2646099

STEERING DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

- for the year ended -

31 MARCH 1993



FARRELL CHEESMAN
3 Aztec Row
Berners Road, London N1 OPW

STEERING DEVELOPMENTS LIMITED

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STEERING DEVELOPMENTS LIMITED

COMPANY INFORMATION

DIRECTORS

Terry Newman (Managing Director)
Neale Boulton
Peter Davis
Peter Roake
Gerald Mitchell
George Ip (appointed 1 June 1993)

SECRETARY

Neale Boulton

REGISTERED OFFICE

Unit 5
Eastman Way
Hemel Hempstead
HERTS HP2 7HF

REGISTERED AUDITORS

Farrell Cheesman
3 Aztec Row
Berners Road
London N1 OPW

SOLICITORS

Mishcon De Reya
125 High Holborn
London WC1V 6QP

BANKERS

National Westminster Bank plc
208 Piccadilly
London W1A 2DG

COMPANY NUMBER

2646099

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 1993.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of design, manufacture and modification of motor vehicle components.

On 1 April 1992 the company acquired the goodwill, trade and related assets and liabilities from its parent company, Steering Developments Group Limited.

The directors are disappointed with the results for the year, which reflect the continuing recession and were also affected by the group reorganisation and move to new premises during the year. The disruption also resulted in significantly less development work being carried out this year which, combined with the amortisation of previous years' development costs, had a negative effect on the company's profits. They are, however, confident that trading conditions will improve in the coming year and therefore consider it appropriate to prepare these financial statements on a going concern basis, which assumes that liabilities will be met as they fall due, on the basis that Steering Developments Group Limited will continue to financially support the company and will not seek repayment of its debt to the detriment of third party creditors.

RESULTS AND DIVIDEND

The result for the year is as set out on page 5. The directors do not recommend the payment of a dividend (1992 - Nil).

FIXED ASSETS

The movements in fixed assets during the year are set out in note 7 to the financial statements.

RESEARCH AND DEVELOPMENT

The company has committed resources to research and development. The directors believe that continuity of investment in this area is essential if the company is to maintain its competitive position in the market place.

DIRECTORS AND THEIR INTERESTS

The directors throughout the year and at the date of this report are as set out on page 1.

None of the directors had any beneficial interest in the share capital of the company. Their interests in the share capital of the holding company are shown in that company's financial statements.

All the directors, with the exception of G Ip, were directors and shareholders of Steering Developments Group Limited at the time of the transfer of the goodwill, trade and related assets and liabilities of the company.

STEERING DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS

AUDITORS

The auditors, Farrell Cheesman, are willing to continue in office and, in accordance with section 385 of the Companies Act 1985, a resolution with regard to their reappointment will be proposed at the forthcoming annual general meeting.

By Order of the Board

22 June 1993

Neale Boulton
Secretary

STEERING DEVELOPMENTS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF STEERING DEVELOPMENTS LIMITED

We have audited the financial statements on pages 5 to 13 in accordance with Auditing Standards. As set out in note 1 to the financial statements they have been prepared on a going concern basis which assumes the continued support of the company's bankers and holding company.

Subject to the above, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

3 Aztec Row
Berners Road
London N1 0PW

22 June 1993

FARRELL CHEESMAN
Registered Auditors

STEERING DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1993

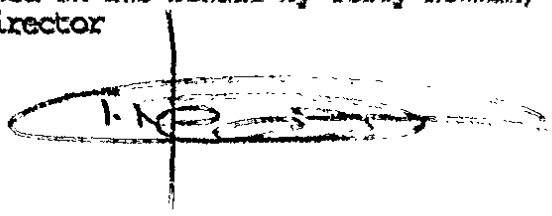
	Notes	1993 £	1992 £
TURNOVER	1,2	959,096	-
Cost of sales		(398,946)	-
GROSS PROFIT		560,150	-
Administrative expenses		(581,457)	-
OPERATING LOSS	3	(21,307)	-
Interest receivable		939	-
Interest payable	4	(5,564)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(25,932)	-
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE FINANCIAL YEAR	13	£ (25,932)	£ -

STEERING DEVELOPMENTS LIMITED

BALANCE SHEET AT 31 MARCH 1993

	Notes	1993 £	1993 £	1992 £	1992 £
FIXED ASSETS					
Intangible assets	6		42,088		-
Tangible assets	7		27,499		-
			69,587		-
CURRENT ASSETS					
Stocks	8	40,990		-	
Debtors	9	86,012		-	
Cash in hand		350		2	
		127,352		2	
CREDITORS: Amounts falling due within one year	10	(218,783)		-	
NET CURRENT LIABILITIES			(91,431)		2
TOTAL ASSETS LESS CURRENT LIABILITIES			(21,844)		2
CREDITORS: Amounts falling due after more than one year	11		(4,086)		-
			£ (25,930)		£ 2
CAPITAL AND RESERVES					
Called up share capital	12		2		2
Profit and loss account	13		(25,932)		-
			£ (25,930)		£ 2

The financial statements were approved by the board on 22 June 1993 and signed on its behalf by Terry Newman, a director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1993

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and on a going concern basis which assumes the continued support of the company's bankers and holding company. The financial statements are in accordance with applicable accounting standards.

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost of the tangible assets over their estimated useful lives:-

Plant and machinery	9% and 12.5%	Straight line (on original cost)
Furniture, fixtures and equipment	9% and 12.5%	Straight line (on original cost)
Motor vehicles	25%	Straight line (on original cost)

Stock

Stock is valued at the lower of cost and estimated net realisable value. Cost includes all direct expenditure and an appropriate proportion of direct labour cost.

Research and development

Research and development expenditure is written off as it is incurred except that development expenditure incurred is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the following three years in line with the expected future sales from the projects.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.
Provision for deferred taxation is made under the liability method only to the extent that the liability will become payable in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1993

1. ACCOUNTING POLICIES

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Leasing

Assets acquired under hire purchase contracts are capitalised as tangible assets and depreciated at the rates shown above. Interest is taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

Rentals paid under finance and operating leases are charged to income on a straight line basis over the term of the lease.

2. TURNOVER

	1993 £	1992 £
Analysis by:-		
Geographical market		
United Kingdom	845,263	-
Europe	92,802	-
Rest Of World	21,031	-
	£959,096	-

3. OPERATING LOSS

	1993 £	1992 £
The operating loss is stated after charging:-		
Depreciation	13,969	-
Amortisation of development expenditure	34,863	-
Auditors' remuneration	5,500	-
Hire of equipment	8,530	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1993

4. INTEREST PAYABLE

	1993 £	1992 £
On bank overdraft	5,115	-
Hire purchase interest	449	-
	£ 5,564	£ -

5. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge due to the availability of tax losses. The company has tax losses of approximately £800 (1992- Nil) to carry forward against future taxable profits derived from the same trade.

6. INTANGIBLE FIXED ASSETS

	At start of year £	Additions £	Group transfers £	At end of year £
Cost				
Development costs	-	16,234	118,903	195,854
	-	£ 16,234	£ 118,903	195,854

	At start of year £	Charge for year £	Group transfers £	At end of year £
Amortisation				
Development costs	-	34,863	58,186	93,049
	-	£ 34,863	£ 58,186	93,049
Net book value	£ -			£ 42,088

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1993

7. TANGIBLE FIXED ASSETS

Cost	Beginning of year £	Additions £	Group Transfers £	Disposals £	End of year £
Plant and machinery	-	4,754	63,097	-	67,851
Furniture, fixtures and equipment	-	6,245	50,470	-	56,715
Motor vehicles	-	-	15,006	-	15,006
	-	£ 10,999	128,573	£ -	139,572

Depreciation	Beginning of year £	Charge for year £	Group Transfers £	Disposals £	End of year £
Plant and machinery	-	6,694	49,831	-	56,525
Furniture, fixtures and equipment	-	3,559	41,459	-	45,018
Motor vehicles	-	3,716	6,814	-	10,530
	-	£ 13,969	£ 98,104	£ -	112,073

	Beginning of year	End of year
Net book value	£ -	£ 27,499

Included above are assets held under finance leases or hire purchase contracts as follows:-

	£
Net book values at 31 March 1993 :	
Furniture, fittings and equipment	£ 4,503
Depreciation charge for the year:	
Furniture, fittings and equipment	£ 643

Net obligations under hire purchase contracts are secured on the assets acquired.

8. STOCKS

	1993 £	1992 £
Finished goods and goods for resale	£ 40,390	£ -

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1993

9. DEBTORS

	1993 £	1992 £
Trade debtors	74,560	-
Other debtors	3,020	-
Prepayments	8,432	-
	£ 86,012	£ -

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1993 £	1992 £
Bank overdraft	978	-
Trade creditors	110,058	-
Amounts owed to fellow subsidiary	323	-
Amounts owed to holding company	55,606	-
Net obligations under finance lease and hire purchase contracts	753	-
Accruals	51,065	-
	£ 218,783	£ -

The bank overdraft is secured by a fixed and floating charge on the company's assets and by cross guarantees by other group companies (see note 15).

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1993 £	1992 £
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	1,513	-
Repayable between one and five years	5,294	-
	6,807	-
Finance charges and interest allocated to future accounting periods	(1,968)	-
	4,839	-
Included in current liabilities	(753)	-
	£ 4,086	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1993

12. SHARE CAPITAL

	1993 £	1992 £
Authorised		
1,000 Ordinary £1 shares of £1 each	£ 1,000	£ 1,000
Allotted, called up and fully paid		
2 Ordinary £1 shares of £1 each	£ 2	£ 2

13. PROFIT AND LOSS ACCOUNT

	1993 £	1992 £
As at 1 April 1992/incorporation	-	-
Retained loss for the year/period	(25,932)	-
As at 31 March	£ (25,932)	£ -

14. COMMITMENTS

The amounts payable in the next year in respect of operating leases and non-capitalised finance leases are shown below, analysed according to the expiry date of the leases.

	Land and buildings		Other	
	1993 £	1992 £	1993 £	1992 £
Expiry date:				
Within one year	-	-	3,241	-
After five years	-	-	696	-
	£ -	£ -	£ 3,937	£ -

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1993

15. CONTINGENT LIABILITIES

The company has guaranteed the bank overdrafts and loans of its holding company and two fellow subsidiaries. The contingent liability in respect of these guarantees at 31 March 1993 was £281,724:

	£
Holding Company	257,295
Fellow Subsidiaries	24,429
	£281,724

As at the end of the year their were contingent liabilities in existence in the form of guarantees and waranties given in the normal course of business. The directors believe these warranties to be unquantifiable and accordingly no provision for any liability has been made in the financial statements.

16. ULTIMATE PARENT COMPANY

The ultimate parent company is Steering Developments Group Limited a company incorporated in Great Britain.