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**Autofil Limited**

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**Annual Report & Financial Statements 1997**

# AUTOFIL LIMITED

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# **AUTOFIL LIMITED**

## **DIRECTORS, OFFICERS AND ADVISERS**

### **DIRECTORS**

Michael Heck

Anthony J. Ullmann

Bryan E. Lodder (Appointed 16th May, 1996)

D. Chris Hanson (Appointed 31st January, 1997)

Trevor F. Wiseman (Appointed 16th May, 1996)

Richard Lumsden (Appointed 16th May, 1996, resigned 31st January, 1997)

### **SECRETARY**

D. Chris Hanson

### **ADVISERS**

#### **Bankers**

Barclays Bank PLC

10 Market Street,

BRADFORD, BD1 1NR

#### **Solicitors**

Hammond Suddards

2 Park Lane,

LEEDS, LS3 1ES

#### **Auditors**

KPMG Audit Plc

Chartered Accountants

1 The Embankment,

Neville Street,

LEEDS, LS1 4DW

#### **Registered Office**

Albion Mills,

Greengates,

BRADFORD, BD10 9TQ

Reg. No. 3091869

## AUTOFIL LIMITED

### DIRECTORS' REPORT

Your directors have pleasure in presenting their report and the audited financial statements of the Company for the year ended 2nd May, 1997.

#### Activities

The principal activity of the Company is the marketing, development and sale of specialised synthetic yarns for use in the automotive industry.

#### Business review and future developments

The results for the year are set out in the profit and loss account on page 4.

The directors do not recommend payment of a dividend.

On 21st May, 1996 the ordinary share capital of Autofil Limited was acquired by Parkland Group PLC.

#### Directors

The directors during the period are detailed on page 1.

#### Directors' interests

Those Directors who have interests in the shares of group undertakings are Directors of the ultimate parent undertaking, Parkland Group PLC, and their interest in those shares are shown in the financial statements of that company.

Prior to its acquisition by Parkland Group PLC, the entire share capital of the Company was owned by World Wide Yarns Limited, a company jointly owned by Mr A. J. Ullmann and Mr M. Heck.

#### Creditor payment policy

The Company's policy is to pay all its creditors in accordance with its contractual and legal obligations and on the basis of the payment terms agreed.

#### Auditors

A resolution is to be proposed at the Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the Company.

On behalf of the Board,



D.C. Hanson  
Secretary,  
8th July, 1997

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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;
- \* 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## REPORT OF THE AUDITORS TO THE MEMBERS OF AUTOFIL LIMITED

We have audited the financial statements on pages 4 to 9.

### Respective responsibilities of directors and auditors

As described above 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 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.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 2nd May, 1997 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Rec*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
Leeds

8th July, 1997

# AUTOFIL LIMITED

## PROFIT AND LOSS ACCOUNT

for the year to 2nd May, 1997

	Note	12 months 1997 £	8 months 1996 £
<b>Turnover</b>		<b>8,806,414</b>	<b>968,060</b>
Cost of sales	1(c)	(7,956,914)	(971,240)
<b>Gross profit/(loss)</b>		<b>849,500</b>	<b>(3,180)</b>
Distribution costs		(694,587)	(67,046)
Administrative expenses		(529,658)	(357,095)
<b>Operating loss</b>		<b>(374,745)</b>	<b>(427,321)</b>
Interest receivable/(payable)	2	2,624	(6,330)
<b>Loss on ordinary activities before taxation</b>	3	<b>(372,121)</b>	<b>(433,651)</b>
Taxation on loss on ordinary activities	7	-	-
<b>Loss for the financial period transferred from reserves</b>	13	<b>(372,121)</b>	<b>(433,651)</b>

The above results are derived wholly from continuing operations.

There were no recognised gains or losses in either period other than the losses shown above.

The notes on pages 6 to 9 form part of these financial statements.

A statement of movements on reserves is shown in note 13.

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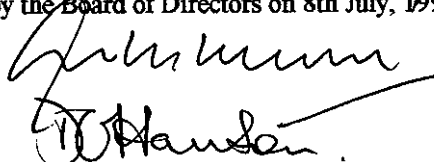
## BALANCE SHEET

as at 2nd May, 1997

	Note	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets	8	-	10,544
		<hr/>	<hr/>
<b>Current assets:</b>			
Debtors	9	4,272,099	725,798
Cash at bank and in hand		3,714	32,689
		<hr/>	<hr/>
		4,275,813	758,487
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	10	(5,081,583)	(1,202,680)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(805,770)	(444,193)
		<hr/>	<hr/>
<b>Net liabilities</b>		(805,770)	(433,649)
		<hr/>	<hr/>
<b>Capital and reserves:</b>			
Called up share capital	12	2	2
Profit and loss account	13	(805,772)	(433,651)
		<hr/>	<hr/>
<b>Deficit of equity shareholders' funds</b>		(805,770)	(433,649)
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 8th July, 1997 and were signed on its behalf by:

A. J. Ullmann     )  
                              ) Directors  
D. C. Hanson



The notes on pages 6 to 9 form part of these financial statements.

# AUTOFIL LIMITED

## NOTES ON THE FINANCIAL STATEMENTS (forming part of the financial statements)

### 1. Accounting Policies

The principal accounting policies used in the preparation of these financial statements are set out below.

#### (a) Accounting Convention

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

The financial statements have been prepared using the going concern basis which assumes that the Company will continue to trade. The validity of this assumption is dependent upon the continuing support of Parkland Group PLC which has been the ultimate parent undertaking since 21st May, 1996. Parkland Group PLC has indicated that it will give such support.

If the Company were unable to trade, adjustments would have to be made to reduce the value of assets to their recoverable amount and to provide for any further liabilities that might arise.

#### (b) Cash Flow Statement

The Company is exempt from the requirement of FRS 1(Revised) to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

#### (c) Turnover

Turnover is shown at invoiced prices excluding value added tax.

#### (d) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect on all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

#### (e) Foreign Exchange

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the rates ruling at the transaction date.

### 2. Interest receivable/(payable)

	12 Months 1997 £	8 Months 1996 £
Interest receivable	2,624	-
Interest payable on bank and other loans	-	(6,330)
	<u>2,624</u>	<u>(6,330)</u>

### 3. Loss on ordinary activities before taxation

	12 Months 1997 £	8 Months 1996 £
Loss on ordinary activities before taxation is arrived at after charging the following:		
Auditors' remuneration	2,000	3,000
Loss on foreign exchange	243,433	23,000
	<u>245,433</u>	<u>26,000</u>



# AUTOFIL LIMITED

## NOTES ON THE FINANCIAL STATEMENTS (continued)

### 4. Related party transactions

None of the Directors received any remuneration in respect of their service as Directors. However, during the period, the Company paid £355,390 (1996: £108,074) under an arms length consultancy agreement with World Wide Yarns Limited, a company which is jointly owned by Mr A. J. Ullmann and Mr M. Heck.

Under Financial Reporting Standard No. 8 the Company is exempt from the requirement to disclose details of transactions with other group companies on the grounds that it is a wholly owned subsidiary undertaking of Parkland Group PLC whose accounts are publicly available as detailed in note 15.

### 5. Remuneration of Directors

As noted above, none of the Directors received any remuneration in respect of their service as Directors.

No pension contributions are paid by the Company in respect of Directors' service.

During the period one Director (1996: none) exercised share options in Parkland Group PLC, the ultimate parent undertaking.

### 6. Staff numbers and costs

The average number of persons employed by the Company during the period was as follows:

	12 months 1997 No.	8 months 1996 No.
Administration and sales	2	3
	—	—

The aggregate payroll costs of these persons were as follows:

	12 months 1997 £	8 months 1996 £
Wages and salaries	25,309	35,362
Social Security costs	2,534	3,668
	<u>27,843</u>	<u>39,030</u>

### 7. Taxation on loss on ordinary activities

The Company's tax losses for the year have been surrendered, for no consideration, to fellow subsidiaries.

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**NOTES ON THE FINANCIAL STATEMENTS (continued)**

8. Tangible fixed assets	Fixtures & fittings £	
Cost at 30th April, 1996 and 2nd May, 1997	10,544	
Depreciation at 30th April, 1996	-	
Provision for the year	10,544	
Depreciation at 2nd May, 1997	10,554	
Net book amount at 2nd May, 1997	-	
Net book amount at 30th April, 1996	10,554	
9. Debtors	1997	1996
	£	£
Trade debtors	1,208,011	557,556
Amounts owed by fellow subsidiary undertakings	2,746,071	-
Prepayments and accrued income	3,681	4,640
Other debtors	314,336	163,602
	4,272,099	725,798
10. Creditors: amounts falling due within one year	1997	1996
	£	£
Bank loans and overdrafts	4,829,278	-
Amounts owed to parent and fellow subsidiary undertakings	21,275	-
Trade creditors	87,503	926,323
Accruals	143,527	276,357
	5,081,583	1,202,680

**11. Deferred taxation**

The Company has tax losses amounting to approximately £409,070 which are available to offset against future taxable profits. The potential deferred tax asset in respect of these losses at a tax rate of 31% (1996: 33%) amounts to approximately £126,812 (1996: £40,000). This asset has not been recognised in the financial statements.

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**NOTES ON THE FINANCIAL STATEMENTS (continued)**

<b>12. Share capital</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Authorised:		
1,000 ordinary shares of £1 each	<b>1,000</b>	<b>1,000</b>
	<hr/>	<hr/>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	<b>2</b>	<b>2</b>
	<hr/>	<hr/>
 <b>13. Reserves</b>		<b>Profit and loss account</b>
		<b>£</b>
At 30th April, 1996		<b>(433,651)</b>
Loss for the financial year		<b>(372,121)</b>
		<hr/>
At 2nd May, 1997		<b>(805,772)</b>
		<hr/>
Movements in shareholders' funds were as follows:		
	<b>12 months</b>	<b>8 months</b>
	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Loss for the financial period	<b>(372,121)</b>	<b>(433,651)</b>
Share capital introduced	<b>-</b>	<b>2</b>
	<hr/>	<hr/>
Decrease in shareholders' funds	<b>(372,121)</b>	<b>(433,649)</b>
Deficit of opening shareholders' funds	<b>(433,649)</b>	<b>-</b>
	<hr/>	<hr/>
Deficit of closing shareholders' funds	<b>(805,770)</b>	<b>(433,649)</b>
	<hr/>	<hr/>

**14. Contingent liabilities**

The company had contingent liabilities at 2nd May, 1997 relating to guarantees given to third parties on behalf of other Group undertakings amounting to £739,589 (1996: £nil).

**15. Ultimate parent undertaking**

The ultimate parent undertaking was World Wide Yarns Limited until 21st May, 1996. World Wide Yarns Limited is a company incorporated in Great Britain and registered in England and Wales.

From 21st May, 1996 the Company's ultimate parent undertaking has been Parkland Group PLC, which is a company incorporated in Great Britain and registered in England and Wales.

Copies of the published accounts of the parent undertaking may be obtained by contacting:

The Company Secretary  
Parkland Group PLC  
Albion Mills,  
Greengates,  
Bradford,  
BD10 9TQ