



ARTHUR ANDERSEN

Briggs & Stratton U.K. Limited

Accounts 2 July 2000

together with directors' and auditors' reports

Registered number: 2030483



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COMPANIES HOUSE

LMFESSAUM

0404
27/03/01

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 2 July 2000

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 2 July 2000.

Directors' responsibilities

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- 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 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.

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 2000/2001.

Results and dividends

The company has recorded a loss on ordinary activities after taxation for the year of £164,682 (1999: loss £74,949).

No dividend is proposed (1999: £nil).

Directors' report (continued)

Directors and their interests

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

J E Brenn (American)	(appointed 17 March 2000)
RH Eldridge (American)	(resigned 31 October 1999)
MD Hamilton (American)	
HA Keltz (American)	
BP Peachey	

The directors do not have any interests 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,



12/3/01

BP Peachey
Director

To the Shareholders of Briggs & Stratton U.K. Limited:

We have audited the accounts on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts, in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 2 July 2000 and of its loss 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

12 March 2001

Profit and loss account

For the year ended 2 July 2000

	Notes	2000 £	1999 £
Turnover	2	-	-
Cost of sales		-	-
Gross profit		-	-
Other operating income	3	783,889	725,795
Other operating expenses		(932,947)	(816,858)
Operating loss		(149,058)	(91,063)
Investment income	6(a)	15,181	3
Interest payable	6(b)	(326)	(9,355)
Loss on ordinary activities before taxation	4	(134,203)	(100,415)
Tax on loss on ordinary activities	7	(30,479)	25,466
Retained loss for the period	14	(164,682)	(74,949)
Retained profit, brought forward		79,149	154,098
Retained (deficit)/profit, carried forward		(85,533)	79,149

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

All operations of the company continued throughout both periods and no operations were acquired or discontinued.

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

Balance sheet

2 July 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	8	130,161	135,297
Current assets			
Debtors (of which £8,000 (1999: £116,008) is due after more than one year)	9	56,421	142,995
Cash at bank and in hand		291,850	143,731
		348,271	286,726
Creditors: Amounts falling due within one year	10	(317,075)	(242,874)
Net current assets		31,196	43,852
Total asset less current liabilities		161,357	179,149
Provisions for liabilities and charges	11	(146,890)	-
Net assets		14,467	179,149
Capital and reserves			
Called-up share capital	12	100,000	100,000
Profit and loss account	13	(85,533)	79,149
Equity shareholders' funds	14	14,467	179,149

The accounts on pages 4 to 13 were approved by the board of directors on its behalf by:

and signed on

 12/3/01

BP Peachey
Director

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

Notes to accounts

2 July 2000

1 Accounting policies

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.

a) Basis of accounting

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

b) 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 2000 financial year of the company which ended on 2 July 2000 comprises 53 weeks of activity. The financial information for the preceding year, presented in these statements for comparative purposes, represents the results for the 52 weeks ended 28 June 1999.

c) Commissionaire Status

Briggs & Stratton UK Limited is a commissionaire for Briggs & Stratton Switzerland. The company receives income solely from commission paid by other group companies on all sales and therefore records turnover of £Nil.

d) 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	10% straight-line
Fixtures and fittings	10 – 33% straight-line
Motor vehicles	25% reducing balance

e) 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.

Notes to accounts (continued)

1 Accounting policies (continued)

f) 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 accounts 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 accounts.

g) 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.

h) 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.

i) 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 accounts are publicly available.

Notes to accounts (continued)

2 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.

3 Other operating income

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

4 Loss on ordinary activities before taxation is stated after charging:

	2000 £	1999 £
Depreciation of tangible fixed assets	33,367	40,623
Operating lease rentals - motor vehicles	18,881	16,709
- other	50,186	71,737
Auditors' remuneration - audit	9,500	7,500
- other	-	-
Exceptional item		
- pension charge (note 16)	133,000	-

5 Staff costs

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

	2000 £	1999 £
Wages and salaries	330,948	302,560
Social security costs	33,730	30,716
Other pension costs (note 16)	217,117	39,347
	581,795	372,623

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

	Number	Number
Total employees	17	16

Notes to accounts (continued)

5 Staff costs (continued)

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

	2000 £	1999 £
Emoluments	<u>61,400</u>	<u>55,278</u>

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

	Number	Number
Defined benefit schemes	<u>1</u>	<u>1</u>

6 Finance Charges

	2000 £	1999 £
<i>(a) Investment income</i>		
Bank interest	-	3
Other interest	<u>15,181</u>	<u>-</u>
	<u>15,181</u>	<u>3</u>
<i>(b) Interest payable</i>		
Other interest payable	<u>(326)</u>	<u>(9,355)</u>

7 Tax on loss on ordinary activities

The tax charge is based on the loss for the year and comprises:

	2000 £	1999 £
Irrecoverable ACT	21,429	-
Under/(over) provision in prior years	<u>9,050</u>	<u>(25,466)</u>
	<u>30,479</u>	<u>(25,466)</u>

There were no amounts of unprovided deferred tax at 2 July 2000 (1999: £Nil).

Notes to accounts (continued)

8 Tangible fixed assets

The movement during the year was as follows:

	Leasehold improvements £	Machinery, fixtures and fittings £	Motor vehicles £	Total £
Cost				
Beginning of year	59,351	144,324	36,387	240,062
Additions	19,752	8,910	-	28,662
Disposals	-	(1,825)	-	(1,825)
End of year	<u>79,103</u>	<u>151,409</u>	<u>36,387</u>	<u>266,899</u>
Depreciation				
Beginning of year	1,017	82,372	21,376	104,765
Charge	5,928	23,371	4,068	33,367
Disposals	-	(1,394)	-	(1,394)
End of year	<u>6,945</u>	<u>104,349</u>	<u>25,444</u>	<u>136,738</u>
Net book value				
Beginning of year	<u>58,334</u>	<u>61,952</u>	<u>15,011</u>	<u>135,297</u>
End of year	<u>72,158</u>	<u>47,060</u>	<u>10,943</u>	<u>130,161</u>

9 Debtors

	2000 £	1999 £
Amounts falling due within one year:		
ACT recoverable	8,000	116,008
Prepayments and accrued income	48,421	26,987
	<u>56,421</u>	<u>142,995</u>

Included within ACT recoverable is £8,000 recoverable after more than one year (1999: £116,008).

Notes to accounts (continued)

10 Creditors: Amounts falling due within one year

	2000 £	1999 £
Amounts owed to group undertakings	182,144	127,602
VAT payable	114,151	86,717
Social security and PAYE	7,468	7,245
Other creditors	1,630	10,220
Accruals and deferred income	11,682	11,090
	<u>317,075</u>	<u>242,874</u>

11 Provisions for liabilities and charges

	Dilapidations £	Pensions £	Total £
At 28 June 1999	-	-	-
Charged to profit and loss account	13,890	133,000	146,890
At 2 July 2000	<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 16).

12 Called-up share capital

	2000 £	1999 £
<i>Authorised, allotted, called-up and fully paid</i>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

13 Reserves

	Profit and loss account £
At 28 June 1999	79,149
Retained loss for the year	(164,682)
At 2 July 2000	<u>(85,533)</u>

Notes to accounts (continued)

14 Reconciliation of movements in equity shareholders' funds

	2000 £	1999 £
Loss on ordinary activities after taxation	(164,682)	(74,949)
Opening shareholders' funds	179,149	254,098
Closing shareholders' funds	14,467	179,149

15 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:

	2000 £	1999 £
Operating leases which expire:		
- within 1 year	-	6,569
- within 2 - 5 years	20,669	15,614
	20,669	22,183

16 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 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 accounts (continued)

16 Pension arrangements (continued)

The pension charge for the year was £217,117 (1999: £39,347), representing company contributions of 28.8% (1999: 10.7%) of total pensionable salaries. This included a charge of £133,000 in respect of costs expected to be incurred in the winding up of the defined benefit scheme.

17 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

18 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 accounts of the company are included in the consolidated accounts 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.