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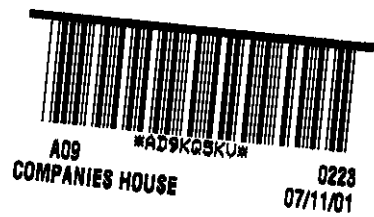


ANDERSEN

Briggs & Stratton U.K. Limited

Annual report and financial statements for the year ended 30 June 2001

Registered number: 2030483



Directors and Officers

Directors

J E Brenn
MD Hamilton
HA Keltz
BP Peachey

Secretary

BP Peachey

Registered office

Unit 10 Ashton Gate
Ashton Road
Harold Hill
Romford
Essex RM3 8UF

Auditors

Arthur Andersen
3 Victoria Square
Victoria Street
St Albans
Herts AL1 3TF

Solicitors

Wortley Byers
47 Crown Street
Brentwood
Essex CM14 4BD

Bankers

Barclays Bank Plc
Business Centre
75 High Street
Brentwood
Essex CM14 4RP

Directors' report

For the year ended 30 June 2001

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 30 June 2001.

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;
- state whether applicable 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 which disclose with reasonable accuracy at any time the financial position of the company and 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.

Principal activity and business review

The principal activity of the company is the sale and service of internal combustion engines and related parts for the outdoor equipment industry on behalf of group companies. The directors expect a continuing improvement to income during 2001/2002.

Results and dividends

The company has recorded a profit on ordinary activities after taxation for the year of £61,430 (2000: loss £164,682).

No dividend is proposed (2000: £nil).

Directors' report (continued)

Directors and their interests

The directors who held office during the year are as shown below.

J E Brenn (American)

MD Hamilton (American) (owner of one ordinary share)

HA Keltz (American)

BP Peachey

The directors do not have any interests other than that stated above which are required to be disclosed under Schedule 7 of the Companies Act 1985.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Unit 10 Ashton Gate
Ashton Road
Harold Hill
Romford
Essex RM3 8UF

By order of the Board,



BP Peachey
Director

Independent Auditors' Report to the Shareholders of Briggs & Stratton U.K. Limited:

We have audited the financial statements of Briggs & Stratton U.K. Limited for the year ended 30 June 2001 which comprise the Profit and Loss Account, the Balance Sheet, and the related Notes numbered 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. 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 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 circumstances of the company, 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 affairs of the company at 30 June 2001 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

3 Victoria Square
Victoria Street
St Albans
Herts AL1 3TF

31 August 2001

Profit and loss account
For the year ended 30 June 2001

	Notes	2001 £	2000 £
Turnover	1	-	-
Cost of sales		-	-
Gross profit			-
Other operating income	2	784,216	783,889
Other operating expenses		(712,677)	(932,947)
Operating profit/(loss)		71,539	(149,058)
Investment income	5(a)	359	15,181
Interest payable	5(b)	-	(326)
Profit/(loss) on ordinary activities before taxation	3	71,898	(134,203)
Tax on profit/(loss) on ordinary activities	6	(10,468)	(30,479)
Retained profit/(loss) for the period	13	61,430	(164,682)
Retained (loss)/profit, brought forward		(85,533)	79,149
Retained deficit, carried forward		(24,103)	(85,533)

There are no recognised gains or losses in either year other than the retained profit/(loss) for that year.

All activities relate to continuing operations.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

30 June 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible assets	7	129,171	130,161
Current assets			
Debtors (of which £8,000 (2000: £8,000) is due after more than one year)	8	187,492	56,421
Cash at bank and in hand		56,551	291,850
		244,043	348,271
Creditors: Amounts falling due within one year	9	(150,427)	(317,075)
Net current assets		93,616	31,196
Total asset less current liabilities		222,787	161,357
Provisions for liabilities and charges	10	(146,890)	(146,890)
Net assets		75,897	14,467
Capital and reserves			
Called-up share capital	11	100,000	100,000
Profit and loss account	12	(24,103)	(85,533)
Equity shareholders' funds	13	75,897	14,467

The financial statements on pages 5 to 14 were approved by the board of directors on 31 August 2001 and signed on its behalf by:



BP Peachey
Director

The accompanying notes are an integral part of this balance sheet.

Statement of accounting policies

30 June 2001

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Financial year

The financial statements are made up to the Sunday nearest to 30 June each year. Periodically this results in a financial year of 53 weeks. The 2001 financial year of the company which ended on 30 June 2001 comprises 52 weeks of activity. The financial information for the preceding year, presented in these statements for comparative purposes, represents the results for the 53 weeks ended 2 July 2000.

Commissionaire Status

Briggs & Stratton UK Limited is a commissionaire for Briggs & Stratton Switzerland. The company receives commission equal to the costs which are directly related to the Commission Merchant's activities plus a profit mark up. As such the company records a turnover of £nil.

Tangible fixed assets

Fixed assets are shown at historical cost net of 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:

Leasehold improvements	over the life of the lease
Machinery, fixtures and fittings	10 – 33% straight-line
Motor vehicles	25% reducing balance

Leases

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term even if payments are not made on such a basis.

Statement of accounting policies (continued)

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous years when it is recovered against corporation tax liabilities.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the financial statements and under tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred taxation is not provided on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of all deferred taxation, including that which will probably not reverse, is shown in the notes to the financial statements.

Pension costs

For defined benefit schemes the amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining working life of the scheme members.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions denominated in foreign currencies are recorded at the actual exchange rates. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end (or, where appropriate, at the rate of exchange in a related forward exchange contract). Any gain or loss arising from a change in exchange rates is included as an exchange gain or loss in the profit and loss account.

Cash flow statement

In accordance with FRS1 (Revised) the company has elected not to prepare a cash flow statement as it is a wholly owned subsidiary of a company which prepares a consolidated cash flow statement and whose financial statements are publicly available.

Notes to financial statements

1 Segment information

All the company's income and profit are earned in the UK and the directors consider that the company has a single class of business - that of the distribution of engines and related parts sourced from other group undertakings to manufacturers, hire outlets and service specialists in the garden machinery and industrial tooling industries.

2 Other operating income

Other operating income represents sales commission receivable from other group undertakings (see note 1).

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

	2001 £	2000 £
Depreciation of tangible fixed assets	27,271	33,367
Operating lease rentals - motor vehicles	17,590	18,881
- other	50,186	50,186
Auditors' remuneration - audit	9,500	9,500
Exceptional item		
- pension charge (note 15)	-	133,000

4 Staff costs

Particulars of employees (including executive directors) are as shown below:

	2001 £	2000 £
Wages and salaries	339,086	330,948
Social security costs	35,299	33,730
Other pension costs (note 15)	43,315	217,117
	417,700	581,795

The average monthly number of persons employed by the company during the period was as follows:

	Number	Number
Total employees	16	17

Notes to financial statements (continued)

4 Staff costs (continued)

Directors' remuneration paid in respect of directors of the company was as follows:

	2001 £	2000 £
Emoluments	58,352	61,400

The number of directors who were members of pension schemes was as follows:

	Number	Number
Defined benefit schemes	1	1

5 Finance Charges

	2001 £	2000 £
<i>(a) Investment income</i>		
Bank interest	-	-
Other interest	359	15,181
	<u>359</u>	<u>15,181</u>
<i>(b) Interest payable</i>		
Other interest payable	-	(326)

6 Tax on profit/(loss) on ordinary activities

The tax charge is based on the (loss)/profit for the year and comprises:

	2001 £	2000 £
UK Corporation tax	19,000	-
Adjustments in respect of prior years:		
Irrecoverable ACT	-	21,429
Over/(under) provision in prior years	(8,532)	9,050
	<u>10,468</u>	<u>30,479</u>

There were no amounts of unprovided deferred tax at 30 June 2001 (2000: £Nil).

Notes to financial statements (continued)

7 Tangible fixed assets

The movement during the year was as follows:

	Leasehold improvements £	Machinery, fixtures and fittings £	Motor vehicles £	Total £
Cost				
Beginning of year	79,103	151,409	36,387	266,899
Additions	6,250	10,740	15,458	32,448
Disposals	-	(47,970)	(15,650)	(63,620)
End of year	<u>85,353</u>	<u>114,179</u>	<u>36,195</u>	<u>235,727</u>
Depreciation				
Beginning of year	6,945	104,349	25,444	136,738
Charge	8,079	16,268	2,924	27,271
Disposals	-	(46,331)	(11,122)	(57,453)
End of year	<u>15,024</u>	<u>74,286</u>	<u>17,246</u>	<u>106,556</u>
Net book value				
End of year	<u>70,329</u>	<u>39,893</u>	<u>18,949</u>	<u>129,171</u>
Beginning of year	<u>72,158</u>	<u>47,060</u>	<u>10,943</u>	<u>130,161</u>

8 Debtors

	2001 £	2000 £
Amounts falling due within one year:		
Amounts owed by group undertakings	117,492	-
ACT recoverable	8,000	8,000
Prepayments and accrued income	62,000	48,421
	<u>187,492</u>	<u>56,421</u>

Included within ACT recoverable is £8,000 recoverable after more than one year (2000: £8,000).

Notes to financial statements (continued)

9 Creditors: Amounts falling due within one year

	2001 £	2000 £
Amounts owed to group undertakings	-	182,144
UK corporation tax	19,000	-
VAT payable	101,811	114,151
Other taxation and social security	10,088	7,468
Other creditors	4,710	1,630
Accruals and deferred income	14,818	11,682
	<u>150,427</u>	<u>317,075</u>

10 Provisions for liabilities and charges

	Dilapidations £	Pensions £	Total £
At 2 July 2000	13,890	133,000	146,890
Charged to profit and loss account	-	-	-
At 30 June 2001	<u>13,890</u>	<u>133,000</u>	<u>146,890</u>

The pensions provision is for costs to be incurred in the winding up of the defined benefit scheme (note 15).

11 Called-up share capital

	2001 £	2000 £
<i>Authorised, allotted, called-up and fully paid</i>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

12 Reserves

	Profit and loss account £
At 2 July 2000	(85,533)
Retained profit for the year	<u>61,430</u>
At 30 June 2001	<u>(24,103)</u>

Notes to financial statements (continued)

13 Reconciliation of movements in equity shareholders' funds

	2001 £	2000 £
Profit/(loss) on ordinary activities after taxation	61,430	(164,682)
Opening shareholders' funds	14,467	179,149
Closing shareholders' funds	<u>75,897</u>	<u>14,467</u>

14 Guarantees and other financial commitments

Lease commitments

The company pays a rental of £50,186 per annum under a lease on the Romford premises which expires in the year 2008. The lease has rent reviews at 5-yearly intervals, the next review is due in 2003.

The company has also entered into contract hire agreements in respect of motor vehicles. The minimum annual rentals under these leases are as follows:

	2001 £	2000 £
Operating leases which expire:		
- within 1 year	6,133	-
- within 2 - 5 years	11,457	20,669
	<u>17,590</u>	<u>20,669</u>

15 Pension arrangements

The company operates a defined benefit pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being a Deposit Administration insurance contract underwritten by Sun Life Assurance Society plc. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was as at 1 July 1998. The assumptions which have the most significant effect on the results of the valuation are the long-term yield on the investment of scheme monies and the rate of salary increases. It was assumed that the investment returns would be 8.5% per annum and that salary increases would average 6.5%.

The most recent actuarial valuation showed that the value of the scheme's assets was £781,400 and that the actuarial valuation of those assets represented 88% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

During the prior year it was decided to wind up this pension scheme. All existing members of the scheme have joined the defined contribution scheme set up to replace the current arrangements.

Notes to financial statements (continued)

15 Pension arrangements (continued)

The pension charge for the year was £43,315 (2000: £217,117), representing company contributions of 12.77% (2000: 28.87%) of total pensionable salaries. This included a charge of £nil (2000: £133,000) in respect of costs expected to be incurred in the winding up of the defined benefit scheme.

16 Related party transactions

No related party transactions have been disclosed as the company has taken advantage of the exemption under FRS8, Related Party Disclosures, on the basis that it is a 100% owned subsidiary of a company for which consolidated financial statements are publicly available

17 Ultimate parent company

The company is a wholly owned subsidiary of Briggs & Stratton Corporation, incorporated in the State of Wisconsin in the USA.

This is both the immediate and ultimate parent company. The financial statements of the company are included in the consolidated financial statements of Briggs & Stratton Corporation, which are available to the public from the Department of the Corporate Secretary, Post Office Box 702, Milwaukee, Wisconsin 53201, USA.