

# Financial Statements

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BRITAX VEGA LIMITED

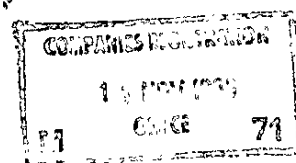
31st DECEMBER, 1987

KIDSONS  
CHARTERED ACCOUNTANTS  
A MEMBER FIRM OF DEK INTERNATIONAL

945580

BRITAX VEGA LIMITED

31st DECEMBER, 1987



BRITAX VEGA LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31st December, 1987.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £533,107. It is recommended that no dividends be paid and £533,107 be transferred to reserves.

REVIEW OF BUSINESS

The principal activity of the company continues to be the manufacture of vehicle lighting equipment and other motor accessories.

The results for the year include those of G.H. Tools Limited, a fellow subsidiary. The trade of this company, together with its assets and liabilities were transferred to Britax Vega Limited on 1st January, 1987.

The results of Britax Vega for 1987 therefore, reflect a full year's profits from G.H. Tools and it is intended that all future periods will include the results of this trade.

The turnover for the year at £9,253,411 was some 27% higher than the previous year and the trading profit was £807,995. Profit on ordinary activities before taxation amounted to £558,421 compared with a profit of £121,100 in the previous year.

The directors consider the state of affairs of the company to be satisfactory.

DIRECTORS

The following were directors of the company at 31st December, 1987:

Mr. T.C. Cannon	)	Directors of B.S.G.
Mr. A.R. Starkey	)	International plc
Mr. B.L. Amey		
Mr. A.F. Peck		
Mr. I.K. Showan		
Mr. P.I.F. Anderson		
Mr. K. Smith		
Mr. P.J. Inglis		

Mr. K.A. Bosonnet resigned as a director on 1st January, 1987.

All the other directors served for the whole of the year.

In accordance with the Articles of Association none of the directors retire.

BRITAX VEGA LIMITED

DIRECTORS' REPORT

DIRECTORS' SHAREHOLDINGS

None of the directors have any beneficial interest in the share capital of the company.

The beneficial interests of the directors in the shares of B.S.G. International plc (other than directors of that company) are set out below:

<u>Director</u>	Ordinary shares of 10p each	
	<u>1987</u>	<u>1986</u>
Mr. A.F. Peck	14,362	14,362
Mr. I.K. Showan	16,835	16,835

The directors (other than directors of the parent company) holding options under the B.S.G. International plc Executive Share Option Scheme 1985 are:

	Ordinary shares of 10p each	
	<u>1987</u>	<u>1986</u>
Mr. B.L. Amey	125,000	100,000
Mr. I.K. Showan	150,000	100,000

EMPLOYEE PARTICIPATION

It is the company's policy to meet at regular intervals with representatives of various sections of employees at which relevant information and developments are discussed.

DISABLED PERSONS

The company gives equal consideration to all applicants for employment irrespective of any disability. If a person becomes disabled while employed by the company every endeavour is made to protect that person's position.

Disabled persons have the same opportunities for training and career development as other employees with similar skills and abilities.

FIXED ASSETS

The movements in tangible fixed assets during the year and details of the property revaluation at the 31st December, 1987 are set out in the notes to the financial statements.

BRITAX VEGA LIMITED

DIRECTORS' REPORT

CLOSE COMPANY PROVISIONS

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1970 as amended.

AUDITORS

The auditors, Messrs. Kidsons, Chartered Accountants, have intimated their willingness to continue in office, subject to the approval of the members in general meeting.

Registered Office:

Berry Hill Industrial Estate,  
George Baylis Road,  
Droitwich,  
Worcestershire WR9 9AB.

25th March, 1988

By Order of the Board,

R. Thorne,

for B.S.G. Secretarial Services Limited,

Secretary.

REPORT OF THE AUDITORS TO THE MEMBERS OF

BRITAX VEGA LIMITED

We have audited the financial statements on pages 5 to 12 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st December, 1987 and of its result for the year ended on that date and comply with the Companies Act 1985. The financial statements do not show the manner in which the operations of the company have been financed or in which its financial resources have been used during the year as required by Statement of Standard Accounting Practice No.10 as such information is of little value as a result of the parent company's financial structuring of its subsidiary companies.

BIRMINGHAM

25th March, 1988

KIDSONS,

Chartered Accountants

BRITAX VEGA LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31st DECEMBER, 1987 1986

	<u>Note</u>	<u>£</u>	<u>£</u>
TURNOVER	2	9,253,411	7,264,443
Cost of sales		(7,505,736)	(6,263,847)
GROSS PROFIT		1,747,675	1,000,596
Distribution costs		(238,886)	(236,240)
Administrative expenses		(700,794)	(382,042)
TRADING PROFIT		807,995	382,314
Interest payable	3	(249,574)	(261,214)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	558,421	121,100
Taxation charge	7	(25,314)	-
RETAINED PROFIT FOR THE YEAR	14	533,107	121,100

Notes on financial statements - pages 7 to 12

## BRITAX VEGA LIMITED

## BALANCE SHEET

31st DECEMBER, 19871986

	<u>Note</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
FIXED ASSETS					
Tangible assets	8		1,939,782		1,568,329
CURRENT ASSETS					
Stocks	9	1,326,582		740,408	
Debtors	10	3,163,886		2,243,611	
Cash		<u>5,275</u>		<u>4,913</u>	
		4,495,743		2,988,932	
CREDITORS					
Amounts falling due within one year	11	(5,292,864)		(4,143,040)	
NET CURRENT LIABILITIES			(797,121)		(1,154,108)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,142,661		414,221
PROVISION FOR LIABILITIES AND CHARGES					
Deferred taxation	12		(24,500)		-
			<u>1,118,161</u>		<u>414,221</u>
CAPITAL AND RESERVES					
Called up share capital	13		25,200		25,200
Profit and loss account	14		<u>1,092,961</u>		<u>389,021</u>
			<u>1,118,161</u>		<u>414,221</u>

The financial statements were approved by the Board of Directors on 25th March, 1988

T.C. Cannon )  
 ) Directors  
 A.R. Starkey )

Notes on financial statements - pages 7 to 12



BRITAX VEGA LIMITED  
NOTES ON FINANCIAL STATEMENTS  
31st DECEMBER, 1987

1. ACCOUNTING POLICIES

a. Basis of accounting

The financial statements have been prepared under the historical cost convention.

b. Depreciation

Depreciation is calculated on cost on a straight line basis to write off the relevant assets over their expected useful lives. The principal annual rates used are as follows:

Plant and tooling	5% - 20%
Vehicles	25%
Office equipment	5% - 20%
Computer equipment	20% - 33%
Freehold buildings	1%
Leasehold properties	Amortised over the unexpired portion of the lease

c. Stocks

Stocks are stated at the lower of cost, including an appropriate proportion of production overheads, and net realisable value.

d. Deferred taxation

Deferred taxation is calculated on the liability method in respect of timing differences between profits as stated in the financial statements and as computed for tax purposes. Where it can be shown with reasonable probability that no such liability will become payable in the foreseeable future no provision is made. Advance corporation tax to be surrendered free of charge by the parent company is taken into account for this purpose.

e. Government grants

Government grants of a capital nature are accounted for as they are received and are deducted from the cost of the related assets or expenditure.

f. Leasing

Rents payable under finance and operating leases are charged to the profit and loss account on a straight line basis over the term of the lease. Assets funded through finance leases have not yet been capitalised in the balance sheet.

BRITAX VEGA LIMITED

NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1987

2. TURNOVER

Turnover represents the invoiced value excluding value added tax of goods sold and services provided to customers.

The turnover and profit before taxation is attributable to the principal activity of the company, being the manufacture of vehicle lighting equipment and other motor accessories.

	<u>1987</u>	<u>1986</u>
An analysis of turnover by geographical location is as follows:	<u>£</u>	<u>£</u>
United Kingdom	7,146,611	5,702,429
Other European Countries	2,098,800	1,559,799
Rest of the World	<u>8,000</u>	<u>2,215</u>
	<u>9,253,411</u>	<u>7,264,443</u>

3. INTEREST PAYABLE

	<u>1987</u>	<u>1986</u>
Interest payable on loans repayable within 5 years:	<u>£</u>	<u>£</u>
Group interest	89,766	48,145
Bank overdraft	<u>159,808</u>	<u>213,069</u>
	<u>249,574</u>	<u>261,214</u>

4. PROFIT ON ORDINARY ACTIVITIES  
BEFORE TAXATION

	<u>1987</u>	<u>1986</u>
Profit on ordinary activities before taxation is stated after charging:	<u>£</u>	<u>£</u>
Depreciation	256,128	221,882
Directors' emoluments (see note 5)	197,913	123,304
Auditors' remuneration	10,655	7,500
Hire of plant and machinery	232,103	181,849
Redundancy, ex-gratia and termination payments	<u>1,484</u>	<u>7,273</u>

and after crediting:

Profit on sale of fixed assets	<u>6,075</u>	<u>5,700</u>
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## BRITAX VEGA LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1987

	<u>1987</u>	<u>1986</u>
5. DIRECTORS' EMOLUMENTS	<u>£</u>	<u>£</u>
For management (including pension contributions)	<u>197,913</u>	<u>123,304</u>
Emoluments, excluding pension contributions are analysed as follows:		
Chairman	<u>Nil</u>	<u>Nil</u>
Highest paid director	<u>49,648</u>	<u>33,989</u>
Number of other directors whose emoluments were within the ranges:	<u>Nos.</u>	<u>Nos.</u>
£0 - £5,000	1	4
£15,001 - £20,000	-	2
£20,001 - £25,000	1	1
£25,001 - £30,000	1	1
£30,001 - £35,000	3	-
6. STAFF NUMBERS AND COSTS		
a. The average number of persons, including directors, employed by the company during the year was:	<u>1987</u>	<u>1986</u>
	<u>Nos.</u>	<u>Nos.</u>
Production	284	258
Sales and distribution	11	10
Administration	<u>16</u>	<u>14</u>
	<u>311</u>	<u>282</u>
b. The aggregate costs of employment were as follows:	<u>£</u>	<u>£</u>
Wages and salaries	2,149,503	1,776,991
Social security costs	221,805	185,696
Pension costs	<u>17,938</u>	<u>12,956</u>
	<u>2,389,246</u>	<u>1,975,643</u>
7. TAXATION	<u>1987</u>	<u>1986</u>
The charge for the year comprises:	<u>£</u>	<u>£</u>
Deferred tax (see note 12)	24,500	-
Prior year adjustment:		
Corporation tax	<u>814</u>	<u>-</u>
	<u>25,314</u>	<u>-</u>

There is no charge for corporation tax on the profits for the year due to losses brought forward from previous years.

## BRITAX VEGA LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1987

8. TANGIBLE ASSETS	Land and Buildings		Plant, Machinery Equipment and Motor Vehicles	Tooling	Total
	Freehold	Long Leaseholds			
Cost:	£	£	£	£	£
1st January, 1987	349,705	250,000	2,236,737	248,834	3,085,276
Reclassification	250,000	(250,000)	-	-	-
Additions	59,582	8,683	353,119	21,483	442,867
Revaluation	140,713	-	-	-	140,713
Disposals	-	-	(27,015)	-	(27,015)
Inter-company transfers	-	-	110,640	-	110,640
31st December, 1987	<u>800,000</u>	<u>8,683</u>	<u>2,673,481</u>	<u>270,317</u>	<u>3,752,481</u>
Depreciation:					
1st January, 1987	12,260	11,836	1,302,001	190,850	1,516,947
Reclassification	11,836	(11,836)	-	-	-
Charge for year	6,024	-	213,795	36,309	256,128
Revaluation	(30,120)	-	-	-	(30,120)
Disposals	-	-	(26,730)	-	(26,730)
Inter-company transfers	-	-	96,474	-	96,474
31st December, 1987	<u>-</u>	<u>-</u>	<u>1,585,540</u>	<u>227,159</u>	<u>1,812,699</u>
Net book value:					
31st December, 1987	<u>800,000</u>	<u>8,683</u>	<u>1,087,941</u>	<u>43,158</u>	<u>1,939,782</u>
31st December, 1986	<u>337,445</u>	<u>238,164</u>	<u>934,736</u>	<u>57,984</u>	<u>1,568,329</u>

The freehold property was professionally valued as at 31st December, 1987 by Chartered Surveyors and the surplus over net book value has been credited to revaluation reserve. The property was valued in the open market on the basis of existing use.

	<u>1987</u>	<u>1986</u>
9. STOCKS	£	£
Raw materials	109,630	98,650
Work in progress	956,761	470,730
Finished products	<u>260,191</u>	<u>171,028</u>
	<u>1,326,582</u>	<u>740,408</u>

## BRITAX VEGA LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1987

10. DEBTORS	<u>1987</u>	<u>1986</u>
Amounts falling due within one year:	<u>£</u>	<u>£</u>
Trade debtors	2,675,220	1,871,803
Amounts owed by fellow subsidiaries	18,658	82,896
Group taxation relief	-	153,868
Other debtors	364,659	-
Prepayments	<u>105,349</u>	<u>135,044</u>
Total debtors	<u>3,163,886</u>	<u>2,243,611</u>
11. CREDITORS	<u>1987</u>	<u>1986</u>
Amounts falling due within one year:	<u>£</u>	<u>£</u>
Bank overdraft	1,824,875	1,532,609
Trade creditors	1,484,776	1,066,181
Amount owed to parent company	1,373,534	1,070,070
Amounts owed to fellow subsidiaries	54,219	105,432
Taxes and social security	94,596	229,154
Other creditors	-	1,500
Progress payments received in advance	208,146	-
Accruals	<u>252,718</u>	<u>138,094</u>
Total creditors	<u>5,292,864</u>	<u>4,143,040</u>

The bank overdraft is secured by a fixed and floating charge over all the assets of the company both present and future.

12. DEFERRED TAX	<u>1987</u>	<u>1986</u>
The amount provided at 35% is as follows:	<u>£</u>	<u>£</u>
Accelerated capital allowances on plant and vehicles	94,000	-
Other timing differences	(7,500)	-
Trading losses and advance corporation tax	<u>(62,000)</u>	-
	<u>24,500</u>	-

The potential liability not provided at 31st December, 1987 in respect of capital allowances on buildings calculated on the liability method at 35% is £91,000 (1986 £87,000), this does not include any potential liability in respect of property being sold at the revalued amount.

	<u>Authorised</u>	<u>Issued and Fully Paid</u>
13. CALLED UP SHARE CAPITAL (1987 and 1986)	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	<u>50,000</u>	<u>25,200</u>

## BRITAX VEGA LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1987

14. RESERVES	Revaluation Reserve <u>£</u>	Profit and Loss Account <u>£</u>	Total <u>£</u>
Balance 1st January, 1987	-	389,021	389,021
Profit for the year	-	533,107	533,107
Revaluation during year	<u>170,833</u>	<u>-</u>	<u>170,833</u>
Balance 31st December, 1987	<u>170,833</u>	<u>922,128</u>	<u>1,092,961</u>

## 15. TRANSACTIONS INVOLVING DIRECTORS

Directors' interest in contracts

No director has had any beneficial interest in any material contract to which the company was a party.

## 16. CAPITAL COMMITMENTS

Capital and finance lease expenditure authorised up to 31st December, 1987 but not provided in these financial statements amounted to £4,710,805 (1986 £1,023,780) in respect of which contracts for £4,706,835 (1986 £45,000) have been placed.

## 17. LEASING OBLIGATIONS

Payments due in 1988 under operating leases, analysed by date of lease expiry, are as follows:

Date of lease expiry:	<u>£</u>
1988	3,329
1989 to 1992 inclusive	<u>32,570</u>
Total	<u>35,899</u>

Amounts payable under finance lease obligations are due in the following years:

	<u>£</u>
1988	153,170
1989 to 1992 inclusive	423,076
After 1992	<u>61,911</u>
	638,157
<u>Less</u> Finance charges allocated to future periods	<u>125,260</u>
Net obligations at 31st December, 1987	<u>512,897</u>

## 18. CONTINGENT LIABILITIES

- i. The company has given joint and several guarantees secured by fixed and floating charges on its assets in respect of the indebtedness to Midland Bank plc of certain fellow subsidiaries.
- ii. The company has given a guarantee to Midland Bank plc in respect of deferred duty payable to H.M. Customs & Excise for an amount not to exceed £7,500.

## 19. ULTIMATE HOLDING COMPANY

The company is a direct subsidiary of B.S.G. International plc, a company incorporated in England.