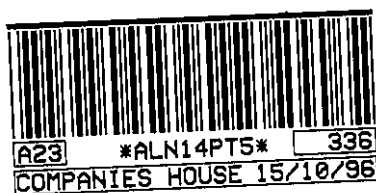


**THE WINGHAM ENGINEERING
COMPANY LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

29 FEBRUARY 1996



Company No. 29196

THE WINGHAM ENGINEERING COMPANY LIMITED

FINANCIAL STATEMENTS

For the year ended 29 FEBRUARY 1996

Company registration number: 29196

Registered office: Unit 8 Building 2
Sandwich Industrial Estate
Sandwich
KENT
CT13 9LY

Administrative office: Unit 8 Building 2
Sandwich Industrial Estate
Sandwich
KENT
CT13 9LY

Directors: M McGuirk
G A Ravenscroft
M G Hart

Secretary: M G Hart

Bankers: Barclays Bank PLC
9 St Georges Street
Canterbury
KENT
CT1 2JX

Auditors: Grant Thornton
Registered auditors
Chartered accountants
Grant Thornton House
Melton Street
Euston Square
LONDON
NW1 2EP

THE WINGHAM ENGINEERING COMPANY LIMITED

FINANCIAL STATEMENTS

For the year ended 29 FEBRUARY 1996

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THE WINGHAM ENGINEERING COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 29 February 1996.

Business review and future developments

The principal activities remained unchanged and comprise general engineering and the management of its freehold site at Wingham.

The financial results are set out in the profit and loss account. The retained profit for the financial year of £163,918 (1995: £145,825) has been added to the retained profits brought forward.

On 29 February 1996 the trade, assets and liabilities of a fellow subsidiary undertaking, Oaks Plant Hire Limited were transferred to the company. From 1 March 1996 onwards, this part of the business will continue to trade as Oaks Plant Hire, a division of The Wingham Engineering Company Limited.

Dividends

The directors recommend a payment in full of the dividend on the 7% £10 preference shares.

During the year a dividend amounting to £ 653 (1995: £645) was paid to the holders of 921 7% £10 preference shares. The holders of 2,574 7% £10 preference shares and the 1% non-cumulative second preference shares of 25p have waived their entitlement to a dividend.

The directors do not recommend the payment of a dividend for the year on the ordinary shares.

Tangible fixed assets

Changes in tangible fixed assets are shown in note 5 to the financial statements.

Directors

The directors holding office throughout the year are shown in the table below, together with their interests in the 7% preference shares of £10 each which are held to comply with the company's articles of association.

| <u>Name of director</u> | Share interests |
|-------------------------|-----------------------------------|
| | 1 March 1995 and 29 February 1996 |
| M McGuirk | 10 |
| G A Ravenscroft | 10 |
| M G Hart | 10 |

Their interests in the share capital of the parent company are disclosed in the directors' report of that company.

Directors' responsibilities for 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:

THE WINGHAM ENGINEERING COMPANY LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities (continued)

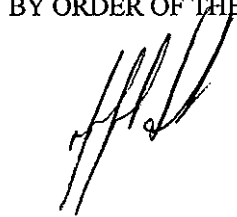
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



M G HART
Secretary

13 August 1996

**REPORT OF THE AUDITORS TO THE MEMBERS OF
THE WINGHAM ENGINEERING COMPANY LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on pages 1 and 2, 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 the company's affairs as at 29 February 1996 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LONDON

21 August 1996

THE WINGHAM ENGINEERING COMPANY LIMITED

PRINCIPAL ACCOUNTING POLICIES

The following policies, which have been consistently applied, are considered material in relation to the company's financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules set out in Schedule 4 Companies Act 1985, as modified by the revaluation of investment properties, and in accordance with applicable UK Accounting Standards.

Group financial statements

Consolidated financial statements of the company and its subsidiary undertaking have not been prepared as the company is itself a wholly owned subsidiary undertaking of another company.

Depreciation

In accordance with Statement of Standard Accounting Practice No. 19, investment properties are stated at their open market value and no depreciation is charged thereon. In the opinion of the directors it is necessary to adopt this accounting policy for the financial statements to show a true and fair view. It is not practical to quantify the depreciation which would otherwise have been charged.

Depreciation is provided on the net cost of other fixed assets at rates and on bases designed to write off the assets over their estimated useful lives. The following rates and bases have been applied:

| | |
|--|-----------------------|
| Plant and machinery - operator controlled | 3% per month on cost |
| Plant and machinery - not requiring operator | 2% per month on cost |
| Fixtures, fittings and equipment | 25% per annum on cost |

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises material, labour and those overheads directly related to the contract. Net realisable value represents anticipated proceeds after selling costs.

Deferred taxation

Provision for deferred taxation is made in the financial statements using the liability method on all material timing differences, unless it can be demonstrated with reasonable probability that such timing differences will not reverse in the foreseeable future.

Leased assets

Assets held under finance leases and hire purchases contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

THE WINGHAM ENGINEERING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 29 FEBRUARY 1996

| | Note | 1996 £ | 1995 £ |
|--|------|------------------|------------------|
| Turnover | 1 | 639,404 | 580,066 |
| Cost of sales | | <u>(336,265)</u> | <u>(289,513)</u> |
| Gross profit | | 303,139 | 290,553 |
| Administrative expenses | | <u>(136,844)</u> | <u>(135,760)</u> |
| Profit on ordinary activities before taxation | 2 | 166,295 | 154,793 |
| Taxation on profit on ordinary activities | 3 | <u>(1,724)</u> | <u>(8,323)</u> |
| Profit for the financial year | | 164,571 | 146,470 |
| Dividends | 4 | <u>(653)</u> | <u>(645)</u> |
| Retained profit for the financial year | | <u>163,918</u> | <u>145,825</u> |
| Statement of retained earnings | | | |
| Retained profits at 1 March 1995 | | 257,824 | 111,999 |
| Retained profit for the financial year | | <u>163,918</u> | <u>145,825</u> |
| Retained profits at 29 February 1996 | | <u>421,742</u> | <u>257,824</u> |

All transactions arise from continuing operations.

All recognised gains and losses are included in the profit and loss account.

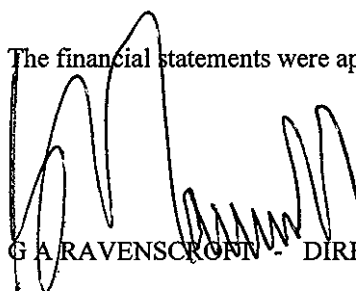
The accompanying accounting policies and notes form an integral part of these financial statements.

THE WINGHAM ENGINEERING COMPANY LIMITED

BALANCE SHEET AT 29 FEBRUARY 1996

| | Note | 1996 £ | 1995 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 5 | 1,062,542 | 966,774 |
| Investment | 6 | 910 | 910 |
| | | <u>1,063,452</u> | <u>967,684</u> |
| Current assets | | | |
| Stocks | 7 | 122,271 | 49,253 |
| Debtors | 8 | 316,296 | 244,523 |
| Cash at bank and in hand | | 123,777 | 68,809 |
| | | <u>562,344</u> | <u>362,585</u> |
| Creditors: amounts falling due within one year | 9 | <u>(245,036)</u> | <u>(138,143)</u> |
| Net current assets | | <u>317,308</u> | <u>224,442</u> |
| Total assets less current liabilities | | <u>1,380,760</u> | <u>1,192,126</u> |
| Creditors: amounts falling due after more than one year | 10 | <u>(24,716)</u> | <u>-</u> |
| Net assets | | <u>1,356,044</u> | <u>1,192,126</u> |
| Capital and reserves | | | |
| Called-up share capital | 11 | 169,520 | 169,520 |
| Revaluation reserve | 12 | 764,782 | 764,782 |
| Profit and loss account | | <u>421,742</u> | <u>257,824</u> |
| Shareholders' funds | 13 | <u>1,356,044</u> | <u>1,192,126</u> |

The financial statements were approved by the Board of Directors on 13th August 1996


G. A. RAVENSCROFT - DIRECTOR

The accompanying accounting policies and notes form an integral part of these financial statements.

THE WINGHAM ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 29 FEBRUARY 1996

1 TURNOVER

Turnover comprises amounts invoiced in respect of goods and services supplied during the year, excluding value added tax. All turnover arose within the United Kingdom.

| | 1996 £ | 1995 £ |
|-----------------------------|----------------|----------------|
| An analysis by activity is: | | |
| General engineering | 494,434 | 439,279 |
| Rental income | 144,970 | 140,787 |
| | <u>639,404</u> | <u>580,066</u> |

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 1996 £ | 1995 £ |
|---------------------------------|----------------|----------------|
| (a) An analysis by activity is: | | |
| General engineering | 27,005 | 13,531 |
| Net rental income | 139,290 | 141,262 |
| | <u>166,295</u> | <u>154,793</u> |

(b) The profit is stated after charging/(crediting):

| | | |
|---------------------------------------|----------------|-----------|
| Depreciation on tangible fixed assets | 3,683 | 7,001 |
| Auditors' remuneration | | |
| - audit services | 3,250 | 2,546 |
| - other services | 500 | 500 |
| Hire of plant and machinery | 13,430 | 9,295 |
| Net rental income | (139,290) | (141,262) |
| Profit on disposal of fixed assets | <u>(1,799)</u> | <u>-</u> |

Number of staff

(c) Staff. The table below includes directors:

| | | |
|-------------------------------|----------|-----------|
| Management and administration | 6 | 6 |
| Production and warehousing | 3 | 4 |
| | <u>9</u> | <u>10</u> |

| | £ | £ |
|---------------------|---------------|---------------|
| Wages and salaries | 60,056 | 67,422 |
| Social security | 6,860 | 7,361 |
| Other pension costs | 156 | 156 |
| | <u>67,072</u> | <u>74,939</u> |

The directors received their remuneration from the holding company

THE WINGHAM ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 29 FEBRUARY 1996

3 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

| | 1996 £ | 1995 £ |
|---|--------------|--------------|
| Taxation based on the year's results: | | |
| Corporation tax at 25% (1995: 25%) on the profit for the year | 8,000 | 8,217 |
| Adjustment in respect of prior years | (6,276) | 106 |
| | <u>1,724</u> | <u>8,323</u> |

4 DIVIDENDS

| | 1996 £ | 1995 £ |
|-------------------------------------|------------|------------|
| Preference dividends at 7% proposed | <u>653</u> | <u>645</u> |

Dividends on 2,574 7% £10 preference shares and 448,568 1% non-cumulative second preference shares of 25p have been waived.

5 TANGIBLE ASSETS

| | Freehold investment property £ | Plant and machinery £ | Fixtures, fittings and equipment £ | Total £ |
|---------------------------------------|---|-----------------------------|---|------------------|
| Cost or valuation at 1 March 1995 | 957,156 | 30,562 | 34,788 | 1,022,506 |
| Disposals | - | - | (10,636) | (10,636) |
| Group transfers | - | 395,449 | 104,900 | 500,349 |
| Cost or valuation at 29 February 1996 | <u>957,156</u> | <u>426,011</u> | <u>129,052</u> | <u>1,512,219</u> |
| Depreciation at 1 March 1995 | - | 22,184 | 33,548 | 55,732 |
| Disposals | - | - | (10,635) | (10,635) |
| Charge for the year | - | 2,449 | 1,234 | 3,683 |
| Group transfers | - | 328,368 | 72,529 | 400,897 |
| Depreciation at 29 February 1996 | <u>-</u> | <u>353,001</u> | <u>96,676</u> | <u>449,677</u> |
| Book value: | | | | |
| 29 February 1996 | <u>957,156</u> | <u>73,010</u> | <u>32,376</u> | <u>1,062,542</u> |
| 28 February 1995 | <u>957,156</u> | <u>8,378</u> | <u>1,240</u> | <u>966,774</u> |

THE WINGHAM ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 29 FEBRUARY 1996

TANGIBLE ASSETS (CONTINUED)

On 29 February 1996 assets held under hire purchase contracts with a net book value of £48,690 were transferred from Oaks Plant Hire Limited, a fellow subsidiary undertaking. The depreciation charged on these assets during the year was £3,585. This depreciation was charged in Oaks Plant Hire Limited as the assets were held in that company's books until 29 February 1996.

The investment property is stated at open market value as prepared by Cluttons, Chartered Surveyors as at July 1993. If land and buildings had not been revalued they would have been stated at a cost of £209,958.

If the investment property has been sold at its revalued amount at the balance sheet date, there would have been a maximum corporation tax liability of approximately £175,000. As there is no intention to sell the property in the foreseeable future, no provision for deferred tax has been made.

6 INVESTMENT

The company beneficially owns the whole of the issued share capital of Torque Tools (Tohnichi) Limited, a company registered in England and Wales and which does not trade.

7 STOCKS

The basis of valuation is set out in the statement of accounting policies.

The total comprises:

Raw materials and consumables

Finished goods

| 1996 | 1995 |
|----------------|---------------|
| £ | £ |
| 70,577 | 25,030 |
| 51,694 | 24,223 |
| <u>122,271</u> | <u>49,253</u> |

8 DEBTORS

Trade debtors

Amounts owed by group undertakings

Other debtors

Prepayments and accrued income

| 1996 | 1995 |
|----------------|----------------|
| £ | £ |
| 99,751 | 35,847 |
| 214,907 | 186,022 |
| 350 | 365 |
| 1,288 | 22,289 |
| <u>316,296</u> | <u>244,523</u> |

THE WINGHAM ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 29 FEBRUARY 1996

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 1996 £ | 1995 £ |
|--|----------------|----------------|
| Current portion of hire purchase liabilities (note 10) | 17,788 | - |
| Trade creditors | 29,363 | 23,225 |
| Amounts owed to group undertakings | 122,261 | 87,119 |
| Corporation tax | 12,000 | 8,217 |
| Other taxes and social security | 32,012 | 6,675 |
| Other creditors | 686 | 680 |
| Proposed dividend | 653 | 645 |
| Accruals and deferred income | 30,273 | 11,582 |
| | <u>245,036</u> | <u>138,143</u> |

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 1996 £ | 1995 £ |
|--|---------------|-----------|
| Hire purchase liabilities | 42,504 | - |
| Less: amounts falling due within one year (note 9) | (17,788) | - |
| | <u>24,716</u> | <u>-</u> |

11 SHARE CAPITAL

| | 1996 £ | 1995 £ |
|--|----------------|----------------|
| Authorised: | | |
| 7% preference shares of £10 each | 34,950 | 34,950 |
| 1% Non-cumulative second preference shares of 25p each | 112,142 | 112,142 |
| Ordinary shares of 5p each | 137,908 | 137,908 |
| | <u>285,000</u> | <u>285,000</u> |
| Issued and fully paid: | | |
| 7% preference shares of £10 each | 34,950 | 34,950 |
| 1% Non-cumulative second preference shares of 25p each | 112,142 | 112,142 |
| Ordinary shares of 5p each | 22,428 | 22,428 |
| | <u>169,520</u> | <u>169,520</u> |

12 REVALUATION RESERVE

| | 1996 £ | 1995 £ |
|---|----------------|----------------|
| At 1 March 1995 and at 29 February 1996 | <u>764,782</u> | <u>764,782</u> |

THE WINGHAM ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 29 FEBRUARY 1996

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 1996 | 1995 |
|-------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Profit for the financial year | 164,571 | 146,470 |
| Dividends | <u>(653)</u> | <u>(645)</u> |
| Net addition to shareholders' funds | 163,918 | 145,825 |
| Opening shareholders' funds | <u>1,192,126</u> | <u>1,046,301</u> |
| Closing shareholders' funds | <u><u>1,356,044</u></u> | <u><u>1,192,126</u></u> |

14 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Ramac Holdings Limited, a company registered in England and Wales.

15 CONTINGENT LIABILITIES

The company has given an unlimited guarantee to secure bank borrowings of group undertakings. At 29 February 1996 these borrowings amounted to £930,000 (1995: £582,000).

16 CAPITAL COMMITMENTS

There were no capital commitments at 29 February 1996 or at 28 February 1995.