared on the basis that all operations are continuing operations.


There are no recognised gains and losses other than those passing through the profit and loss account.

MTB EQUIPMENT LIMITED

**BALANCE SHEET
AS AT 30 SEPTEMBER 2003**

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	6	857,295	824,344
Current assets			
Stocks	7	645,141	423,338
Debtors	8	1,492,798	653,172
Cash at bank and in hand		31,081	18,661
		<u>2,169,020</u>	<u>1,095,171</u>
Creditors: amounts falling due within one year	9	<u>(1,689,879)</u>	<u>(739,716)</u>
Net current assets		<u>479,141</u>	<u>355,455</u>
Total assets less current liabilities		<u>1,336,436</u>	<u>1,179,799</u>
Provisions for liabilities and charges	10	<u>(47,498)</u>	<u>(26,659)</u>
		<u><u>1,288,938</u></u>	<u><u>1,153,140</u></u>
Capital and reserves			
Called up share capital	12	100,000	100,000
Profit and loss account	13	1,188,938	1,053,140
Shareholders' funds - equity interests	14	<u><u>1,288,938</u></u>	<u><u>1,153,140</u></u>

The financial statements were approved by the Board on 27 April 2004


J.W. Mainwaring
Director

MTB EQUIPMENT LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 30 SEPTEMBER 2003**

	2003	2002
	£	£
Net cash (outflow)/inflow from operating activities	(33,217)	166,874
Returns on investments and servicing of finance		
Interest received	230	-
Interest paid	(7,503)	(11,197)
Net cash outflow for returns on investments and servicing of finance	(7,273)	(11,197)
Taxation	(17,237)	(44,793)
Capital expenditure		
Payments to acquire tangible assets	(95,634)	(13,889)
Net cash outflow for capital expenditure	(95,634)	(13,889)
Net cash (outflow)/inflow before management of liquid resources and financing	(153,361)	96,995
Financing		
Final payment of loan	-	(2,649)
Net cash outflow from financing	-	(2,649)
(Decrease)/increase in cash in the year	(153,361)	94,346

MTB EQUIPMENT LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2003**

1 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities		2003	2002
		£	£
Operating profit		217,173	89,716
Depreciation of tangible assets		62,683	51,841
(Increase)/decrease in stocks		(221,803)	166,072
Increase in debtors		(839,626)	(36,675)
Increase/(decrease) in creditors within one year		748,356	(104,080)
Net cash (outflow)/inflow from operating activities		(33,217)	166,874
2 Analysis of net debt		1 October 2002	Cash flow Other non-30 September cash changes 2003
		£	£ £ £
Net cash:			
Cash at bank and in hand	18,661	12,420	- 31,081
Bank overdrafts	(22,295)	(165,781)	- (188,076)
	(3,634)	(153,361)	- (156,995)
Net debt	(3,634)	(153,361)	- (156,995)
3 Reconciliation of net cash flow to movement in net debt		2003	2002
		£	£
(Decrease)/increase in cash in the year		(153,361)	94,346
Cash (inflow)/outflow from (increase)/decrease in debt		-	2,649
Movement in net debt in the year		(153,361)	96,995
Opening net debt		(3,634)	(100,629)
Closing net debt		(156,995)	(3,634)

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Long leasehold land and buildings	2% on cost
Plant and machinery	10% on cost

1.4 Leasing

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment.

1.8 Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into the profit and loss account for the year.

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003

2 Turnover

Geographical market

Turnover	
2003	2002
£	£
United Kingdom	5,028,077
European Economic Community	251,240
Rest of the World	17,290
	<u>5,296,607</u>
	<u>3,459,904</u>

3 Operating profit

Operating profit is stated after charging:

Depreciation of tangible assets

Loss on foreign exchange transactions

Operating lease rentals

Auditors' remuneration

and after crediting:

Profit on foreign exchange transactions

2003	2002
£	£
62,683	51,841
861	-
15,365	19,585
4,750	4,600
-	(4,541)
<u>-</u>	<u>(4,541)</u>

4 Interest payable

On bank loans and overdrafts

On overdue tax

2003	2002
£	£
7,494	11,197
9	-
<u>7,503</u>	<u>11,197</u>

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003

5 Taxation	2003	2002
	£	£
Domestic current year tax		
U.K. corporation tax	53,263	17,238
	<hr/>	<hr/>
Current tax charge	53,263	17,238
	<hr/>	<hr/>
Deferred tax		
Deferred tax charge/credit current year	20,839	(316)
	<hr/>	<hr/>
	74,102	16,922
	<hr/>	<hr/>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	209,900	78,519
	<hr/>	<hr/>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 19.50%)	62,970	15,311
	<hr/>	<hr/>
Effects of:		
Non deductible expenses	1,825	1,236
Depreciation add back	18,805	10,109
Capital allowances	(22,214)	(9,418)
Marginal rate relief	(8,123)	-
	<hr/>	<hr/>
	(9,707)	1,927
	<hr/>	<hr/>
Current tax charge	53,263	17,238
	<hr/>	<hr/>

MTB EQUIPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003**

6 Tangible fixed assets

	Long leasehold land and buildings £	Plant and machinery £	Total £
Cost			
At 1 October 2002	688,171	666,391	1,354,562
Additions	-	95,634	95,634
	<u>688,171</u>	<u>762,025</u>	<u>1,450,196</u>
At 30 September 2003	688,171	762,025	1,450,196
Depreciation			
At 1 October 2002	140,288	389,930	530,218
Charge for the year	13,668	49,015	62,683
	<u>153,956</u>	<u>438,945</u>	<u>592,901</u>
At 30 September 2003	153,956	438,945	592,901
Net book value			
At 30 September 2003	<u>534,215</u>	<u>323,080</u>	<u>857,295</u>
At 30 September 2002	<u>547,883</u>	<u>276,461</u>	<u>824,344</u>

7 Stocks and work in progress

	2003 £	2002 £
Raw materials and consumables	496,592	315,772
Work in progress	148,549	107,566
	<u>645,141</u>	<u>423,338</u>

8 Debtors

	2003 £	2002 £
Trade debtors	1,470,780	623,651
Amounts owed by parent and fellow subsidiary undertakings	3,288	10,791
Other debtors	18,730	18,730
	<u>1,492,798</u>	<u>653,172</u>

MTB EQUIPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003**

9 Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	188,076	22,295
Trade creditors	794,743	392,879
Amounts owed to parent and fellow subsidiary undertakings	499,898	234,901
Corporation tax	53,264	17,238
Other taxes and social security costs	116,333	54,559
Directors' current accounts	3,671	-
Accruals and deferred income	33,894	17,844
	<u>1,689,879</u>	<u>739,716</u>

The bank overdraft is secured by a debenture over all the assets and liabilities of the company and by a legal charge dated 30 June 1992 over 7,8 & 9 Barton Road, Water Eaton, Bletchley.

10 Provisions for liabilities and charges

	Deferred tax liability
	£
Balance at 1 October 2002	26,659
Profit and loss account	20,839
	<u>47,498</u>
Balance at 30 September 2003	<u>47,498</u>

The deferred tax liability is made up as follows:

	2003	2002
	£	£
Accelerated capital allowances	<u>47,498</u>	<u>26,659</u>

11 Pension costs

Defined contribution

	2003	2002
	£	£
Contributions payable by the company for the year	<u>9,271</u>	<u>7,511</u>

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003

12 Share capital	2003	2002
	£	£
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>
13 Statement of movements on profit and loss account		Profit and loss account
		£
Balance at 1 October 2002		1,053,140
Retained profit for the year		135,798
		<u> </u>
Balance at 30 September 2003		1,188,938
		<u> </u>
14 Reconciliation of movements in shareholders' funds	2003	2002
	£	£
Profit for the financial year	135,798	61,597
Opening shareholders' funds	1,153,140	1,091,543
	<u> </u>	<u> </u>
Closing shareholders' funds	1,288,938	1,153,140
	<u> </u>	<u> </u>
15 Financial commitments		
At 30 September 2003 the company had annual commitments under non-cancellable operating leases as follows:		
	2003	2002
	£	£
Expiry date:		
Within one year	2,247	529
Between two and five years	12,494	9,932
	<u> </u>	<u> </u>
	14,741	10,461
	<u> </u>	<u> </u>

MTB EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003

16 Directors' emoluments

	2003 £	2002 £
Emoluments for qualifying services	191,193	156,337
Company pension contributions to money purchase schemes	7,830	7,111
	<u>199,023</u>	<u>163,448</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2002- 2).

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Executive directors and administration	9	9
Shop floor	19	19
	<u>28</u>	<u>28</u>

Employment costs

	£	£
Wages and salaries	509,096	537,139
Social security costs	43,936	38,777
Other pension costs	9,271	7,511
	<u>562,303</u>	<u>583,427</u>

18 Control

The company regards Fainsa srl, incorporated in Spain as its ultimate parent company.

19 Related party transactions

The company purchased goods from Fainsa srl to the value of £1,323,276 (2002: £627,567). The balance outstanding at the year end date was £476,019 (2002: £234,901). The company sold goods to Fainsa srl to the value of £7,042 (2002: £7,964). The balance due at the year end date was £3,288 (2002: £10,790). All of the above transactions were conducted at normal market values.