



TK-ECC Limited

Report and Accounts

31 March 2003

Registered No. 2804315

TK-ECC Limited

Registered No. 2804315

DIRECTORS

Dr Heinrich Binder

Mr Shigehisa Takada

Ms Gayle Hanlon

Resigned 19th December 2003

Appointed 8th January 2004

SECRETARY

Mr Toshihiro Shimizu

Ms Gayle Hanlon

Resigned 19th December 2003

Appointed 19th December 2003

AUDITORS

Ernst & Young LLP

Bedford House

16 Bedford Street

Belfast

BT2 7DT

BANKERS

Bank of Ireland

Castlereagh Branch

1E Ballygowan Road

Belfast

BT5 7LH

SOLICITORS

Cameron McKenna

Mitre House

160 Aldersgate Street

London

EC1A 4DD

REGISTERED OFFICE

Mitre House

160 Aldersgate Street

London

EC1A 4DD

DIRECTORS' REPORT

The directors present their report for the year ended 31 March 2003.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £19,961,797. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

The company's principal activity during the year was the manufacture of automotive components.

It was announced in February 2004 that the company's operations would be discontinued. All of the company's employees are to be made redundant. Production ceased in March 2004 and the financial statements should therefore be prepared on a break-up basis. However at this stage, the directors are unable to arrive at a reliable estimate of the recoverable value of assets and the quantum and nature of potential liabilities that will arise. Therefore, in the financial statements, no adjustments have been made to reduce the carrying value of assets to their estimated realisable amount, to provide for any further liabilities which will arise, and to re-classify fixed assets and long-term liabilities as current assets and liabilities.

DIRECTORS AND THEIR INTERESTS

No director had any interest in the share capital of the company during the period.

The directors during the year were as listed on page 2.

EMPLOYEE CONSULTATION

Regular meetings are held between local management and employees to allow a free flow of information and ideas.

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the period the company made no political or charitable contributions.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to members at the Annual General Meeting.

By order of the board

Secretary

Gayle Hanlon



Date: 29.3.04

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
FINANCIAL STATEMENTS

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 group and of the profit or loss of the group 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; 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.

The above should be read in conjunction with Note 24.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TK-ECC LIMITED

We have audited the group's financial statements for the year ended 31 March 2003 which comprise the Group Profit and Loss Account, Group Balance Sheet, Balance Sheet, Group Cash Flow Statement, Group Statement of Total Recognised Gains and Losses, and the related notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 group'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.

Adverse Opinion

As more fully explained in Note 24, it was announced in February 2004 that the company's operations would be discontinued during March 2004. In our opinion, the financial statements should be prepared on a break-up basis and adjustments made to reduce the carrying value of assets to their estimated recoverable amount, to provide for any further liabilities which will arise, and to re-classify fixed assets and long-term liabilities as current assets and current liabilities.

In view of the effect of the failure to prepare the financial statements on a break-up basis, in our opinion the financial statements do not give a true and fair view of the state of affairs of the company and of the group as at 31 March 2003 and of the loss of the group for the year then ended. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Registered Auditor
Belfast

30 March 2004

TK-ECC Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 March 2003

	Notes	2003 £	2002 £
TURNOVER	2	66,707,065	52,664,429
Cost of sales		(77,089,329)	(60,275,428)
GROSS LOSS		(10,382,264)	(7,610,999)
Selling and distribution costs		(4,024,309)	(3,178,724)
Administration costs		(3,606,133)	(1,970,879)
GROUP OPERATING LOSS	3	(18,012,706)	(12,760,602)
Other income	5	118,952	177,979
Bank interest receivable		57,180	49,616
Interest payable	6	(215,186)	(361,914)
Exceptional Write-down of Assets	7	(1,910,037)	(4,823,726)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(19,961,797)	(17,718,647)
Tax on loss on ordinary activities	8	-	-
LOSS FOR THE YEAR		(19,961,797)	(17,718,647)

No profit and loss account is presented for TK-ECC Limited as permitted by Section 230 of the Companies Act 1985. The loss dealt with in the accounts of the parent company is £19,961,797 (2002 – loss £17,718,647).

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 2003

There are no recognised gains or losses other than the loss attributable to shareholders of the group of £19,961,797 in the year ended 31 March 2003 and the loss of £17,718,647 in the year ended 31 March 2002.

TK-ECC Limited

GROUP BALANCE SHEET as at 31 March 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	9	5,334,939	8,104,501
CURRENT ASSETS			
Stock	10	9,575,755	5,777,180
Debtors	11	12,613,184	13,807,875
Cash at bank and in hand		1,054,382	1,812,191
		<u>23,243,321</u>	<u>21,397,246</u>
CREDITORS: amounts falling due within one year			
Bank overdraft		682,000	2,500,000
Trade and other creditors	13	27,365,066	26,389,803
		<u>28,047,066</u>	<u>28,889,803</u>
NET CURRENT LIABILITIES		<u>(4,803,745)</u>	<u>(7,492,557)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		531,194	611,944
ACCRUALS AND DEFERRED INCOME			
Deferred government grants	14	45,302	164,255
		<u>485,892</u>	<u>447,689</u>
CAPITAL AND RESERVES			
Called up share capital	15	50,600,100	30,600,100
Share premium account	16	3,225,330	3,225,330
Profit and loss account	16	(53,339,538)	(33,377,741)
		<u>485,892</u>	<u>447,689</u>

Heinrich Binder

Director



Date

29/3/4

Gayle Hanlon

Director



Date

29/3/4

TK-ECC Limited

BALANCE SHEET as at 31 March 2003

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		485,892	447,689

Heinrich Binder

Director

H. Binder

Date 29/3/04

Gayle Hanlon

Director

G. Hanlon

Date 29/3/04

TK-ECC Limited

GROUP CASH FLOW STATEMENT
for the year ended 31 March 2003

	<i>Notes</i>	2003 £	2002 £
CASH OUTFLOW FROM OPERATING ACTIVITIES	3(b)	(16,970,344)	(14,735,326)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		57,180	49,616
Interest paid		(215,186)	(361,914)
NET CASH OUTFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(158,006)	(312,298)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(2,240,988)	(1,529,314)
Purchase of intangible fixed assets		-	(2,973,729)
Proceeds of asset disposals		429,529	332,649
Issue of ordinary share capital		20,000,000	18,000,000
NET CASH INFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		18,188,541	13,829,606
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		1,060,191	(1,218,018)
INCREASE/(DECREASE) IN CASH IN THE YEAR	12	1,060,191	(1,218,018)

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2003

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, on a straight-line basis over the expected useful lives, as follows:

For Assets purchased prior to 1st April 2002:

Leasehold land and buildings	-	7 years
Plant and equipment	-	7 years (re-usable containers 3 years)
Fixtures and fittings	-	4 years
Computers	-	4 years
Tooling	-	3 years
Motor vehicles	-	5 years

For Assets purchased after 1st April 2002:

Structures and Land Improvements	- Fire and Green Belt	5 years
	- Outdoor Equipment	8 years
	- Air-conditioning / Gas	10 years
	- Shutters	12 years
	- Water Supply	21 years
Plant and Equipment	- Computerised Machinery	3 years
	- Returnable Containers	3 years
	- Assembly Machinery	5 years
	- Testing/Lab Equipment	7 years
Fixtures and Fittings	- All Fixtures and Fittings	10 years
Computers	- PCs and Software	4 years
	- Server	5 years
	- HUB and LAN Equipment	6 years
Tooling	- All Tools	2 years
Motor vehicles	- All Motor Vehicles	6 years

Deferred government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal instalments.

Grants of a revenue nature are credited to income in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2003

Stock

Stocks are carried at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows:

Raw materials and consumables	-	purchase cost.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities are translated at rates of exchange ruling at the balance sheet date. Income and expenses are translated at average rates prevailing during the period.

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

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance lease and hire purchase contracts which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2003

Pensions

The group operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. Contributions to the fund are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives within the group. The regular cost is attributed to individual years using the projected unit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

This should be read in conjunction with Note 24.

Basis of consolidation

The group accounts consolidate the accounts of TK-ECC Limited and its subsidiary undertaking drawn up to 31 March each year.

2. TURNOVER

Turnover, which is stated net of value added tax, is attributable to one continuing activity, being the manufacture of car components.

No analysis of turnover by class of business or geographical area has been disclosed as the directors feel this would be seriously prejudicial to the interests of the group.

3. GROUP OPERATING LOSS

(a) This is stated after charging:

	2003	2002
	£	£
Auditors' remuneration		
- audit services	16,500	15,900
- non-audit services	10,100	1,650
Depreciation of fixed assets	2,682,713	2,705,952
Research and development	1,095,198	565,608
Operating lease rentals		
- plant and machinery	2,696	4,052
	<u> </u>	<u> </u>

(b) Reconciliation of operating loss to net cash outflow from operating activities:

Operating loss	(18,012,706)	(12,760,602)
Depreciation/Amortisation of Intangible Assets	2,682,713	3,217,648
Government Grants	-	11,415
(Profit) on sale of fixed assets	(11,729)	(247,198)
Decrease/(Increase) in debtors	1,194,691	(6,265,347)
(Increase) in stocks	(3,798,575)	(854,597)
Increase in creditors	975,262	2,163,355
	<u> </u>	<u> </u>
Cash outflow from operating activities	(16,970,344)	(14,735,326)
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2003

4. STAFF COSTS

	2003 £	2002 £
Wages and salaries	13,703,181	13,888,760
Social security costs	915,449	991,025
Other pension costs	741,636	743,123
	<u>15,360,266</u>	<u>15,622,908</u>

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

	2003 No.	2002 No.
Administration	42	38
Manufacturing	702	724
	<u>744</u>	<u>762</u>

5. OTHER INCOME

	2003 £	2002 £
Grant income	<u>118,952</u>	<u>177,979</u>

6. INTEREST PAYABLE

	2003 £	2002 £
Bank loans and overdrafts	<u>215,186</u>	<u>361,914</u>

7. EXCEPTIONAL WRITE-DOWN OF ASSETS

	2003 £	2002 £
Impairment of tangible fixed assets (a)	1,910,037	-
Write down of intangible fixed assets (b)	-	4,823,726
	<u>1,910,037</u>	<u>4,823,726</u>

(a) Impairment of tangible fixed assets

Following a review of the company's fixed asset register, assets from which a future economic benefit is not expected, have been written down to their net realisable value.

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2003

(b) Write down of intangible fixed assets

These items related to development costs in respect of future projects.

8. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no taxation charge for the year due to the incidence of taxation losses.

Taxation losses carried forward for the group and company as at 31 March 2003 are some £69 million (2002 - some £49m).

9. TANGIBLE FIXED ASSETS

Group and company

	<i>Short leasehold land and buildings £</i>	<i>Plant equipment and tooling £</i>	<i>Computers, fixtures and fittings £</i>	<i>Total £</i>
Cost:				
At 1 April 2002	149,254	25,439,882	854,006	26,443,142
Additions	84,441	2,021,196	135,352	2,240,989
Disposals	-	(2,665,182)	-	(2,665,182)
At 31 March 2003	233,695	24,795,896	989,358	26,018,949
Depreciation:				
At 1 April 2002	122,723	17,434,322	781,596	18,338,641
Charge for the year (including write-down)	13,225	4,530,066	49,459	4,592,750
Disposals	-	(2,247,381)	-	(2,247,381)
At 31 March 2003	135,948	19,717,007	831,055	20,684,010
Net book value:				
At 31 March 2003	97,747	5,078,889	158,303	5,334,939
At 1 April 2002	26,531	8,005,560	72,410	8,104,501

10. STOCK

	<i>Group and company</i>	
	<i>2003</i>	<i>2002</i>
	<i>£</i>	<i>£</i>
Raw materials and components	8,285,715	5,131,761
Finished goods	1,290,040	645,419
	9,575,755	5,777,180

TK-ECC Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 March 2003

11. DEBTORS

	<i>Group and company</i>	
	2003	2002
	£	£
Trade debtors	8,340,113	5,942,981
Due from group companies	3,116,591	7,012,876
Sundry debtors	1,077,915	821,581
Prepayments	78,565	30,437
	<u>12,613,184</u>	<u>13,807,875</u>

12. CASH AND BANK BALANCES

(a) Analysis of changes in cash and bank balances during the year:

	£
Balance at 1 April 2002	(687,809)
Cash (outflow) inflow	1,060,191
Balance at 31 March 2003	<u>372,382</u>

(b) Analysis of cash and bank balances as shown in the balance sheet

	2003	2002	<i>Change in</i> <i>year</i>
	£	£	£
Cash at bank and in hand	1,054,382	1,812,191	(757,809)
Bank overdrafts	(682,000)	(2,500,000)	1,818,000
	<u>372,382</u>	<u>(687,809)</u>	<u>1,060,191</u>

13. CREDITORS: amounts falling due within one year:

	<i>Group and company</i>	
	2003	2002
	£	£
Trade creditors	9,186,070	6,314,893
Due to group companies	10,069,969	15,777,767
Other taxes and social security costs	268,367	316,661
Other creditors	441,344	478,757
Accruals	7,399,316	3,501,725
	<u>27,365,066</u>	<u>26,389,803</u>

TK-ECC Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 March 2003

14. DEFERRED INCOME

Deferred government grants

	<i>Group and company</i>	
	2003	2002
	£	£
At 1 April	164,254	330,819
Released during the year	(118,952)	(166,565)
Balance at 31 March	<u>45,302</u>	<u>164,254</u>

15. SHARE CAPITAL

Authorised share capital

	2003	2002
	£	£
Ordinary shares of £1 each	<u>50,600,100</u>	<u>35,000,000</u>

Allotted, called up and fully paid

	2003 No.	2002 No.	2003 £	2002 £
Ordinary shares of £1 each	<u>50,600,100</u>	<u>30,600,100</u>	<u>50,600,100</u>	<u>30,600,100</u>

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

Group

	<i>Share Capital</i> £	<i>Share Premium</i> £	<i>Profit and Loss Account</i> £	<i>Total</i> £
At 31 March 2001	12,600,100	3,225,330	(15,659,094)	166,336
New Share Issue	18,000,000	-	-	18,000,000
Loss for the year	-	-	(17,718,647)	(17,718,647)
At 31 March 2002	<u>30,600,100</u>	<u>3,225,330</u>	<u>(33,377,741)</u>	<u>447,689</u>
New Share Issue	20,000,000	-	-	20,000,000
Loss for the year	-	-	(19,961,797)	(19,961,797)
At 31 March 2003	<u>50,600,100</u>	<u>3,225,330</u>	<u>(53,339,538)</u>	<u>485,892</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2003

17. PENSION COMMITMENTS

This note should be read in conjunction with Note 24.

TK-ECC Limited operates a defined benefit pension fund. Contributions to the fund are charged to the profit and loss account so as to spread the cost of pensions over the future working lives of employees. The contributions are determined by an independent firm of qualified actuaries on the basis of triennial valuations. The fund is administered by Trustees. Its assets are held independently from those of the company and are managed by professional investment managers.

In line with the requirements of FRS17, published by the Accounting Standards Board in November 2000, details in respect of the scheme are provided below in accordance with both SSAP24 and FRS17. The Company will not be adopting FRS17 earlier than the mandatory requirement to do so and therefore the figures in the accounts reflect the SSAP24 details below

SSAP24

The most recent actuarial valuation of the fund was carried out as at 5 April 2000 using the projected unit method. The principal actuarial assumptions were that prices would increase at 3% pa, pensions in payment would increase at 2½% pa, earnings would increase at 3½% pa and the rate of return on investments was 6¼% pa.

As at the date of the valuation, the market value of the Fund's assets amounted to £29,761,251 or 113% of the assessed value of the liabilities in respect of benefits that had accrued to members after allowing for expected future increases in earnings.

The Company was contributing to the Fund at the rate of 11.4% of Pensionable Pay until 31st March 2003. From 1st April 2003 the Company has been contributing at a rate of 20.0% of Pensionable Pay.

The pension charge for the period was £741,636. (2002: £883,173). There is a provision of £277,443 (2002: £278,797) for future contributions payable by the group. Of this provision, £218,585 arises due to a timing difference between the funding of the scheme and charge to the Profit and Loss Account. This is being released to the Profit and Loss Account over the remaining useful lives of the employees in the scheme.

An actuarial valuation as at 5th April 2003 is currently in progress. The results of this valuation will be available by 5th April 2004. These results are expected to show a material worsening of the Fund's funding position, primarily as a result of the significant falls in equity markets.

FRS17

The actuarial valuation has been updated on the FRS17 basis to 31st March 2003, by an independent qualified actuary, based on the membership data and preliminary results of the actuarial valuation as at 5th April 2003.

The key FRS17 assumptions used were:

	31st March 2003	31st March 2002
Price inflation	2.5% pa	2.5% pa
Discount rate	5.8% pa	6.1% pa
Pension increases	2.4% pa	2.5% pa
Salary increases (general)	3.0% pa	3.0% pa

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2003

The assets in the Scheme and the expected rates of return were:

	31st March 2003		31st March 2002	
	Expected return	Market value £'m	Expected return	Market value £'m
Equities	9.0%	15.5	10.0%	21.6
Bonds	5.8%	3.2	6.1%	3.1
Property	6.8%	0.4	7.6%	0.3
Cash	3.8%	1.1	5.2%	1.5
Total market value of assets		20.2		26.5
Present value of liability		(34.1)		(28.1)
Surplus/(deficit) in the scheme		(13.9)		(1.6)
Related Deferred Tax Liability at 30%		4.2		(0.5)
Net Pension Asset/(Liability)		(9.7)		(1.1)

The following amounts would have been included within operating profit under FRS17:

	Year to 31st March 2003 £'m
Current service cost	0.6
Past service cost	-
Total operating charge	0.6

The following amounts would have been included as net finance income under FRS17:

	Year to 31st March 2003 £'m
Expected return on pension scheme assets	2.4
Interest on pension scheme liabilities	(1.7)
Net return to (charge)/credit to finance income	0.7

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2003

The following amounts would have been recognised within the statement of total recognised gains and losses ("STRGL") under FRS17:

	Year to 31st March 2003	
	£'000s	
Actual return less expected return on scheme assets	(8.6)	(43%)
Experience gains and (losses) arising on liabilities	(3.4)	(10%)
Gain or (loss) due to changes in assumptions underlying the present value of scheme liabilities	<u>(1.2)</u>	(4%)
Actuarial gain/(loss) recognised in the STRGL	<u>(13.2)</u>	(39%)

The above percentages show the STRGL components as a percentage of the end of year Scheme's asset or liability value, as appropriate.

The Scheme surplus/(deficit) under FRS17 moved as follows during the year to 31st March 2003:

	Year to 31st March 2003
	£'000s
Surplus/(deficit) at 31st March 2002	(1.6)
Current service cost (employee and employer)	(0.8)
Contributions (employee and employer)	1.0
Past service cost	-
Other net finance income	0.7
Actuarial gain or (loss)	<u>(13.2)</u>
Surplus/(deficit) at 31st March 2003	<u>(13.9)</u>

The company will pay contributions of 20% of pensionable pay as of 1st April 2003.

The company's net assets, including the disclosed FRS17 balance sheet item above, would be £(9.2)m at 31st March 2003. The company's profit and loss reserve, including the disclosed FRS17 balance sheet item above, would be £(63.0)m at 31st March 2003.

18. CAPITAL COMMITMENTS

At 31 March 2003 the company and group had the following capital commitments:-

	2003 £	2002 £
Contracted	<u>1,365,844</u>	<u>1,946,582</u>

TK-ECC Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 March 2003

19. OTHER FINANCIAL COMMITMENTS

At 31 March 2003 the group had annual commitments under operating leases as set out below:

	<i>Land and buildings</i>			<i>Other</i>
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expire:				
Within one year	-	-	-	-
Within two to five years	-	-	2,696	2,696
In over five years	225,000	225,000	-	-
	<u>225,000</u>	<u>225,000</u>	<u>2,696</u>	<u>2,696</u>

20. CONTINGENT LIABILITY

A contingent liability exists at 31 March 2003 in respect of grants received from Invest Northern Ireland (formerly known as the Industrial Development Board for Northern Ireland) if certain conditions specified under the terms of assistance are not met. At 31 March 2003 the contingent liability amounted to £800,000 (2002 - £1,263,421).

21. ULTIMATE PARENT UNDERTAKING

TK-ECC Limited is ultimately a wholly owned subsidiary of Takata Corporation, a company incorporated in Japan.

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are part of the Takata Corporation.

23. SUBSIDIARY UNDERTAKING

The company owns the entire issued share capital of ESS Automotive Limited, a company also incorporated in England.

24. POST BALANCE SHEET EVENTS

It was announced in February 2004 that the company's operations would be discontinued. All of the company's employees are to be made redundant. Production ceased in March 2004 and the financial statements should therefore be prepared on a break-up basis. However at this stage, the directors are unable to arrive at a reliable estimate of the recoverable value of assets and the quantum and nature of potential liabilities that will arise. Therefore, in the financial statements, no adjustments have been made to reduce the carrying value of assets to their estimated realisable amount, to provide for any further liabilities which will arise, and to re-classify fixed assets and long-term liabilities as current assets and liabilities.