

Tredun Limited

Report and Accounts

31 December 1996



Tredun Limited

Registered No. 2434099

DIRECTORS

B Treves

G Treves

SECRETARY

MH Secretaries Limited

REGISTERED OFFICE

12 Great James Street

London

WC1N 3DR

AUDITORS

Ernst & Young

PO Box 61

Cloth Hall Court

14 King Street

Leeds

LS1 2JN

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1996.

RESULTS AND DIVIDENDS

The profit for the year amounted to £249,456. An interim dividend amounting to £299,580 was paid during the year leaving a deficit of £50,124. The directors do not propose to pay a final dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be the manufacture of motor vehicle seat components.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies which have resulted in the Company's growth in recent years.

DIRECTORS AND THEIR INTERESTS

The present directors of the company are shown on page 1. Mr R J Smith resigned as a director on 8 March 1997, Mr M W Newton resigned as a director on 19 September 1996, and Mr F Treves resigned as a director on 21 March 1996. Mr G Treves was appointed a director on 21 March 1996. None of the directors has any disclosable interests in the share capital of the company.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

On behalf of the board



B Treves
Director

October 23 1997

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

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 confirm that the accounts comply with the above requirements.

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.

REPORT OF THE AUDITORS
to the members of Tredun Limited

We have audited the accounts on pages 5 to 13 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

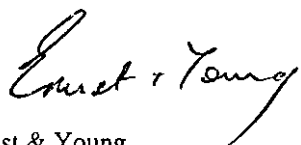
Basis of opinion

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 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 at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Leeds

31 October 1997

Tredun Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1996

	Notes	1996 £	1995 £
TURNOVER	2	9,316,179	9,471,298
Change in stocks of finished goods and work in progress		(1,528)	(1,325)
		<u>9,314,651</u>	<u>9,469,973</u>
Raw materials and consumables		6,254,502	5,938,143
		<u>3,060,149</u>	<u>3,531,830</u>
Staff costs	4	911,803	758,877
Depreciation		113,949	112,330
Other operating charges		1,605,841	2,028,052
		<u>2,631,593</u>	<u>2,899,259</u>
OPERATING PROFIT	3(a)	428,556	632,571
Interest receivable	5	18,900	56,799
		<u>447,456</u>	<u>689,370</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
Tax on profit on ordinary activities	6	(198,000)	(240,000)
		<u>249,456</u>	<u>449,370</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			
Dividend	7	(299,580)	(869,312)
		<u>(50,124)</u>	<u>(419,942)</u>
DEFICIT FOR THE FINANCIAL YEAR			

The notes on pages 8 to 13 form part of these accounts.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £249,456 in the year ended 31 December 1996 (1995 - £449,370).

Tredun Limited

BALANCE SHEET
at 31 December 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	8	386,260	498,915
CURRENT ASSETS			
Stocks	9	223,533	289,596
Debtors	10	1,379,492	1,318,122
Cash at bank and in hand	11	1,065,787	1,569,129
		2,668,812	3,176,847
CREDITORS: amounts falling due within one year	12	1,649,806	2,249,372
NET CURRENT ASSETS		1,019,006	927,475
TOTAL ASSETS LESS CURRENT LIABILITIES		1,405,266	1,426,390
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	13	40,000	11,000
TOTAL ASSETS LESS CURRENT LIABILITIES		1,365,266	1,415,390
CAPITAL AND RESERVES			
Called up share capital	14	450,000	450,000
Profit and loss account	15	915,266	965,390
EQUITY SHAREHOLDERS' FUNDS		1,365,266	1,415,390

The notes on pages 8 to 13 form part of these accounts.



B Treves - Director

October 29 1997

Tredun Limited

STATEMENT OF CASH FLOWS for the year ended 31 December 1996

	Notes	1996 £	1995 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	3(b)	178,049	1,005,756
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	5	18,900	56,799
Dividends paid		(299,580)	(869,312)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(280,680)	(812,513)
TAXATION			
Corporation tax paid		(369,331)	(477,965)
TAX PAID		(369,331)	(477,965)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(37,630)	(91,455)
Proceeds from disposals of tangible fixed assets		6,250	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(31,380)	(91,455)
NET CASH OUTFLOW BEFORE FINANCING		(503,342)	(376,177)
DECREASE IN CASH AND CASH EQUIVALENTS	11	(503,342)	(376,177)

NOTES TO THE ACCOUNTS

at 31 December 1996

1. ACCOUNTING POLICIES

Accounting convention

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

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Short leasehold land and buildings	-	20%
Plant and machinery	-	10% - 75%
Fixtures and fittings	-	10.75% - 25%
Motor vehicles	-	25% - 33%

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Pensions

Employees who are eligible are members of the Dunlop Limited Pension Scheme, which is a defined benefit scheme. The accounts include charges made to the company in respect of these employees by the scheme during the year.

Tredun Limited

NOTES TO THE ACCOUNTS

at 31 December 1996

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one activity, the manufacture of motor vehicle headrests. A geographical analysis of turnover is as follows:

	1996 £	1995 £
United Kingdom	2,876,647	4,530,409
Belgium	3,554,992	4,324,201
Germany	67,528	22,532
Spain	591	70,919
Portugal	159,281	212,347
Austria	2,657,140	310,890
	<u>9,316,179</u>	<u>9,471,298</u>

3. OPERATING PROFIT

(a) This is stated after charging:

	1996 £	1995 £
Directors' emoluments	-	-
Auditors' remuneration - audit services	7,500	8,775
Depreciation	113,949	112,330
Loss on disposal of fixed assets	30,085	-
Hire of plant and machinery	8,401	5,030
	<u></u>	<u></u>

(b) Reconciliation of operating profit to net cash inflow from operating activities

	1996 £	1995 £
Operating profit	428,556	632,571
Depreciation	113,949	112,330
Loss on disposal of fixed assets	30,085	-
Decrease in debtors	155,927	125,560
Decrease/(increase) in stocks	66,063	(94,412)
(Decrease)/increase in creditors	(616,531)	229,707
	<u>178,049</u>	<u>1,005,756</u>

4. STAFF COSTS

	1996 £	1995 £
Wages and salaries	799,993	674,405
Social security costs	73,125	59,960
Other pension costs	38,685	24,512
	<u>911,803</u>	<u>758,877</u>

Tredun Limited

NOTES TO THE ACCOUNTS at 31 December 1996

4. STAFF COSTS (continued)

The average weekly number of employees during the year was as follows:

	1996 No.	1995 No.
Administration	12	11
Manufacturing	40	36
	<u>52</u>	<u>47</u>

5. INTEREST RECEIVABLE

	1996 £	1995 £
Interest on bank deposit account	<u>18,900</u>	<u>56,799</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is made up as follows:

	1996 £	1995 £
Based on the profit for the year:		
Corporation tax at 33% (1995 - 33%)	169,000	233,000
Deferred taxation (note 13)	29,000	7,000
	<u>198,000</u>	<u>240,000</u>

7. DIVIDEND

	1996 £	1995 £
Interim dividend paid of £0.67 per share (1995 - £1.93 per share)	<u>299,580</u>	<u>869,312</u>

Tredun Limited

NOTES TO THE ACCOUNTS at 31 December 1996

8. TANGIBLE FIXED ASSETS

	<i>Short leasehold land and buildings</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost or valuation:					
At 1 January 1996	13,150	797,784	72,301	51,858	935,093
Additions	-	34,430	3,200	-	37,630
Disposals	-	(80,489)	(6,461)	(20,476)	(107,426)
At 31 December 1996	13,150	751,725	69,040	31,382	865,297
Depreciation:					
At 1 January 1996	4,383	378,424	35,574	17,797	436,178
Provided during the year	2,630	87,433	16,042	7,844	113,949
Disposals	-	(52,319)	(6,459)	(12,312)	(71,090)
At 31 December 1996	7,013	413,538	45,157	13,329	479,037
Net book value:					
At 31 December 1996	6,137	338,187	23,883	18,053	386,260
Net book value:					
At 1 January 1996	8,767	419,360	36,727	34,061	498,915

9. STOCKS

	<i>1996</i> £	<i>1995</i> £
Raw materials and consumables	183,568	248,103
Finished goods and goods for resale	39,965	41,493
	223,533	289,596

10. DEBTORS

	<i>1996</i> £	<i>1995</i> £
Trade debtors	1,055,858	1,154,316
Other debtors	98,237	153,111
Prepayments and accrued income	8,100	10,695
Advance corporation tax recoverable	217,297	-
	1,379,492	1,318,122

Tredun Limited

NOTES TO THE ACCOUNTS

at 31 December 1996

11. CASH AND CASH EQUIVALENTS

	1996 £	1995 £
Cash at bank and in hand		
At 1 January 1996	1,569,129	1,945,306
Net cash outflow	(503,342)	(376,177)
At 31 December 1996	1,065,787	1,569,129

12. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Trade creditors	1,288,707	1,663,629
Current corporation tax	94,105	152,035
Advance corporation tax payable	74,895	-
Other taxes and social security costs	22,770	44,910
Other creditors	70,273	66,262
Accruals	99,056	322,536
	1,649,806	2,249,372

13. DEFERRED TAXATION

The movements in deferred taxation during the current and previous years are as follows:

	1996 £	1995 £
At 1 January	11,000	4,000
Charge for the year (note 6)	29,000	7,000
At 31 December	40,000	11,000

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	1996 £	Provided 1995 £	1996 £	Not provided 1995 £
Capital allowances in advance of depreciation	44,000	11,000	-	51,000
Other timing differences	(4,000)	-	-	(2,000)
	40,000	11,000	-	49,000

Tredun Limited

NOTES TO THE ACCOUNTS at 31 December 1996

14. SHARE CAPITAL

		<i>Authorised</i>	<i>Allotted, called up and fully paid</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
'A' ordinary shares of £1 each	225,000	225,000	225,000	225,000
'B' ordinary shares of £1 each	225,000	225,000	225,000	225,000
	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>

The "A" and "B" ordinary shares of £1 each are separate classes of equity shares which the articles require must be maintained in an equal proportion.

The two classes rank pari passu in respect of voting rights and have unlimited rights to dividends and assets on winding up.

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 January 1995	450,000	1,385,332	1,835,332
Profit for the year	-	449,370	449,370
Dividend	-	(869,312)	(869,312)
At 31 December 1995	<u>450,000</u>	<u>965,390</u>	<u>1,415,390</u>
Profit for the year	-	249,456	249,456
Dividend	-	(299,580)	(299,580)
At 31 December 1996	<u>450,000</u>	<u>915,266</u>	<u>1,365,266</u>

16. CAPITAL COMMITMENTS

	<i>1996</i>	<i>1995</i>
	<i>£</i>	<i>£</i>
Contracted	<u>9,240</u>	<u>6,242</u>

17. RELATED PARTIES

The company is an equal shareholding joint venture between Dunlop Limited, a company registered in England and Wales, and Treves SA, a company registered in France.

During the year, the company purchased goods and services in the normal course of business from Dunlop Limited and Treves SA for £643,793 and £399,235 respectively.

At the year end £32,681 and £55,565 respectively was owed by Treves SA and Dunlop Limited to Tredun Limited.