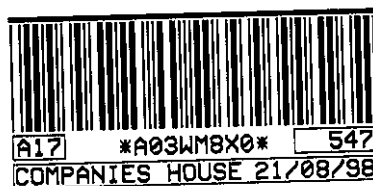


MIRA SERVICES LIMITED

Company Registration No: 2067562

MIRA SERVICES LIMITED
DIRECTORS' REPORT AND STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1997



MIRA SERVICES LIMITED

MIRA SERVICES LIMITED

CONTENTS

	Page
Report of the Directors	1 - 2
Auditors' Report to the Shareholders	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Accounts	6 - 10

MIRA SERVICES LIMITED

Report of the Directors

for the year ended 31 December 1997

Directors: R A Barter
J R Wood

Principal Activities

The principal activities of the Company and its subsidiary undertaking are to promote and disseminate the results of research and development and other scientific work for the benefit of the motor industry and to sell related products. Throughout the year the Company has also farmed and rented land which it rents from The Motor Industry Research Association, its parent undertaking.

Review of the Business

Income decreased to £290,243 in 1997 compared to £805,170 in 1996. The reported profit for 1997 amounted to £17,060. At 31 December 1997 the accumulated losses amounted to £32,779. The parent undertaking has undertaken to continue the provision of adequate finance on current account for trading to continue in 1997.

Appropriation of Profit

No dividend is payable for the year.

Directors

The directors of the Company at 31 December 1997 are listed above. The directors had no beneficial interest in the shares of the Company during the year.

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;
- 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.

MIRA SERVICES LIMITED

Report of the Directors

for the year ended 31 December 1997 (*continued*)


Auditors

A resolution to re-appoint the auditors, Thomas May & Co., and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

The Motor Industry Research Association,
Watling Street,
Nuneaton,
Warwickshire CV10 0TU

The Directors' report was approved by the
Board of Directors on 26 March 1998

On behalf of the Board


.....
R A Barter
Secretary

MIRA SERVICES LIMITED

- AUDITORS' REPORT TO THE SHAREHOLDERS OF
MIRA SERVICES LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described in the Directors' report, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Allen House
Newarke Street
Leicester

26 March 1998

Thomas May & Co

THOMAS MAY & CO.
Chartered Accountants and Registered Auditors

MIRA SERVICES LIMITED

Profit and Loss Account
for the year ended 31 December 1997

Note		1997 £	1996 £
1&2	Turnover from continuing operations	289,345	805,170
	Change in stocks of finished goods and work in progress	<u>898</u>	<u>-</u>
	Total Income	290,243	805,170
	Other external charges	(264,593)	(807,752)
1&7	Depreciation	(1,567)	(2,141)
	Other operating charges	<u>(6,134)</u>	<u>(15,142)</u>
5	Operating surplus/(loss) from continuing operations	17,949	(19,865)
	Interest payable	<u>(889)</u>	<u>-</u>
	Surplus/(loss) for the year	17,060	(19,865)
6	Tax on ordinary activities	<u>-</u>	<u>-</u>
	Surplus/(loss) for the financial year	17,060	(19,865)
	Adverse balance brought forward	<u>(49,839)</u>	<u>(29,974)</u>
	Adverse balance carried forward	<u>£(32,779)</u>	<u>£(49,839)</u>

There are no gains or losses other than the loss for the year.

MIRA SERVICES LIMITED

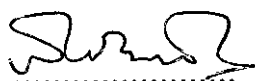
Balance Sheet

at 31 December 1997

Note	31 December 1997		31 December 1996	
	£	£	£	£
	Fixed assets			
7	Tangible fixed assets	2,917		4,484
8	Investment	—		—
		2,917		4,484
	Current assets			
9	Stocks	2,162		1,312
10	Debtors	24,639		396,904
	Cash at bank and in hand	<u>29,841</u>		<u>25,348</u>
		56,642		423,564
11	Creditors: amounts falling due within one year	<u>(92,336)</u>		<u>(477,885)</u>
	Net current liabilities	<u>(35,694)</u>		<u>(54,321)</u>
	Total assets less current liabilities	<u>£(32,777)</u>		<u>£(49,837)</u>
	Capital and reserves			
12	Called up share capital	2		2
	Profit and loss account	<u>(32,779)</u>		<u>(49,839)</u>
13		<u>£(32,777)</u>		<u>£(49,837)</u>

The accounts were approved by the Board of Directors on 26 March 1998

On behalf of the Board



J R Wood
Managing Director

The notes on pages 6 to 10 form part of these accounts

MIRA SERVICES LIMITED

Notes to the accounts

for the year ended 31 December 1997

1. Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below:

- (a) Turnover represents the total amounts receivable in the ordinary course of transactions for services and goods supplied, excluding value added tax.
- (b) Stocks and work in progress are stated at the lower of cost and net realisable value, including costs incurred in bringing each product to its present location and condition, as follows:

Raw materials: Purchases cost on a first-in, first-out basis

Work in progress and finished goods: Costs of direct materials and labour plus attributable overheads based on normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

- (c) Depreciation is provided on all tangible assets at rates calculated to write off the costs, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant and machinery - 10% per annum at cost

- (d) Foreign currency transactions are translated into Sterling at the exchange rate in operation on the date on which the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Resulting exchange gains and losses are taken to the Profit and Loss Account.
- (e) Provision is made for deferred taxation in respect of all timing differences likely to reverse in the foreseeable future using the liability method.
- (f) The financial statements present information about the Company as an individual undertaking and not about its Group (note 8).

MIRA SERVICES LIMITED

Notes to the accounts

for the year ended 31 December 1997

2. Turnover

Turnover was earned from the following activities and sources:

	1997 £	1996 £
Farming activities	12,472	3,287
Product related activities	<u>276,873</u>	<u>801,883</u>
	<u>£289,345</u>	<u>£805,170</u>
United Kingdom customers	148,108	213,464
Overseas customers	<u>141,237</u>	<u>591,706</u>
	<u>£289,345</u>	<u>£805,170</u>

3. Staff

The average weekly number of employees during the year, including executive directors, was:

	1997 No.	1996 No.
Management	<u>2</u>	<u>2</u>

4. Directors' Emoluments

	1997 £	1996 £
Management remuneration	<u>Nil</u>	<u>Nil</u>

Two directors waived rights to receive emoluments during the year (1996, two directors).

5. Operating Surplus/(Loss)

	1997 £	1996 £
Operating surplus/(loss) is stated after charging:		
Auditors' remuneration for audit, including expenses	<u>775</u>	<u>720</u>

MIRA SERVICES LIMITED

Notes to the accounts

for the year ended 31 December 1997

6. Taxation

The Company had no liability to taxation at 31 December 1997 (1996 £Nil).

7. Tangible Fixed Assets

	Plant and Machinery £
Cost:	
At 1 January 1997 and 31 December 1997	<u>£21,406</u>
Depreciation:	
At 1 January 1997	16,922
Provided during the year	<u>1,567</u>
At 31 December 1997	<u>£18,489</u>
Net book value:	
At 31 December 1997	<u>£2,917</u>
At 31 December 1996	<u>£4,484</u>

MIRA SERVICES LIMITED

Notes to the accounts

for the year ended 31 December 1997

	31 Dec 1997 £	31 Dec 1996 £
8. Investment		
Cost of shares in subsidiary undertaking	2,000	2,000
less amounts written off	<u>(2,000)</u>	<u>(2,000)</u>
	<u>£ -</u>	<u>£ -</u>

The company has a wholly-owned subsidiary undertaking, MIRA North America, Inc., which is registered and incorporated in the USA, with an issued and fully paid share capital of £2,000 (US \$3,000).

Under Section 228 of the Companies Act 1985 the Company is exempt from the obligation to prepare and deliver group accounts. The accumulated results of MIRA North America, Inc. that have not been consolidated in these accounts comprise:

Share capital	£ 1,765
Accumulated losses to 31 December 1997	<u>(505,999)</u>
	<u>£(504,234)</u>

At 31 December 1997 the undertaking had a deficiency of assets, for which provision has been made against the cost of shares in the subsidiary undertaking in the accounts of the Company.

	31 Dec 1997 £	31 Dec 1996 £
9. Stocks and Work in Progress		
Raw materials	1,264	1,312
Work In Progress	<u>898</u>	<u>-</u>
	<u>£2,162</u>	<u>£1,312</u>
	31 Dec 1997 £	31 Dec 1996 £
10. Debtors		
Trade debtors	-	294,279
Amounts owed by Group Undertakings	-	56,603
Other debtors	253	46,022
Prepayments and accrued income	<u>24,386</u>	<u>-</u>
	<u>£24,639</u>	<u>£396,904</u>

MIRA SERVICES LIMITED

Notes to the accounts

for the year ended 31 December 1997

	31 Dec 1997	31 Dec 1996
11. Creditors: amounts falling due within one year	£	£
Payments received on account	-	19,224
Trade creditors	-	1,422
Amounts owed to group undertakings	68,914	457,239
Taxation and social security	21,783	-
Accruals and deferred income	<u>1,639</u>	<u>-</u>
	£92,336	£477,885

	Authorised		Allotted, called up and fully paid	
	31 Dec 1997	31 Dec 1996	31 Dec 1997	31 Dec 1996
12. Share capital	No.	No.	£	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>2</u>	<u>2</u>

13. Reconciliation of movements in shareholders' funds	1997	1996
	£	£
Surplus/(Loss) for the financial year	17,060	(19,865)
Opening shareholders' funds	<u>(49,837)</u>	<u>(29,972)</u>
Closing shareholders' funds	£(32,777)	£(49,837)

14. Capital Commitments	31 Dec 1997	31 Dec 1996
	£	£
Contracted but not provided for in these accounts	<u>Nil</u>	<u>Nil</u>

15. Parent Undertaking

The parent undertaking is the Motor Industry Research Association which is registered in England and Wales. The parent undertaking has prepared group accounts.