Premier Manufacturing Support Services (UK) Limited

Report and Financial Statements

31 December 2003

Ernst & Young

A19 *AU307W8Q*
COMPANIES HOUSE 0633
24/06/04

Registered No: 3441005

Directors
F P P Clancy
G M Kehoe
H J Nieman
G G Quinn

Secretary
P S Griffiths

Auditors
Ernst & Young LLP
One Colmore Row
Birmingham
B3 2DB

Bankers
Barclays Bank
PO Box 333
15 Colmore Row
Birmingham
B3 2WN

Deutsche Bank AG, London
PO Box 441
6 Bishops Gate
London
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Solicitors
Eversheds
115 Colmore Row
Birmingham
B3 3AL

Registered Office
The Wedgnock Industrial Estate
Broxell Close
Warwick
Warwickshire
CV34 5QF

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Director's Report

The directors present their report and financial statements for the year ended 31 December 2003.

Review of the business and future developments

The principal activity of the company continues to be the provision of support services to the motor industry.

The results for the year are considered to be satisfactory as are future prospects.

Results for the year and dividends

The profit for the year after taxation was £461,000 (2002: £454,000). The directors do not recommend payment of a dividend (2002: £Nil).

Directors and their interests

The directors who served during the year and subsequently were as follows:

G M Kehoe
G G Quinn
F P P Clancy
H J Nieman

The directors had no interests in the shares of the company requiring disclosure under Schedule 7 of the Companies Act 1985. The directors are exempt from notifying the company of interests in shares of any company incorporated outside Great Britain.

Auditors

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

By order of the board

G M Kehoe
Director

Dated 15 JUNE 2004

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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 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; 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PREMIER MANUFACTURING SUPPORT SERVICES (UK) LIMITED

We have audited the company's financial statements for the year ended 31 December 2003 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 20. 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 applicable 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 company 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 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PREMIER MANUFACTURING SUPPORT SERVICES (UK) LIMITED (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Birmingham

Date 15 June 2004.

Profit and Loss Account

for the year ended 31 December 2003

	Notes	2003 £000	2002 £000
TURNOVER	2	19,205	13,337
Cost of sales		(17,395)	(11,750)
GROSS PROFIT		1,810	1,587
Distribution costs		(189)	(272)
Administrative expenses		(774)	(529)
OPERATING PROFIT	3	847	786
Bank interest receivable		1	786
Interest payable and similar charges	6	(145)	(171)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		703	615
Tax on profit on ordinary activities	7	(242)	(161)
PROFIT RETAINED FOR THE FINANCIAL YEAR	16	461	454

There are no recognised gains or losses other than the profit of £461,000 in the year ended 31 December 2003 (2002: £461,000).

There is no difference in the current or prior year between the results as disclosed in the profit and loss account and the results as given on an historical cost basis.

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Balance Sheet

at 31 December 2003

	Notes	2003 £000	2002 £000
FIXED ASSETS			
Tangible fixed assets	8	1,791	1,995
CURRENT ASSETS			
Stocks	9	131	477
Debtors	10	4,649	4,636
Cash at bank and in hand		289	-
		5,069	5,113
CREDITORS: amounts falling due within one year	11	(4,355)	(4,927)
NET CURRENT ASSETS		714	186
TOTAL ASSETS LESS CURRENT LIABILITIES		2,505	2,181
CREDITORS: amounts falling due after more than one year	12	(1,129)	(1,278)
Provisions for liabilities and charges	13	(12)	-
		1,364	903
CAPITAL AND RESERVES			
Called-up share capital	14	50	50
Profit and loss account	*15*	*1,314*	*853*
EQUITY SHAREHOLDERS' FUNDS	16	1,364	903

The financial statements were approved by the board of directors on the date shown below and are signed on its behalf by:

G M Kehoe
Director

Date 15 JUNE 2004

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Notes to the Financial Statements

at 31 December 2003

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year unless otherwise stated.

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards.

Cash flow statement

The company has utilised the exemptions provided under Financial Reporting Standard No. 1 and has not presented a cash flow statement. A cash flow statement has been presented in the group accounts of the parent undertaking.

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value, of each asset over its expected useful life, as follows:

Plant and equipment	-	10 years on a straight-line basis
Computer equipment	-	3 years on a straight-line basis
Fixtures and fittings	-	20% on reducing balance

Residual value is calculated on prices prevailing at the date of acquisition.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Leases

Assets held under finance leases which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Costs in computed on a first in first out basis. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

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Notes to the Financial Statements

at 31 December 2003

1. Accounting policies *(continued)*

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 exceptions:

- 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;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable and;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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 currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedges, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

Pensions

The company operates a number of defined contribution schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2. Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

The company's entire turnover derives from its principal activity and is conducted wholly within the UK.

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Notes to the Financial Statements

at 31 December 2003

3. Operating profit

This is stated after charging:

	2003	2002
	£000	£000
Depreciation of tangible fixed assets		
- owned assets	128	173
- held under finance leases	164	164
Operating lease rentals - plant and machinery	166	90
Auditors' remuneration - audit services	7	7
- non audit services	10	4

4. Directors' emoluments

The directors' remuneration comprised:

	2003	2002
	£000	£000
Directors' emoluments	226	210
Company contributions to money purchase pension schemes	14	13
	240	223

The number of directors who were members of pension schemes were as follows:

	2003	2002
	No.	No.
Money purchase scheme	2	2

The amounts in respect of highest paid director are as follows:

	2003	2002
	£000	£000
Emoluments	128	119
Company contributions paid to money purchase pension schemes	7	7

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Notes to the Financial Statements

at 31 December 2003

5. Staff costs

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

	2003	*2002*
Production support	691	581
Sales and marketing	6	6
Administration	2	1
	699	588

Their aggregate remuneration comprised:

	2003	*2002*
	£000	*£000*
Wages and salaries	11,516	9,941
Social security costs	1,030	765
Pension costs	57	44
	12,603	10,750

6. Interest payable and similar charges

	2003	*2002*
	£000	*£000*
Bank loans and overdrafts	33	48
Finance leases	112	123
	145	171

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Notes to the Financial Statements

at 31 December 2003

7. Taxation

(a) Tax on profit on ordinary activities

	2003	*2002*
	£000	*£000*
Current Tax		
UK corporation tax	-	184
Group relief	399	-
Adjustment in respect of prior years – current taxation	13	(23)
Adjustment in respect of prior years – group relief	(182)	-
Total current tax	230	161
Deferred tax:		
Origination and reversal of timing differences (see note 13)	12	-
Tax on profit on ordinary activities	242	161

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are reconciled below:

	2003	*2002*
	£000	*£000*
Profit on ordinary activities before tax	703	615
Tax on profit on ordinary activities at standard UK Corporation tax rate of 30% (2002: 30%)	211	184
Effects of:		
Expenses not deductible for tax purposes	9	17
Other timing differences	12	-
Capital allowances in excess of depreciation	(15)	(17)
Adjustments to tax charge in respect of previous periods	13	(23)
Total current tax	230	161

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Notes to the Financial Statements

at 31 December 2003

8. Tangible fixed assets

	Plant and equipment £000	*Computer equipment £000*	*Total £000*
Cost:			
At 1 January 2003	1,644	908	2,552
Additions	-	88	88
At 31 December 2003	1,644	996	2,640
Depreciation:			
At 1 January 2003	301	256	557
Charge for year	164	128	292
At 31 December 2003	465	384	849
At 1 January 2003	1,343	652	1,995
Net book value:			
At 31 December 2003	1,179	612	1,791

Assets held under finance leases included in the above:

	Plant and equipment £000
Net book value:	
At 1 January 2003	1,343
At 31 December 2003	1,179

9. Stocks

	2003 £000	*2002 £000*
Raw materials	4	7
Work in progress	127	470
	131	477

10. Debtors

	2003 £000	*2002 £000*
Trade debtors	4,322	4,372
Amounts owed by group undertakings	36	-
Other debtors	244	264
Corporation tax recoverable	47	-

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Notes to the Financial Statements

at 31 December 2003

	4,649	4,636

11. Creditors: amounts falling due within one year:

	2003	*2002*
	£000	*£000*
Obligations under finance leases and hire purchase contracts	149	137
Bank loans and overdrafts	500	1,598
Trade creditors	380	449
Amount due to group undertakings	1,218	923
UK corporation tax	-	169
Other taxation and social security	757	939
Other creditors	1,351	712
	4,355	4,927

12. Creditors: amounts falling due after more than one year

	2003	*2002*
	£000	*£000*
Obligations under finance leases and hire purchase contracts	1,129	1,278

Borrowings are repayable as follows:

	2003	*2002*
	£000	*£000*
Finance leases		
Between one and two years	162	149
Between two and five years	542	529
After five years	425	600
	1,129	1,278
On demand or within one year	149	137
	1,278	1,415

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Notes to the Financial Statements

at 31 December 2003

13. Deferred taxation

	2003 £000	2002 £000
At 1 January	-	-
Profit and loss account movement	12	-
At 31 December	12	-

Analysed:

	Provided 2003 £000	Provided 2002 £000	Not provided 2003 £000	Not provided 2002 £000
Accelerated capital allowances	25	-	-	10
Other timing differences	(13)	-	-	(1)
	12	-	-	9

14. Called up share capital

	2003 £000	2002 £000
Authorised		
50,000 ordinary shares of £1 each	50	50
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	50	50

15. Profit and loss account

	£000
At 1 January 2003	853
Retained profit for the year	461
At 31 December 2003	1,314

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Notes to the Financial Statements

at 31 December 2003

16. Reconciliation of movements in shareholders' funds

	2003 £000	2002 £000
Profit for the financial year	461	454
Opening shareholders' funds	903	449
Closing shareholders' funds	1,364	903

17. Pension arrangements and contingent liability

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £57,000 (2002: £44,000). At the year-end contributions of £4,657 (2002: £2,943) remained within accruals.

On securing the cleaning contract for the Paint Shop at Vauxhall Motors, Ellesmere Port, it was recognised that there was a requirement to provide a pension for the inherited employees. At the time there was little information available on the previous scheme the employees participated within and an offer to join the Premier Pension Scheme was formulated.

The affected employees have declined an offer to join the Premier Pension Scheme and have requested continuation in the existing Commando Limited Retirement and Death Benefits Scheme. An actuarial valuation has been performed which estimates that the under-funding of liabilities for the scheme are in the region of £220,000 and the closure liabilities around £860,000.

The company has decided not to take on the Commando Scheme and instead has offered the employees concerned a mirrored scheme which will provide equivalent benefits to the Commando Scheme and for which the company will incur administrative costs. The employees will have the option to either freeze their benefits in the Commando Scheme or transfer them to the mirrored scheme.

The company is currently in discussion with the relevant employees as to which option they will undertake, accordingly the directors have not made a provision for the resulting pension liability, as they do not consider that a reliable estimate of the amount can be made as they cannot currently ascertain whether the employees will join the mirrored scheme.

18. Financial commitments

Lease commitments

The company has entered into non-cancellable operating leases in respect of plant and equipment, the payments for which extend over a number of years.

The minimum annual rentals under the foregoing leases are as follows:

	2003 £000	2002 £000
Operating leases which expire:		
Within one year	15	38
Between two and five year	386	44
	401	82

Notes to the Financial Statements

at 31 December 2003

19. Related party transactions

In accordance with Financial Reporting Standard 8, transactions with other members of the group headed by Durr AG are not disclosed because more than 90% of the voting rights of the company are controlled within this group for which consolidated accounts are publicly available.

20. Ultimate parent company

The company is a subsidiary undertaking of Durr Limited, registered in England and Wales. Its ultimate parent company is Durr AG, registered in Germany.

The only group in which the results of Premier Manufacturing Support Services (UK) Limited are consolidated is that headed by Durr AG, whose principal place of business is at Otto-Durr-Strasse 9, 70435 Stuttgart, Germany. Consolidated financial statements are available to the public from the above address.

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