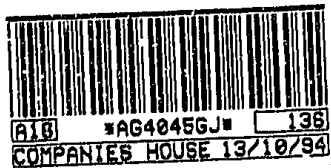


Registrar

THE WINGHAM ENGINEERING COMPANY LIMITED

ANNUAL REPORT

YEAR ENDED 28 FEBRUARY 1994



THE WINGHAM ENGINEERING COMPANY LIMITED

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DIRECTORS

M. McGuirk  
G.A. Ravenscroft  
M.G. Hart

SECRET/RY AND REGISTERED OFFICE

M.G. Hart  
Unit 8, Building 2  
Sandwich Industrial Estate  
Sandwich  
Kent CT13 9LY

ADMINISTRATIVE OFFICE

Unit 8, Building 2  
Sandwich Industrial Estate  
Sandwich  
Kent CT13 9LY

AUDITORS

Grant Thornton  
Chartered Accountants  
Grant Thornton House  
22 Melton Street  
Euston Square  
London NW1 2EP

BANKERS

Barclays Bank PLC  
9 St. Georges Street  
Canterbury  
Kent CT1 2JX

REGISTERED NUMBER  
29196

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## THE WINGHAM ENGINEERING COMPANY LIMITED

## DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 28 February 1994.

## BUSINESS REVIEW

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.

## DIVIDENDS

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

During the year a dividend amounting to £645 (1993: £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.

## TANGIBLE FIXED ASSETS

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

## DIRECTORS

The directors holding office at the end of 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>	<u>Share interests</u>	
	<u>1.3.1993 and 28.2.1994</u>	
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 and 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;
- 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.

DIRECTORS' REPORT (CONTINUED)

AUDITORS

The previous auditors, Cape & Dalgleish, have merged their practice with Grant Thornton with effect from 4 July 1994. For that reason, a resolution for the appointment of Grant Thornton as auditors will be proposed at the Annual General Meeting.

Approved and signed on behalf of the Board of Directors

A handwritten signature in dark ink, appearing to be 'M.G. Hart', written over a horizontal line.

M.G. HART  
Secretary

3 August 1994

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

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described in the directors' report on page 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.

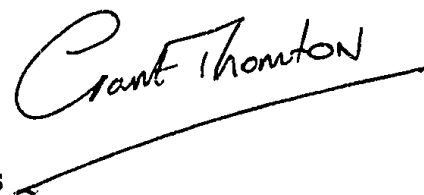
Basis of opinion

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 28 February 1994 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

3 August 1994

THE WINGHAM ENGINEERING COMPANY LIMITED

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PROFIT AND LOSS ACCOUNT

YEAR ENDED 28 FEBRUARY 1994

	<u>Note</u>	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Turnover	1	538,487	671,235
Cost of sales		(272,573)	(407,786)
Gross profit		265,914	263,449
Administrative expenses		(144,877)	(179,159)
Operating profit		121,037	84,290
Interest receivable		-	763
Profit on ordinary activities before taxation	2	121,037	85,053
Taxation on profit on ordinary activities	3	(12,362)	(83,214)
Profit for the financial year		108,675	1,839
Dividends	4	(645)	(645)
Retained profit for the financial year		108,030	1,194
		=====	=====

STATEMENT OF RETAINED EARNINGS

Retained profits brought forward	3,969	2,775
Retained profit for the financial year	108,030	1,194
Retained profits at 28 February 1994	111,999	3,969
	=====	=====

All transactions arise from continuing operations.

THE WINGHAM ENGINEERING COMPANY LIMITED

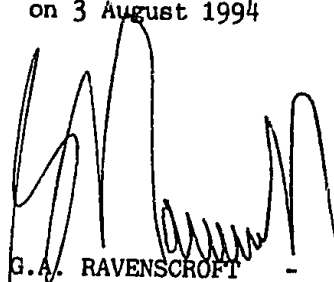
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BALANCE SHEET

AS AT 28 FEBRUARY 1994

	Note	1994 £	1993 £
FIXED ASSETS			
Tangible assets	5	963,980	940,470
Investment	6	910	910
		-----	-----
		964,890	941,380
		-----	-----
CURRENT ASSETS			
Stocks	7	100,822	93,474
Debtors	8	262,542	256,731
Cash at bank and in hand		103,458	100,954
		-----	-----
		466,822	451,159
		-----	-----
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(385,411)	(459,268)
		-----	-----
NET CURRENT ASSETS/(LIABILITIES)		81,411	(8,109)
		-----	-----
NET ASSETS		1,046,301	933,271
		=====	=====
CAPITAL AND RESERVES			
Called-up share capital	10	169,520	169,520
Revaluation reserve	11	764,782	759,782
Profit and loss account		111,999	3,969
		-----	-----
Shareholders' funds	12	1,046,301	933,271
		=====	=====

Approved and signed on behalf of the Board of Directors  
on 3 August 1994

  
G.A. RAVENSCROFT - DIRECTOR



THE WINGHAM ENGINEERING COMPANY LIMITED

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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 28 FEBRUARY 1994

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Profit for the financial year	108,675	1,839
Unrealised surplus on revaluation of freehold investment property	5,000	-
Total recognised gains and losses	<u>113,675</u> =====	<u>1,839</u> =====



## STATEMENT OF ACCOUNTING POLICIES

YEAR ENDED 28 FEBRUARY 1994

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

(a) 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. The company is exempt from producing a cash flow statement.

(b) 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.

(c) 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

(d) Stocks

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.

(e) 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.

## NOTES TO THE ACCOUNTS

YEAR ENDED 28 FEBRUARY 1994

## 1. TURNOVER

Turnover comprises amounts invoiced in respect of goods and services supplied during the year, excluding value added tax.

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
An analysis by activity is:		
General engineering	404,580	535,118
Rental income	133,907	136,117
	-----	-----
	538,487	671,235
	=====	=====

## 2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) An analysis by activity is:

General engineering	(9,986)	(51,217)
Rental income	131,023	136,270
	-----	-----
	121,037	85,053
	=====	=====

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

Depreciation on tangible fixed assets	8,519	10,234
Auditors' remuneration - audit services	3,841	6,500
- other services	500	500
Hire of plant and machinery	11,944	12,158
Net rental income	(131,023)	(136,270)
Profit on disposal of fixed assets	(872)	-
	=====	=====

(c) Staff. The table below includes directors:

	<u>Number of staff</u>	
Management and administration	6	7
Production and warehousing	4	3
	---	---
	10	10
	===	===

	<u>£</u>	<u>£</u>
Wages and salaries	63,098	85,571
Social security	7,502	8,381
Other pension costs	156	228
	-----	-----
	70,756	94,180
	=====	=====

The directors received their remuneration from the holding company.

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
Taxation based on the year's results:		
Corporation tax at 25% (1993: nil) on the profit for the year	7,000	-
Adjustment in respect of prior years	5,362	214
Group relief	-	83,000
	-----	-----
	12,362	83,214
	=====	=====

## NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 28 FEBRUARY 1994

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
4. DIVIDENDS		
Preference dividends at 7% proposed	645	645
	===	===

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

	<u>Freehold investment property</u>	<u>Plant and machinery</u>	<u>Fixtures, fittings and equipment</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
5. TANGIBLE ASSETS				
Cost or valuation at 1 March 1993	925,000	29,609	62,453	1,017,062
Additions	27,156	-	-	27,156
Disposals	-	-	(17,208)	(17,208)
Revaluation in year	5,000	-	-	5,000
	-----	-----	-----	-----
Cost or valuation at 28 February 1994	957,156	29,609	45,245	1,032,010
	=====	=====	=====	=====
Depreciation at 1 March 1993	-	29,591	47,001	76,592
Disposals	-	-	(17,081)	(17,081)
Charge for the year	-	-	8,519	8,519
	-----	-----	-----	-----
Depreciation at 28 February 1994	-	29,591	38,439	68,030
	=====	=====	=====	=====
Book value:				
28 February 1994	957,156	18	6,806	963,980
	=====	=====	=====	=====
28 February 1993	925,000	18	15,452	940,470
	=====	=====	=====	=====

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 had been sold at its revalued amount at the balance sheet date, there would have been a maximum corporation tax liability of approximately £284,000. 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 which does not trade.

## NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 28 FEBRUARY 1994

	<u>1994</u> £	<u>1993</u> £
<b>7. STOCKS</b>		
The basis of valuation is set out in the statement of accounting policies.		
The total comprises:		
Raw materials and consumables	23,572	35,588
Finished stock	77,250	57,886
	-----	-----
	100,822	93,474
	=====	=====
<b>8. DEBTORS</b>		
Trade debtors	76,655	68,856
Amounts owed by group undertakings	184,883	187,347
Other debtors	150	-
Prepayments and accrued income	854	528
	-----	-----
	262,542	256,731
	=====	=====
<b>9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Trade creditors	17,533	11,379
Amounts owed to group undertakings	322,815	413,611
Corporation tax	7,000	-
Other taxes and social security	15,820	17,552
Other creditors	6,277	673
Proposed dividend	645	645
Accruals and deferred income	15,321	15,408
	-----	-----
	385,411	459,268
	=====	=====
<b>10. SHARE CAPITAL</b>		
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
	-----	-----
	285,000	285,000
	=====	=====
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
	-----	-----
	169,520	169,520
	=====	=====
<b>11. REVALUATION RESERVE</b>		
At 1 March 1993	759,782	759,782
Revaluation surplus in year	5,000	-
	-----	-----
At 28 February 1994	764,782	759,782
	=====	=====

## NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 28 FEBRUARY 1994

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
Profit for the financial year	108,675	1,839
Revaluation surplus in year	5,000	-
Dividends	(645)	(645)
Net addition to shareholders' funds	<u>113,030</u>	<u>1,194</u>
Opening shareholders' funds	933,271	932,077
Closing shareholders' funds	<u>1,046,301</u> =====	<u>933,271</u> =====

## 13. HOLDING COMPANY

The holding company is Ramac Holdings Limited, a company registered in England.

## 14. CONTINGENT LIABILITIES

The company has given an unlimited guarantee to secure bank borrowings of group undertakings. At 28 February 1994 these borrowings amounted to £740,000.