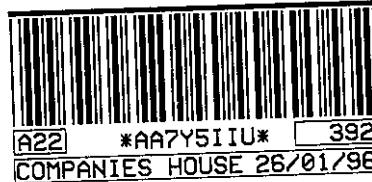


IHW Limited

REPORT AND ACCOUNTS FOR THE YEAR ENDED

30 JUNE 1995



Registered Number
2790991

REPORT OF THE DIRECTORS

The directors submit their report, together with the audited accounts for the company for the year ended 30 June 1995.

Principal Activities

The principal activities of the company are shown in note 3 of the accounts.

Review of Activities

The company achieved a turnover of £6,793,541 in the year, compared with £7,217,307 in the previous 72 week period. The loss before taxation was £72,286 (1994 profit before taxation of £566,124). The taxation credit was £22,867, (1994 a charge of £154,535) leaving a loss after taxation of £49,419 (1994 profit of £411,589).

Dividend

The directors do not recommend a dividend (1994 £308,692).

Directors

According to the register kept by the company for the purpose of the Companies Act 1985, no director had any beneficial interest in the shares of the company.

The directors who have served during the year and their interests (including connected persons) in the share capital of the holding company Adwest Group plc.

Name	<u>Ordinary shares</u>		<u>Ordinary shares under share option schemes</u>			
	30 June 1995	30 June 1994	At 1 July 1994	Granted	Exercised/ Lapsed	At 30 June 1995
SB Gelderd	Nil	Nil	138,137	20,000	Nil	158,137
JL Anderson	Nil	1219	75,314	15,000	(1,479)	88,835
MH Edwards	Nil	Nil	68,386	15,000	Nil	83,386
LN Yardley	Nil	Nil	50,883	Nil	(50,883)	Nil

Mr H Black was appointed as a director of the company on 1 April 1995. Mr LN Yardley retired as a director of the company on 15 July 1994.

Mr GR Menzies and Mr H Black served as directors of the company and as directors of Adwest Group plc. Their interests together with those of connected persons can be found in the accounts of Adwest Group plc.

Fixed Assets

Details of the movements of tangible assets are given in note 9 on the accounts.

Research and Development

During the year the company continued its programmes of research and development expenditure.

Disabled Employees

We have continued our policy of giving disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable applicants, having regard to their particular aptitudes and abilities. Training and career development opportunities are available to all employees and we endeavour to retain any member of staff who develops a disability during employment with us.

Employee Involvement

The company continues to provide employees with information on matters of concern to them and regularly consults them and their representatives about the affairs of the company.

Every effort is made to maintain and develop existing arrangements, which include life assurance, pension schemes, share options and share saving schemes, and to promote an awareness amongst employees of the financial and economic factors affecting performance. The Group issues an annual broadsheet explaining the financial results and copies of the report and accounts of Adwest Group plc are made available to employees.

Directors' Responsibilities

The directors are responsible by company law to prepare accounts which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year to that date. The accounts must be prepared in compliance with the Companies Act 1985 and with the applicable accounting standards. In addition, the directors are required to select suitable accounting policies and then apply them consistently and to make judgements and estimates that are reasonable and prudent.


The directors confirm that the accounts comply with the above requirements.

The directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

Auditors

On 6 February 1995 our auditors changed the name under which they practice to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the Annual General Meeting to be held on the 26 September 1995.

By order of the board


 JL Anderson
 B Allinson
Joint Secretaries

Registered Office :
 Woodley,
 Reading,
 England,
 RG5 4SN

5 September 1995.



2 Cornwall Street
Birmingham
B3 2DL

Report of the auditors to the members of IHW Limited

We have audited the financial statements on pages 4 to 14.

Respective responsibilities of directors and auditors

As described on page 2 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 mis-statement, 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 30 June 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'KPMG'.

Chartered Accountants
Registered Auditors

5 September 1995

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1995

		72 Week Period	
		Ended 30 June	
	<u>Note</u>	<u>1995</u>	<u>1994</u>
		<u>£</u>	<u>£</u>
Turnover	4	6,793,541	7,217,307
Cost of sales		<u>6,410,559</u>	<u>6,240,587</u>
Gross profit		382,982	976,720
Distribution costs		206,127	171,103
Administration costs		<u>313,443</u>	<u>360,291</u>
Operating (loss)/profit		(136,588)	445,326
Interest receivable	7	<u>64,302</u>	<u>120,798</u>
(Loss)/Profit on ordinary activities before taxation	7	(72,286)	566,124
Taxation	8	<u>(22,867)</u>	<u>154,535</u>
(Loss)/Profit for the financial year		(49,419)	411,589
Proposed dividend		<u>—</u>	<u>308,692</u>
Retained profit for the financial year	16	<u>(49,419)</u>	<u>102,897</u>

All profits are generated from continuing activities.

The Company has no recognised gains or losses other than profit/loss for the financial year.

There is no difference between the profit on ordinary activities before taxation shown above and the historical profit on ordinary activities before taxation.

The notes on pages 7 to 14 form part of these accounts

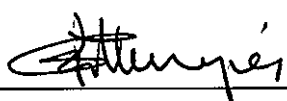
BALANCE SHEET
AS AT 30 JUNE 1995

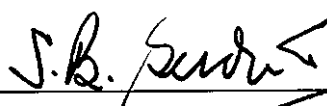
	<u>Note</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Fixed assets:			
Tangible assets	9	2,051,230	1,883,046
Current assets:			
Stocks & work in progress	11	291,205	313,494
Debtors (see note below)	12	1,732,189	1,544,361
Cash at bank		908,298	1,652,933
Cash in hand		1,191	886
		<u>2,932,883</u>	<u>3,511,674</u>
Creditors: amounts falling due within one year			
Creditors	13	1,459,639	1,608,189
Proposed dividend		—	242,465
		<u>1,459,639</u>	<u>1,850,654</u>
Net current assets — see note below		<u>1,473,244</u>	<u>1,661,020</u>
Total assets less current liabilities		3,524,474	3,544,066
Creditors: amounts falling due after more than one year			
Loan from holding company		2,931,148	2,931,148
Provision for liabilities and charges			
Deferred taxation	14	289,848	260,021
		<u>303,478</u>	<u>352,897</u>
Capital and reserves:			
Called up share capital	15	250,000	250,000
Reserves	16	53,478	102,897
		<u>303,478</u>	<u>352,897</u>

Debtors and net current assets include amounts recoverable after more than one year of £399,000 (1994 £293,000).

The notes on pages 7 to 14 form part of these accounts

The accounts were approved by the Board of Directors on 5 September 1995.


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Directors

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 30 JUNE 1995

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
(Loss)/Profit for the financial year	(49,419)	411,589
Dividends	—	(308,692)
New share capital issued	—	250,000
Net (decrease)/increase in shareholders' funds	(49,419)	352,897
Opening shareholders' funds	352,897	Nil
Closing shareholders' funds	<u>303,478</u>	<u>352,897</u>

The notes on pages 7 to 14 form part of these accounts

NOTES ON THE ACCOUNTS

1. Principal accounting policies

The accounts have been prepared under the historical cost convention in accordance with applicable accounting standards and comply with the Companies Act, 1985.

- a) Turnover is the amount receivable for goods and services supplied to customers, excluding value added tax chargeable.
- b) Depreciation and amortisation of tangible fixed assets is on a straight line basis estimated to write off each asset over the term of its useful life. The annual rates used are set out below:

Short leasehold property	over term of lease.
Plant and equipment	10–20%
Vehicles, computers and production tooling	20–25%
Assets not brought into operational use are not depreciated.	

- c) Provision for deferred taxation using the liability method is made in respect of taxation deferred by capital allowances and other timing differences, to the extent that it is probable that those timing differences will reverse and therefore crystallise as taxation liabilities in the foreseeable future.
- d) Stock and work in progress is valued at the lower of cost, including factory overheads, and net realisable value.
- e) Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction and differences arising on settlement are dealt with through the profit and loss account. Balances denominated in foreign currencies are translated into sterling at the exchange rate ruling on the balance sheet date.
- f) Expenditure on research and development is written off in the year in which it is incurred.
- g) Operating leases are accounted for by charging the instalments as an expense in the profit and loss account as incurred.
- h) Estimated pension scheme surpluses are being spread over the expected average working lifetime of current pension scheme members after deducting the regular cost of providing pension benefits.
- i) The company has not produced a Cash Flow Statement in accordance with exemptions permitted by Financial Reporting Standard 1 for wholly-owned subsidiary undertakings of a European Community parent company which prepares a Cash Flow Statement dealing with the cash flows of the group.

2. Ultimate holding company.

The ultimate holding company is Adwest Group plc, incorporated in Great Britain and registered in England and Wales. A set of the Adwest Group plc accounts are available on request from Adwest Group plc, Woodley, Reading, England, RG5 4SN.

3. The principal activities of the company.

The principal activities of the company, which in the opinion of the directors do not represent more than one class of business are the design and manufacture of door hinge and check systems for the automotive industry.

NOTES ON THE ACCOUNTS (continued)72 Week Period
Ended 30 June

	1995	1994
	<u>£</u>	<u>£</u>
4. Turnover		
Geographical analysis of turnover:		
United Kingdom	5,333,936	6,055,894
Other EEC countries	1,448,639	1,040,080
Rest of Europe	—	1,569
Other	10,966	119,764
	<u>6,793,541</u>	<u>7,217,307</u>

	72 Week Period Ended 30 June	
	1995	1994
	<u>Number</u>	<u>Number</u>
5. Employees		

The average number of persons employed by the company
(including directors) during the year was as follows:

Production	120	130
Distribution	1	1
Administration	8	9
	<u>129</u>	<u>140</u>

	72 Week Period Ended 30 June	
	1995	1994
	<u>£</u>	<u>£</u>
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	1,920,852	2,076,197
Social security costs	177,684	200,433
Other pension costs (see Note 18.)	(106,000)	(88,000)
	<u>1,992,536</u>	<u>2,188,630</u>

NOTES ON THE ACCOUNTS (continued)

	72 Week Period Ended 30 June	
	1995	1994
	<u>£</u>	<u>£</u>
6. Directors' emoluments		
Compensation for loss of office	Nil	15,000
Other emoluments	81,399	176,843
	<u>81,399</u>	<u>191,843</u>

The emoluments for the year (excluding pension fund contributions) are classified as follows:

Chairman	Nil	Nil
Highest paid director	41,455	71,582

	72 Week Period Ended 30 June	
	1995	1994
	<u>Number</u>	<u>Number</u>
The emoluments of all directors in bands of £5,000 are as follows:		
£ 0 – £ 5,000	3	4
£15,001 – £20,000	1	–
£20,001 – £25,000	1	–
£25,001 – £30,000	–	1
£35,001 – £40,000	–	1
£40,001 – £45,000	1	–
£50,001 – £55,000	–	1
£70,001 – £75,000	–	1

The bands above do not include compensation for loss of office.

None of the directors had any material interest in any contract with the company during the year.

NOTES ON THE ACCOUNTS (continued)

		72 Week Period Ended 30 June	
		1995	1994
		<u>£</u>	<u>£</u>
7.	(Loss)/Profit before taxation is stated :		
	<i>After crediting:</i>		
	Interest receivable on inter-company loans	64,302	120,798
	Pension credit (see note 18)	106,000	88,000
	Settlement of claims from prior periods	—	176,580
	<i>After charging:</i>		
	Rental of plant and machinery (operating leases)	38,319	14,844
	Property rental — other	113,936	30,000
	Management fees to parent company	60,646	63,958
	Research and development	194,727	200,527
	Depreciation and amortisation of fixed assets:	506,264	499,492
	Auditors' remuneration — audit	8,400	9,262
8.	Taxation		
		1995	1994
		<u>£</u>	<u>£</u>
	The taxation charge is made up as follows:—		
	Corporation tax	(52,694)	125,527
	Deferred taxation	29,827	29,008
		<u>(22,867)</u>	<u>154,535</u>

The corporation tax charge is calculated at 33% (1994 33%).

NOTES ON THE ACCOUNTS (continued)9. **Tangible fixed assets**

	Buildings Short leasehold	Plant vehicles & equipment	Total
	£	£	£
Cost or valuation :			
At 1 July 1994	141,849	4,770,953	4,912,802
Additions during year	5,241	674,207	679,448
Transfers to group undertakings		(10,817)	(10,817)
Disposals		(17,695)	(17,695)
At 30 June 1995	<u>147,090</u>	<u>5,416,648</u>	<u>5,563,738</u>
Depreciation :			
At 1 July 1994	9,457	3,020,299	3,029,756
Transfers to group undertakings		(10,817)	(10,817)
Disposals		(12,695)	(12,695)
Charge for year	9,831	496,433	506,264
At 30 June 1995	<u>19,288</u>	<u>3,493,220</u>	<u>3,512,508</u>
Net book values:			
At 30 June 1995	<u>127,802</u>	<u>1,923,428</u>	<u>2,051,230</u>
At 30 June 1994	<u>132,392</u>	<u>1,750,654</u>	<u>1,883,046</u>

NOTES ON THE ACCOUNTS (continued)

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
10. Capital commitments		
Contracted	51,000	412,000
Authorised but not contracted	<u>13,000</u>	<u>106,000</u>
	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
11. Stocks and work in progress		
Raw materials	147,547	129,782
Work in progress	104,935	113,473
Finished goods	<u>38,723</u>	<u>70,239</u>
	<u>291,205</u>	<u>313,494</u>
	<u>£</u>	<u>£</u>
12. Debtors		
Trade debtors	1,216,477	1,222,812
Amounts due from group undertakings	10,022	1,444
Other debtors	1,600	6,041
Prepayments	60,988	21,064
Taxation recoverable	44,102	Nil
Pension prepayment	<u>399,000</u>	<u>293,000</u>
	<u>1,732,189</u>	<u>1,544,361</u>
Debtors include £399,000 (1994 £293,000) which is recoverable after one year. This comprises of a pension prepayment of £399,000 (1994 £293,000), which is attributable to advanced pension contributions extending beyond one year (see Note 18).		
	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
13. Creditors		
Trade creditors	1,130,350	1,063,493
Amounts due to group undertakings	4,039	18,871
PAYE and national insurance	59,328	60,449
Other creditors	80,876	70,182
Current taxation	Nil	125,527
Accruals	<u>185,046</u>	<u>269,667</u>
	<u>1,459,639</u>	<u>1,608,189</u>

NOTES ON THE ACCOUNTS (continued)**14. Deferred taxation**

The company's full potential liability and the amount provided for deferred tax is:

	1995	1994
	£	£
Accelerated capital allowances	158,178	163,331
Other timing differences	131,670	96,690
At 30 June 1995	<u>289,848</u>	<u>260,021</u>

15. Share capital

The company's authorised, issued and fully paid share capital is:

	Number	£
At 30 June 1995 and 1994 :		
Ordinary shares of 100p each	<u>250,000</u>	<u>250,000</u>

16. Reserves

	Profit and loss account
	£
As at 1 July 1994	102,897
Retained profit for the year	(49,419)
As at 30 June 1995	<u>53,478</u>

NOTES ON THE ACCOUNTS (continued)**17. Operating leases**

At the balance sheet date the company had commitments under non-cancellable operating leases to make the following payments during the year to 30 June 1996:

	1995		1994	
	Land & Buildings	Other	Land & Buildings	Other
Under leases expiring :				
within one year	—	—	—	540
in second to fifth year	—	39,648	—	25,773
after more than five years	138,014	—	127,398	—
	<u>138,014</u>	<u>39,648</u>	<u>127,398</u>	<u>26,313</u>

18. Pensions

The company participates in the Adwest Group 1988 Pension and Assurance Plan which is a defined benefit scheme for qualifying employees of Adwest Group plc and its UK subsidiaries. The assets of the scheme are held in separate trustee administered funds.

Rates of contribution are determined by the Trustees of the Plan in accordance with the recommendations of independent actuaries using the projected unit method, so as to spread the cost of pensions over employees' working lives with the group. Actuarial valuations are completed every three years. Particulars of the 5 April 1993 valuation are contained in the accounts of Adwest Group plc.

The actuaries have indicated that no company contributions are required for the year to 30 June 1995 and therefore the Trustees have not called for, and the company has not paid, any contributions during the year.

The effect of pensions on the profit and loss account for this year is a credit of £106,000 (1994 £88,000). This credit represents the company's proportion of the amortisation of the surplus over the expected average working lifetime of the current membership less the regular cost of providing pension benefits.

The balance sheet recognises a prepayment of £399,000 (1994 £293,000) representing the excess of the amortisation of the surplus over the accumulated regular cost of providing benefits.

19. Contingent Liability

The company is party to a cross guarantee with its parent and certain other fellow subsidiaries guaranteeing all monies and liabilities of each of the other companies to their bankers. Total Group borrowings at 30 June 1995 subject to this agreement amounted to £9,307,597.