

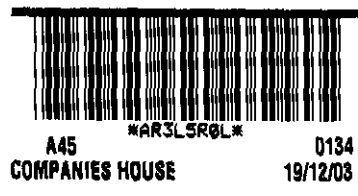
Register

2002

**LAWRENCE AUTOMOTIVE LIMITED**

**ABBREVIATED ACCOUNTS**

**YEAR ENDED  
31 DECEMBER 2002**



Company Number: 3200294

**LAWRENCE AUTOMOTIVE LIMITED**

**ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 DECEMBER 2002**

**PKF**

# LAWRENCE AUTOMOTIVE LIMITED

## CONTENTS

	<b>Page</b>
CHAIRMAN'S STATEMENT	1
DIRECTORS' REPORT	2
REPORT OF THE AUDITORS	3
ABBREVIATED PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	5
CASH FLOW STATEMENT	6
NOTES TO THE ABBREVIATED ACCOUNTS	7 - 16

**LAWRENCE AUTOMOTIVE LIMITED**  
**CHAIRMAN'S STATEMENT**  
**YEAR ENDED 31 DECEMBER 2002**

The company was acquired on 24 January 2003 by Automotive Interior Technologies Corporation Limited. The acquisition was an integral part of a financial restructuring of the company, encompassing a management buyout and a significant recommitment to the company from the dominant shareholders: Lloyds Development Capital and WRIL.

The commitment of additional investment from the shareholders recognises the significant progress of the business over the last twelve months, the secured and indicative order book, and the undoubted strength of the management team.

The company has won new contracts in the UK, Europe and North America, and looks forward to an exciting and challenging programme for the next few years.

The team look forward confidently to year 2003, and are very pleased to have had the opportunity to invest in the parent company and to share in the ownership.

**LAWRENCE AUTOMOTIVE LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 DECEMBER 2002**

The directors submit their report and the financial statements for the year ended 31 December 2002.

**Results and dividends**

The profit for the year, after taxation, amounted to £118,016 (2001 - £546,351 loss).

**Principal activity and review of the business**

The company is principally engaged as a manufacturer of real wood veneer trim components for the automotive industry.

The directors are pleased to report that a new Company, Automotive Interior Technologies Corporation Limited, which is owned by WRIL, Lloyds Development Capital and the Management has acquired Lawrence Automotive Limited on 24 January 2003.

The new parent Company has a strong financial position and committed investors that will allow Lawrence Automotive Limited to expand with new projects commencing in both Europe and USA during 2003 and 2004.

**Events since the end of the year**

On 24 January 2003, the company was sold by Lawrence Automotive Holdings Limited and became a 100% subsidiary of Automotive Interior Technologies Corporation Limited. Further details of this transaction are contained in note 23 to these financial statements.

**Directors**

The directors who served during the year were:

J A Matthews (resigned 20 December 2002)

P Bridge

A Crawford

C Turner

R M Smith (appointed 18 April 2002)

The directors' have no interest in the shares of the company requiring disclosure in these financial statements. The directors' interests in the shares of the company's ultimate parent undertaking are disclosed in the financial statements of that company.

**Auditors**

The auditors, PKF, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By order of the board



**P A Guice**  
Secretary

30 April 2003

**INDEPENDENT AUDITORS' REPORT TO  
LAWRENCE AUTOMOTIVE LIMITED  
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes, together with the financial statements of the company for the year ended 31 December 2002 prepared under section 226 of the Companies Act 1985.

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 auditor's 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**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

**Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated accounts are properly prepared in accordance with that provision.



PKF

Registered Auditors

Nottingham, UK  
1 May 2003

**LAWRENCE AUTOMOTIVE LIMITED**  
**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2002**

	Notes	2002 £	2001 £
<b>GROSS PROFIT</b>		<b>1,389,058</b>	1,494,703
Distribution costs		<b>(394,521)</b>	(484,613)
Administrative expenses before management charges and restructuring costs		<b>(564,946)</b>	(518,235)
Operating profit before management charges and restructuring costs	2	<u>429,591</u>	<u>491,855</u>
Administrative expenses - management charges		-	(900,000)
Administrative expenses - restructuring costs		<b>(153,368)</b>	(109,286)
Administrative expenses - bad debt		<b>(164,340)</b>	-
<b>OPERATING PROFIT/(LOSS)</b>		<b>111,883</b>	(517,431)
Interest receivable	5	<b>2,674</b>	2,295
Interest payable	6	<b>(10,014)</b>	(31,215)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>104,543</b>	(546,351)
<b>TAXATION</b>	7	<b>13,473</b>	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>118,016</b>	(546,351)
		<u><b>118,016</b></u>	<u>(546,351)</u>

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

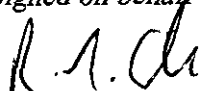
**LAWRENCE AUTOMOTIVE LIMITED**  
**BALANCE SHEET**  
**31 DECEMBER 2002**

	Notes	2002 £	2001 £
<b>FIXED ASSETS</b>			
Tangible	8	416,286	490,639
<b>CURRENT ASSETS</b>			
Stocks	9	386,989	584,946
Debtors	10	1,016,009	981,826
Cash at bank and in hand		149,011	234,839
		<u>1,552,009</u>	<u>1,801,611</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(1,229,534)</u>	<u>(1,694,130)</u>
<b>NET CURRENT ASSETS</b>		<u>322,475</u>	107,481
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>738,761</u>	<u>598,120</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12	(22,625)	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(127,000)	(127,000)
<b>NET ASSETS</b>		<u><u>589,136</u></u>	<u><u>471,120</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	2	2
Profit and loss account	16	589,134	471,118
<b>SHAREHOLDERS' FUNDS</b>	17	<u><u>589,136</u></u>	<u><u>471,120</u></u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the board on 30 April 2003

Signed on behalf of the board of directors



R M Smith

Director



**LAWRENCE AUTOMOTIVE LIMITED**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 31 DECEMBER 2002**

	2002	2001
	£	£
<b>Reconciliation of operating profit/(loss) to net cash (outflow)/inflow from operating activities</b>		
Operating profit/(loss)	111,883	(517,431)
Depreciation of tangible fixed assets	95,936	93,785
(Increase)/decrease in debtors	(34,183)	4,674,072
Decrease/(increase) in stocks	197,957	(3,040,834)
Decrease in creditors	(440,340)	(86,914)
	<u>(68,747)</u>	<u>1,122,678</u>
<b>Net cash (outflow)/inflow from operating activities</b>		
<b>CASH FLOW STATEMENT (note 18)</b>		
Net cash (outflow)/inflow from operating activities	(68,747)	1,122,678
Returns on investments and servicing of finance	(7,340)	(28,920)
Taxation	(12,527)	-
Capital expenditure	(21,583)	(24,185)
Equity dividends paid	-	(500,000)
	<u>(110,197)</u>	<u>569,573</u>
<b>Financing</b>	<b>24,369</b>	<b>(146,972)</b>
	<u>(85,828)</u>	<u>422,601</u>
<b>(Decrease)/increase in cash</b>		
<b>Reconciliation of net cash flow to movement in net funds (note 19)</b>		
(Decrease)/increase in cash in the year	(85,828)	422,601
Cash outflow from decrease in financing	30,631	146,972
Cash inflow from new loans	(55,000)	-
	<u>(110,197)</u>	<u>569,573</u>
Change in net funds	(110,197)	569,573
Net funds at 1 January 2002	209,083	(360,490)
	<u>98,886</u>	<u>209,083</u>
<b>Net funds at 31 December 2002</b>		

**LAWRENCE AUTOMOTIVE LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2002**

**1 ACCOUNTING POLICIES**

**(a) Basis of preparation of financial statements**

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

**(b) Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

**(c) Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant, machinery and equipment	10 %
Computers	33 %

**(d) Finance and operating leases**

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

**(e) Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

**(f) Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**(g) Deferred taxation**

Deferred taxation is provided in full on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax liabilities and assets are not discounted.

**LAWRENCE AUTOMOTIVE LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2002**

**1 ACCOUNTING POLICIES (continued)**

**(h) Pensions**

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

**(i) Research and development**

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

**2 OPERATING PROFIT/(LOSS)**

The operating profit/(loss) is stated after charging:

	2002	2001
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	95,936	69,195
- held under finance lease or hire purchase contracts	-	24,590
Audit fees	8,000	8,000
Auditors' remuneration - non audit services	3,720	3,500
Operating lease rentals	207,021	225,612
Foreign exchange differences	(9,188)	(4,640)
Exceptional items:		
Reorganisation costs	54,166	109,286
Write down of parent company debt not recoverable	41,762	1,128,782
Amounts due to fellow subsidiary not payable	-	(1,176,656)
Refinancing costs	57,439	-
Bad debt	164,340	-
	<u>164,340</u>	<u>-</u>

**LAWRENCE AUTOMOTIVE LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2002**

**3 DIRECTORS' EMOLUMENTS AND BENEFITS**

	2002	2001
	£	£
Directors' emoluments	191,315	291,757
Contributions to money purchase pension schemes	8,613	10,817
	<u>          </u>	<u>          </u>

The number of directors accruing benefits under pension schemes were:

	No	No
Money purchase schemes	3	3
	<u>          </u>	<u>          </u>

No directors (2001 - none) were members of company pension schemes.

The highest paid director received emoluments and benefits as follows:

	2002	2001
	£	£
Emoluments and benefits under long term incentive schemes	67,998	81,660
Contributions to money purchase pension schemes	3,605	4,299
	<u>          </u>	<u>          </u>

**4 STAFF COSTS**

Staff costs, including directors' emoluments, were as follows:

	2002	2001
	£	£
Wages and salaries	2,456,795	3,468,747
Social security costs	207,636	312,979
Other pension costs	25,978	33,655
	<u>2,690,409</u>	<u>3,815,381</u>

The average monthly number of employees, including executive directors, during the year was:

	No	No
Production	136	190
Administration	8	8
Selling	2	2
	<u>146</u>	<u>200</u>

**5 INTEREST RECEIVABLE**

	2002	2001
	£	£
Other interest receivable	2,674	2,295
	<u>          </u>	<u>          </u>

**LAWRENCE AUTOMOTIVE LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2002**

**6 INTEREST PAYABLE**

	2002	2001
	£	£
Bank loans and overdrafts	5,205	20,022
Finance charges under finance lease and hire purchase contracts	4,809	11,193
	10,014	31,215

**7 TAXATION**

**(a) Analysis of credit in year**

	2002	2001
	£	£
<b>UK corporation tax</b>		
Adjustments in respect of prior periods	(13,473)	-
	(13,473)	-

**(b) Factors affecting the tax credit for the year**

The tax assessed for the year is lower than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2002	2001
	£	£
Profit/(loss) on ordinary activities before tax	104,543	(546,351)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax of 30% (2001: 30%)	31,363	(163,905)
Effects of:		
Capital allowances in the period in excess of depreciation	(20,205)	-
Depreciation in the period in excess of capital allowances	-	20,564
Expensive leased cars disallowance	1,150	3,461
Expenses not deductible for tax purposes	4,525	337
Restructuring costs disallowed	26,760	18,423
Provisions	(27,150)	19,350
Group relief surrender	-	35,972
Losses carried back	-	7,220
Losses (utilised) / carried forward	(16,443)	58,578
Prior period adjustment	(13,473)	-
Current tax credit for the year	(13,473)	-

**(c) Factors that may affect future tax charges**

The company has losses of approximately £143,000 (2001: £196,000) that are available to be carried forward to be set against future profits.

**LAWRENCE AUTOMOTIVE LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2002**

**8 TANGIBLE FIXED ASSETS**

	<b>Plant &amp; machinery £</b>
<b>Cost</b>	
At 1 January 2002	1,997,133
Additions	21,583
At 31 December 2002	<u>2,018,716</u>
 <b>Depreciation</b>	
At 1 January 2002	1,506,494
Charge for year	95,936
At 31 December 2002	<u>1,602,430</u>
 <b>Net book amount</b>	
At 31 December 2002	<u>416,286</u>
At 31 December 2001	<u><u>490,639</u></u>

The net book amounts of plant and machinery above include £NIL (2001 - £130,132) in respect of assets held under finance leases or hire purchase contracts.

**9 STOCKS**

	2002 £	2001 £
Raw materials	73,218	134,269
Work in progress	313,771	450,677
	<u>386,989</u>	<u>584,946</u>

**10 DEBTORS**

	2002 £	2001 £
<b>Due within one year</b>		
Trade debtors	909,978	904,549
Other debtors	61,860	37,959
Prepayments & accrued income	44,171	39,318
	<u>1,016,009</u>	<u>981,826</u>

**LAWRENCE AUTOMOTIVE LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2002**

**11 CREDITORS**

	2002	2001
	£	£
<b>Amounts falling due within one year</b>		
Loans	27,500	-
Trade creditors	318,103	549,746
Corporation tax	1,000	27,000
Other tax and social security	42,005	71,381
Net obligations under finance lease and hire purchase contracts(note 13)	-	25,756
Other creditors	625,524	790,492
Accruals and deferred income	215,402	229,755
	<u>1,229,534</u>	<u>1,694,130</u>

**12 CREDITORS**

	2002	2001
	£	£
<b>Amounts falling due after more than one year</b>		
Loans	22,625	-
	<u>22,625</u>	<u>-</u>

The loan is from the DTI and repayable in full within two years.

**13 FINANCE LEASES**

Net obligations under finance lease and hire purchase agreements fall due as follows:

	2002	2001
	£	£
Within one year	-	25,756
	<u>-</u>	<u>25,756</u>

Finance lease and hire purchase creditors were secured on the assets concerned.

**LAWRENCE AUTOMOTIVE LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2002**

**14 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Dilapidations Provision £</b>
At 1 January 2002	127,000
At 31 December 2002	<u>127,000</u>

Deferred taxation is provided in full on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax liabilities and assets are not discounted.

The deferred tax asset not recognised in the financial statements is analysed as follows:

	<b>2002 £</b>	<b>2001 £</b>
Capital allowances	(18,991)	(48,602)
Other timing differences	(3,800)	(33,150)
Losses	(27,194)	(58,576)
	<u>(49,985)</u>	<u>(140,328)</u>

**15 SHARE CAPITAL**

	<b>Authorised £</b>	<b>Allotted, called up and fully paid No</b>	<b>£</b>
At 1 January 2002 and 31 December 2002 Ordinary shares of £1 each	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>

**16 RESERVES**

	<b>£</b>
<b>Profit and loss account</b>	
At 1 January 2002	471,118
Profit for the year	118,016
At 31 December 2002	<u>589,134</u>



**LAWRENCE AUTOMOTIVE LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2002**

**17 SHAREHOLDERS' FUNDS**

	2002	2001
	£	£
Shareholders' funds at 1 January 2002	471,120	1,017,471
Profit/(loss) for the year	118,016	(546,351)
Shareholders' funds at 31 December 2002	<u>589,136</u>	<u>471,120</u>

**18 GROSS CASH FLOWS**

	2002	2001
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	2,674	2,295
Interest paid	(5,205)	(20,022)
Interest element of finance lease rentals	(4,809)	(11,193)
	<u>(7,340)</u>	<u>(28,920)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	<u>(21,583)</u>	<u>(24,185)</u>
<b>Financing</b>		
New loans	55,000	-
Loans repaid	(4,875)	-
Capital element of finance lease rentals	(25,756)	(146,972)
	<u>24,369</u>	<u>(146,972)</u>

**19 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 January 2002	Cash flows	Other changes	At 31 December 2002
	£	£	£	£
Cash at bank and in hand	234,839	(85,828)	-	149,011
Debt due within 1 year	-	(27,500)	-	(27,500)
Debt due after 1 year	-	(22,625)	-	(22,625)
Finance leases	(25,756)	25,756	-	-
Total	<u>209,083</u>	<u>(110,197)</u>	<u>-</u>	<u>98,886</u>

**LAWRENCE AUTOMOTIVE LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2002**

**20 OTHER COMMITMENTS**

At 31 December 2002 the company had annual commitments under operating leases as follows:

	Land and buildings		Motor vehicles	
	2002	2001	2002	2001
	£	£	£	£
<b>Expiry date:</b>				
Within one year	-	-	-	8,970
Between one and five years	-	-	13,272	17,676
After more than five years	189,996	189,996	-	-
	<u>189,996</u>	<u>189,996</u>	<u>-</u>	<u>-</u>

**21 CONTINGENT LIABILITIES**

At 31 December 2002, the company entered into cross guarantees with the group's principal lenders relating to the group's borrowings to a value of £5,747,407 (2001: £5,747,407).

On 24 January 2003, this liability was called and accepted as a liability by the company's immediate parent undertaking, Lawrence Automotive Holdings Limited.

Following the restructuring of the group, the company entered into a new cross guarantee arrangement with the group's principal lenders relating to the group's borrowings to a value of £1,500,000.

**22 TRANSACTIONS WITH RELATED PARTIES**

In 2002 Lawrence Automotive paid expenses of £41,762 on behalf of its ultimate parent company Interior Technology Corporation Limited. The resulting debt was written off during the year.

**23 POST BALANCE SHEET EVENTS**

On 24 January 2003, the company was involved in a group reorganisation following its acquisition by Automotive Interior Technologies Corporation Limited (AITC).

Both management and the company's principal funders have invested significant funds into AITC, which at acquisition showed pro-forma, unaudited net assets of £4.3m.

**24 PENSION COSTS**

The company operates two defined contribution pension schemes, the assets of which are held separately from those of the company in an independently administered fund. The pension cost for the year is shown in note 5.

**LAWRENCE AUTOMOTIVE LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2002**

**25 PARENT UNDERTAKINGS**

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Interior Technologies Corporation Limited..

At the year end, Lawrence Automotive Holdings Limited was ultimately controlled by Interior Technologies Corporation Limited.

As stated in note 23, on 24 January 2003, the company and its parent company were sold to Automotive Interior Technologies Corporation Limited, which became both its parent undertaking and its ultimate controlling party.