

**SOLVAY AUTOMOTIVE LIMITED**

**Report and Financial Statements**

**31 December 2001**

Deloitte & Touche  
Verulam Point  
Station Way  
St Albans AL1 5HE  
United Kingdom



**REPORT AND FINANCIAL STATEMENTS 2001**

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**REPORT AND FINANCIAL STATEMENTS 2001**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

G Hubert  
P J R Cudmore  
M Wolf

**SECRETARY**

J Watkiss

**REGISTERED OFFICE**

Hilton Cross Business Park  
Cannock Road  
Featherstone  
Wolverhampton  
W10 7QZ

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Verulam Point  
Station Way  
St Albans AL1 5HE

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

### **ACTIVITIES**

The company's principal activity is the manufacture of injected and blow moulded plastic parts for the automotive industry, and the related supply of moulds and tooling to customers. The company will continue to develop this activity for the foreseeable future.

### **RESULTS AND DIVIDENDS**

The company reported a loss for the year after taxation of £756,000 (2000: loss £230,000). The directors do not recommend the payment of a dividend for the year, and the loss has been transferred to reserves.

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The company will continue to develop the manufacture of injected and blow moulded plastic parts for the automotive industry, and the related supply of moulds and tooling to customers.

### **POST BALANCE SHEET EVENTS**

On 31 January 2002 the share capital of the company was acquired by Mann + Hummel (UK) Limited.

### **DIRECTORS AND THEIR INTERESTS**

The directors of the company during the year and up to the date of signing of the accounts were:

G Hubert	
C J M Mathieu	(resigned 31 January 2002)
J Rijckevorsel	(resigned 31 January 2002)
P J R Cudmore	(appointed 1 February 2002)
M Wolf	(appointed 1 February 2002)

None of the directors held any interests in the share capital of the company during the year. The directors interests in the parent company are disclosed in those financial statements.

### **RESEARCH AND DEVELOPMENT**

The company continually seeks to develop improved processes for production.

Approved by the Board of Directors  
and signed on behalf of the Board



Secretary

30 APRIL 2002

## **STATEMENT OF 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 as at the end of the financial year 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; 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 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOLVAY AUTOMOTIVE LIMITED**

We have audited the financial statements of Solvay Automotive Ltd for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

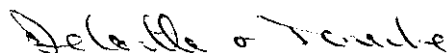
### **Basis of opinion**

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 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 at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

30-4-2002

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2001**

	Note	2001 £'000	2000 £'000
<b>TURNOVER</b>	1	7,556	10,685
Cost of sales		(6,791)	(9,417)
Gross profit		765	1,268
Distribution costs		(78)	(73)
Administrative expenses		(1,814)	(1,648)
Other operating income		166	216
<b>OPERATING LOSS</b>	2	(961)	(237)
Interest receivable	4	1	11
Interest payable and similar charges	4	(177)	(154)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,137)	(380)
Tax on loss on ordinary activities	5	381	150
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</b>		(756)	(230)
Retained loss at 1 January		(9,859)	(9,629)
Retained loss at 31 December		(10,615)	(9,859)

There have been no recognised gains and losses attributable to the shareholders other than the loss for the current year and the profit for the preceding financial year, and accordingly no Statement of Total Recognised Gains and Losses is presented.

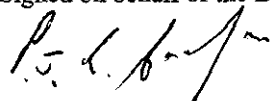
All operations are continuing.

BALANCE SHEET  
31 December 2001

	Note	2001 £'000	2000 £'000
<b>FIXED ASSETS</b>			
Intangible assets	6	233	-
Tangible assets	7	3,759	4,029
		<u>3,992</u>	<u>4,029</u>
<b>CURRENT ASSETS</b>			
Stocks	8	1,299	1,418
Debtors	9	1,586	1,214
Assets awaiting disposal	7	-	1,165
Cash at bank and in hand		11	604
		<u>2,896</u>	<u>4,401</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(4,438)</u>	<u>(4,776)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,542)</u>	<u>(375)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,450	3,654
<b>CREDITORS: amounts falling due after more than one year</b>	12	<u>(565)</u>	<u>(1,013)</u>
		<u>1,885</u>	<u>2,641</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	12,500	12,500
Profit and loss account		<u>(10,615)</u>	<u>(9,859)</u>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	14	<u>1,885</u>	<u>2,641</u>

These financial statements were approved by the Board of Directors on 30 APRIL 2002

Signed on behalf of the Board of Directors



P J R Cudmore  
Director



**NOTES TO THE ACCOUNTS****Year ended 31 December 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and machinery	8.33% to 20%
Office furniture and equipment	10% to 20%
Leasehold buildings	10%

**Assets held on lease**

Where leased assets are financed by leasing agreements which give rights approximating to ownership, the assets are treated as if they had been purchased and the capital element of the leasing commitment is shown as obligations under finance leases. The rental payable are apportioned between interest, which is charged to the profit and loss account, and capital which reduces the outstanding obligation. Costs in respect of operating leases are charged in arriving at trading profit on a straight line basis over the lease term.

**Development expenditure**

Identifiable development expenditure related to specific projects is capitalised and amortised over the life of the project during which the related income is expected to rise.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress includes related production overheads.

**Foreign currency**

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

**Government grants**

Government capital grants receivable are credited to deferred income and released to the profit and loss account over the life of the asset which attracted the grant.

**Pension costs**

The company operates a defined benefit pension scheme which is administered by trustees. The fund is to be valued every three years by a professionally qualified independent actuary. The rates of contribution are determined by the actuary. Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during the which the company benefits from the employees services.

**Deferred tax**

Tax deferred or accelerated by the effect of timing differences is accounted for only to the extent that it is probable that the liability or asset will crystallise.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2001****1. ACCOUNTING POLICIES (Continued)****Cashflow statement**

The company has taken advantage of paragraph 5 of FRS1 (revised) and accordingly these financial statements do not include a cashflow statement.

**Turnover**

Turnover represents sales to UK customers, net of Value Added Tax, and relates entirely to the company's principal activity.

**2. OPERATING LOSS**

Operating loss is stated after charging/(crediting):

	2001 £'000	2000 £'000
Depreciation	817	1,072
Operating lease rentals:		
Land and buildings	341	334
Plant and machinery	22	34
Motor equipment	41	32
Audit fees	10	10
Release of government grants	(166)	(216)
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2001**

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>2001</b> <b>£'000</b>	<b>2000</b> <b>£'000</b>
<b>Directors' remuneration</b>		
Emoluments	116	120
	<u>116</u>	<u>120</u>
	<b>No.</b>	<b>No.</b>
<b>Average number of persons employed</b>		
Manufacturing	108	126
Administration	12	14
	<u>120</u>	<u>140</u>
	<b>£'000</b>	<b>£'000</b>
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	2,114	2,356
Social security costs	171	196
Pension costs	91	86
	<u>2,376</u>	<u>2,638</u>

**4. INTEREST**

	<b>2001</b> <b>£'000</b>	<b>2000</b> <b>£'000</b>
<b>Interest receivable:</b>		
Bank interest	1	11
	<u>1</u>	<u>11</u>
<b>Interest payable:</b>		
Payable to group undertakings	166	152
Bank interest	11	2
	<u>177</u>	<u>154</u>

NOTES TO THE ACCOUNTS  
Year ended 31 December 2001

## 5. TAXATION

	2001 £'000	2000 £'000
Corporation tax receivable:		
-arising in the period	392	137
-adjustment relating to prior periods	(11)	13
	<u>381</u>	<u>150</u>

## 6. INTANGIBLE FIXED ASSETS

	Develop- ment costs licences £'000
<b>Cost</b>	
At 1 January 2001	255
Additions	233
At 31 December 2001	<u>488</u>
<b>Accumulated depreciation</b>	
At 1 January 2001 and 31 December 2001	(255)
<b>Net book value</b>	
At 31 December 2001	<u>233</u>
At 31 December 2000	<u>-</u>

NOTES TO THE ACCOUNTS  
Year ended 31 December 2001

## 7. TANGIBLE FIXED ASSETS

	Short-term leasehold improve- ments £'000	Plant and machinery £'000	Office furniture and equipment £'000	Assets in the course of constru- -ction £'000	Total £'000
<b>Cost</b>					
At 1 January 2001	1,058	9,167	829	89	11,143
Additions	-	519	28	-	547
Transfers	-	8	-	(8)	-
At 31 December 2001	1,058	9,694	857	81	11,690
<b>Accumulated depreciation</b>					
At 1 January 2001	683	5,838	593	-	7,114
Charge for the year	68	678	71	-	817
At 31 December 2001	751	6,516	664	-	7,931
<b>Net book value</b>					
At 31 December 2001	307	3,178	193	81	3,759
At 31 December 2000	375	3,329	236	89	4,029

Plant and machinery with a net book value of £1,165,000 was transferred from fixed assets to current assets in the year ended 31 December 2000, being items awaiting disposal. These assets were sold during the year ended 31 December 2001 at book value (as adjusted for grant not yet released).

## 8. STOCKS

	2001 £'000	2000 £'000
Raw materials and consumables	494	314
Work-in-progress	69	79
Finished goods and goods for resale	736	1,025
	1,299	1,418

## 9. DEBTORS

	2001 £'000	2000 £'000
Trade debtors	1,008	983
Amounts owed by fellow subsidiaries	400	152
Other debtors	2	16
Prepayments and accrued income	176	63
	1,586	1,214

NOTES TO THE ACCOUNTS  
Year ended 31 December 2001

## 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £'000	2000 £'000
Trade creditors	864	818
Amounts owed to group undertakings	2,211	2,932
Amounts owed to fellow subsidiary undertakings	678	660
Taxation and social security	290	119
Accruals	395	247
	<u>4,438</u>	<u>4,776</u>

## 11. OBLIGATIONS UNDER OPERATING LEASES

	Land and Buildings 2001 £'000	Other 2001 £'000	Land and Buildings 2000 £'000	Other 2000 £'000
Leases expiring:				
Within one year	-	1	-	6
Between one and five years	-	61	-	41
After five years	334	-	334	-
	<u>334</u>	<u>62</u>	<u>334</u>	<u>47</u>

## 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £'000	2000 £'000
Deferred income:		
At 1 January	1,013	1,229
Released to profit and loss account during the year	(166)	(216)
Transferred in disposal of assets	(282)	-
At 31 December	<u>565</u>	<u>1,013</u>

## 13. CALLED UP SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised, allotted and fully paid 12,500,000 ordinary shares of £1 each	<u>12,500</u>	<u>12,500</u>

# NOTES TO THE ACCOUNTS

## Year ended 31 December 2001

### 14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2001 £'000	2000 £'000
Loss for the financial year	(756)	(230)
Opening shareholders' funds	2,641	2,871
Closing shareholders' funds	1,885	2,641

### 15. FUTURE CAPITAL EXPENDITURE

	2001 £'000	2000 £'000
Contracted for but not provided in the accounts	32	108
Authorised by the directors but not contracted for	211	1,246

### 16. THE SOLVAY AUTOMOTIVE DEFINED BENEFIT PENSION SCHEME

The Solvay Automotive Pension scheme is a defined benefit scheme funded by the Company. There is no current provision in respect of pension costs recognised in the balance sheet.

An actuarial valuation of the scheme was carried out as at 1 March 2000 by independent consulting actuaries using the projected unit method. Subsequent to the valuation an independent consulting actuary has reviewed the position of the scheme as at 31 December 2001 to arrive at the relevant disclosure in respect of FRS 17.

The financial assumptions that we used for FRS 17 purposes as at 31 December 2001 are:

	% per annum	
Discount rate	6.00	(yield on AA corporate bond as at 31 December 2001)
Salary increases	4.00	(1.50% per annum above inflation)
Inflation rate	2.50	(difference in yields on fixed interest and index-linked gilts with no margin for inflation risk)
Increases to pension in payments	3.00	(in line with inflation)
Increases to deferred benefits during deferment	2.50	(in line with inflation)

# NOTES TO THE ACCOUNTS

## Year ended 31 December 2001

### 16. THE SOLVAY AUTOMOTIVE DEFINED BENEFIT PENSION SCHEME (CONTINUED)

#### Company balance sheet – proposed assumptions

Combining the above financial assumptions with the demographic assumptions underlying the actuarial valuation of the Scheme as at 1 March 2000, the FRS 17 past service position as at 31 December 2001 is as follows:

	£'000
Fair value of scheme assets	843
Present value of scheme liabilities	(1,293)
Deficit in the scheme and net pension liability	<u>(450)</u>

#### Reconciliation of scheme assets and liabilities to the balance sheet

If the above pension liability was recognised in the financial statements, the company's net assets and profit and loss reserve as at 31 December 2001 would be as follows:

	£'000
Net assets excluding pension liability	1,885
Pension liability	(450)
Net assets including pension liability	<u>1,435</u>

	£'000
Profit and loss reserve excluding pension liability	(10,615)
Pension reserve	(450)
Profit and loss reserve	<u>(11,065)</u>

#### Future contributions

The schedule of contributions for the period from 1 September 2001 to 28 February 2003, as agreed by the Trustees of the The Solvay Automotive Pension Scheme on 1 September 2001, states that future contribution rates will be as follows:

	%
Member contributions	6.0
Employer contributions	9.0

All administrative costs are borne by the scheme employer.

Pension costs for the year were £91,011 (2000 £86,510). Accrued pension costs at 31 December 2001 were £9,915 (2000 prepaid £39,536).



# NOTES TO THE ACCOUNTS

## Year ended 31 December 2001

### 17. DEFERRED TAXATION

The deferred taxation asset, which has not been recognised, is as follows:

	2001 £'000	2000 £'000
Losses	888	888
Accelerated capital allowances	(392)	(571)
Other short term timing differences	20	11
	<u>516</u>	<u>328</u>

### 18. CONTINGENT LIABILITIES

The Company at 31 December 2001, together with Solvay UK Holding Company Limited, Solvay Chemicals Limited, Solvay Interlox Limited, Solvay Healthcare Limited, Alkor Draka Limited and Venilia Limited, was a borrower under a revolving amortising facility agreement dated 28 September 1998. The facility is available for a period of 5 years from inception, its principal reducing from the original £50m by £5m in December 1999 and every 6 months thereafter. The company, together with the companies named above, was a guarantor of the loan.

Following the sale of the company to Mann + Hummel (UK) Limited, Solvay Automotive is no longer part of the facility agreement and is no longer a guarantor to the loan.

### 19. CASH FLOW STATEMENT

The company has taken advantage of the exemption provided by paragraph 5 (a) of Financial Reporting Standard 1 (revised 1996) and not published its own cash flow statement.

### 20. PARENT COMPANY

Until 31 January 2002, the company was wholly owned by Solvay UK Holding Company Limited, a company registered in England. The ultimate holding company and controlling entity, which consolidates these accounts, is Solvay SA, incorporated in Belgium. Copies of this company's accounts can be obtained from Solvay SA rue du Prince Albert 33, Brussels Belgium.

On 31 January 2002 the company was acquired by Mann + Hummel (UK) Limited.

In accordance with paragraph 3 of FRS 8 the company has taken advantage of the exemption available to 90% owned subsidiaries not to disclose related party transactions with members of the group.