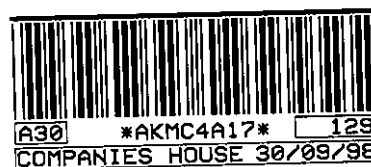


T M A ENGINEERING LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
28 FEBRUARY 1998**

REGISTERED NUMBER: 1126971 (ENGLAND AND WALES)



T M A ENGINEERING LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1998**

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T M A ENGINEERING LIMITED

**COMPANY INFORMATION
AS AT 28 FEBRUARY 1998**

DIRECTORS

T M Albutt
R B Rogers

SECRETARY

G Albutt

REGISTERED OFFICE

95/111 Tyburn Road
Birmingham
B24 8NQ

AUDITORS

Raftery & Co.
Chartered Accountants
Marlborough House
Warwick Road
Solihull
West Midlands
B91 3DA

A member of the UK200 Group of Practising Chartered Accountants

T M A ENGINEERING LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 28 February 1998.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was engineering.

No significant change in the nature of these activities occurred during the year.

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £186,213.

The directors are satisfied with the continuing improvement in turnover during the year.

DIVIDENDS

The directors have paid a dividend during the year amounting to £90,000.

POST BALANCE SHEET EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial year ended 28 February 1998.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		1998	1997
T M Albutt	Ordinary shares	6,120	6,120
R B Rogers	Ordinary shares	5,880	5,880

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 as at the end of the financial year and of the profit or 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; and
- 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 maintaining 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CLOSE COMPANY

The company is a close company, as defined by the Income and Corporation Taxes Act 1988.

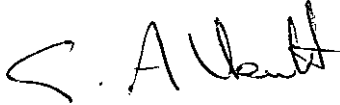
T M A ENGINEERING LIMITED

DIRECTORS' REPORT

AUDITORS

The auditors, Raftery & Co., will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

By order of the board:

A handwritten signature in dark ink, appearing to read 'G. Albutt', written over a horizontal line.

G Albutt
Secretary

Date: 14-9-98

T M A ENGINEERING LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, 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 as to whether 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 28 February 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Raftery & Co.
Chartered Accountants
Registered Auditors
Marlborough House
Warwick Road
Solihull
West Midlands
B91 3DA**

A member of the UK200 Group of Practising Chartered Accountants

Date signed:*29/4/98*.....

T M A ENGINEERING LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 FEBRUARY 1998**

	Notes	1998 £	1997 £
TURNOVER	2	3,198,133	2,712,665
Cost of sales		2,126,967	1,806,059
GROSS PROFIT		1,071,166	906,606
Administrative expenses		781,673	600,579
OPERATING PROFIT	3	289,493	306,027
Investment income and interest receivable	4	3,274	122
Interest payable and similar charges	5	(27,078)	(32,248)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		265,689	273,901
Tax on profit on ordinary activities	8	(79,476)	(52,632)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		186,213	221,269
Dividends	9	(90,000)	(70,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR	20	96,213	151,269

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 17 form part of these financial statements.

T M A ENGINEERING LIMITED**BALANCE SHEET
AT 28 FEBRUARY 1998**

	Notes	£	1998 £	£	1997 £
FIXED ASSETS					
Intangible assets	10		70,000		90,000
Tangible assets	11		568,841		466,257
			638,841		556,257
CURRENT ASSETS					
Stocks	12	445,600		377,567	
Debtors	13	648,421		696,448	
Cash at bank and in hand		135,193		109,304	
		1,229,214		1,183,319	
CREDITORS: amounts falling due within one year	14	(858,008)		(822,878)	
NET CURRENT ASSETS			371,206		360,441
TOTAL ASSETS LESS CURRENT LIABILITIES			1,010,047		916,698
CREDITORS: amounts falling due after more than one year	15		(255,091)		(261,811)
PROVISIONS FOR LIABILITIES AND CHARGES			(15,188)		(11,332)
NET ASSETS			739,768		643,555
CAPITAL AND RESERVES					
Called up share capital	18		12,000		12,000
Revaluation reserve	19		120,577		120,577
Profit and loss account	20		607,191		510,978
TOTAL SHAREHOLDERS' FUNDS	21		739,768		643,555

Approved by the board of directors on 14/9/98..... and signed on its behalf by:

R B Rogers
Director



The notes on pages 8 to 17 form part of these financial statements.

T M A ENGINEERING LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 1998**

	Notes	1998 £	1997 £
CASH FLOW FROM OPERATING ACTIVITIES	3	307,726	439,599
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	22	(23,804)	(32,126)
TAXATION	22	(58,318)	(27,617)
CAPITAL EXPENDITURE	22	(146,634)	(168,235)
EQUITY DIVIDENDS PAID		(90,000)	(70,000)
Cash outflow before use of liquid resources and financing		(11,030)	141,621
FINANCING	22	36,919	146,713
INCREASE IN CASH IN THE YEAR		<u>25,889</u>	<u>288,334</u>

**RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET DEBT**

23

INCREASE IN CASH IN THE YEAR	25,889	288,334
Cash inflow from increase in debt and lease financing	(36,919)	(146,713)
Change in net debt resulting from cash flows	(11,030)	141,621
New finance leases	(35,253)	-
Movement in net debt in the year	(46,283)	141,621
Net debt at 1 March 1997	(216,766)	(358,387)
Net debt at 28 February 1998	<u>(263,049)</u>	<u>(216,766)</u>

The notes on pages 8 to 17 form part of these financial statements.

T M A ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 1998

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and are in accordance with applicable accounting standards.

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separate net assets. Depending on the circumstances of each acquisition, goodwill is either set off directly against reserves or amortised through the profit and loss account over the directors' estimate of its estimated economic life.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Freehold land and buildings	2% on cost
Long leasehold land and buildings	Over the term of the lease
Plant and machinery	20% on written down value
Office equipment and fittings	25% on written down value
Motor vehicles	25% on written down value

Amortisation of intangible fixed assets

Intangible fixed assets, other than goodwill, are amortised over the director's estimate of their economic useful life.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

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 of exchange ruling at the date of the transaction. Exchange differences are taken into the profit and loss account for the year.

T M A ENGINEERING LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1998****1. STATEMENT OF ACCOUNTING POLICIES - (continued)****Leasing and hire purchase commitments**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Pension costs

The company operates defined contribution pension schemes. Contributions payable to these schemes are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

2. TURNOVER

	1998 £	1997 £
Analysis by geographical market:		
UK	3,115,362	2,607,032
Rest of Europe	59,910	12,564
Rest of the World	22,861	93,069
	<u>3,198,133</u>	<u>2,712,665</u>

Turnover is attributable to the one principal activity of the company.

3. OPERATING PROFIT

Operating profit is stated:	1998 £	1997 £
After charging:		
Depreciation of owned assets	49,838	31,849
Depreciation of financed assets	18,845	33,395
Amortisation of intangible assets	20,000	10,000
Auditors' remuneration	5,600	5,500
Operating lease rentals		
Land and buildings	<u>22,875</u>	<u>20,000</u>

T M A ENGINEERING LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1998****3. OPERATING PROFIT - (continued)****Reconciliation of operating profit to net
cash inflow from operating activities**

	1998 £	1997 £
Operating profit	289,492	306,027
Depreciation	62,923	59,574
Amortisation	25,760	15,763
Profit on disposal of fixed assets	(1,678)	2,884
Increase in stocks	(68,033)	(147,012)
Decrease in debtors	48,025	(88,628)
Decrease in creditors	(48,763)	290,991
Net cash inflow from operating activities	307,726	439,599

4. INVESTMENT INCOME AND INTEREST RECEIVABLE

	1998 £	1997 £
Interest received and receivable		
Bank interest	3,274	122

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
On bank loans and overdrafts	15,017	20,678
Lease finance charges and hire purchase interest	6,311	7,195
Other interest	5,750	4,375
	27,078	32,248

6. INFORMATION ON DIRECTORS AND EMPLOYEES

	1998 £	1997 £
Staff costs		
Wages and salaries	1,261,887	1,070,191
Social security costs	125,891	103,488
Other pension costs	88,690	36,558
	1,476,468	1,210,237

T M A ENGINEERING LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1998****6. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)**

	1998 No.	1997 No.
The average number of employees during the year was made up as follows:		
management and office	15	11
production and fitting	45	40
service	11	10
	<u>71</u>	<u>61</u>
	1998 £	1997 £
Directors' emoluments		
Emoluments	125,688	111,800
Pension contributions to money purchase schemes in respect of the two directors	<u>71,824</u>	<u>19,224</u>
	<u>197,512</u>	<u>131,024</u>

7. PENSION COSTS**Defined contribution scheme**

The company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £88,690 (1997 £36,558).

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
The taxation charge comprises:		
UK Corporation tax	58,000	53,000
Transfer to deferred tax	3,856	185
Adjustment in respect of prior years	<u>17,620</u>	<u>(553)</u>
	<u>79,476</u>	<u>52,632</u>

T M A ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1998**

9. DIVIDENDS PAID OR PROPOSED

	1998 £	1997 £
On ordinary shares:		
Dividend paid	90,000	70,000
	<u>90,000</u>	<u>70,000</u>

10. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost:	
At 1 March 1997 and at 28 February 1998	100,000
Amortisation:	
At 1 March 1997	10,000
Charge for year	20,000
At 28 February 1998	30,000
Net book value:	
At 28 February 1998	70,000
At 28 February 1997	90,000

11. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost:					
At 1 Mar. 97	229,000	342,050	37,762	196,292	805,104
Additions	57,246	32,000	5,399	126,276	220,921
Disposals	-	-	-	(109,138)	(109,138)
At 28 Feb. 98	286,246	374,050	43,161	213,430	916,887
Depreciation:					
At 1 Mar. 97	5,763	227,612	26,178	79,294	338,847
Charge for year	5,760	23,485	3,474	35,964	68,683
On disposals	-	-	-	(59,484)	(59,484)
At 28 Feb. 98	11,523	251,097	29,652	55,774	348,046
Net book value:					
At 28 Feb. 98	274,723	122,953	13,509	157,656	568,841
At 28 Feb. 97	223,237	114,438	11,584	116,998	466,257

T M A ENGINEERING LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1998****11. TANGIBLE FIXED ASSETS - (continued)**

	1998 £	1997 £
Analysis of net book value of land and buildings:		
Freehold	217,490	223,237
Long leasehold	57,233	-
	<u>274,723</u>	<u>223,237</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	1998 £	1997 £
Net book values:		
Plant and machinery	45,644	49,847
Motor vehicles	123,771	88,365
	<u>169,415</u>	<u>138,212</u>

The company's freehold property was revalued on 24 July 1995 at £229,000 by Cecil Cariss & Son Chartered Surveyors. If the company's freehold property had not been revalued it would have been included in the balance sheet at historic cost of £143,149 and accumulated depreciation of £30,252 (1997 £143,149 and £27,396 respectively).

12. STOCKS

	1998 £	1997 £
Work in progress	183,715	129,000
Raw materials and consumables	31,675	21,910
Finished goods and goods for resale	230,210	226,657
	<u>445,600</u>	<u>377,567</u>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

13. DEBTORS

	1998 £	1997 £
Trade debtors	633,559	683,185
Other debtors	2,312	1,003
Prepayments and accrued income	12,550	12,260
	<u>648,421</u>	<u>696,448</u>

T M A ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1998**

14. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Loans and bank overdraft	66,993	15,488
Net obligations under finance leases and hire purchase contracts	76,158	48,771
Trade creditors	360,841	434,224
Corporation tax	58,000	53,000
Other taxes and social security costs	119,339	97,822
Directors' current accounts	91,717	78,117
Other creditors	19,984	64,653
Accruals and deferred income	64,976	30,803
	<u>858,008</u>	<u>822,878</u>
Creditors secured on specific fixed assets	<u>76,229</u>	<u>64,259</u>

15. CREDITORS: amounts falling due after more than one year

	1998 £	1997 £
Loans	232,679	247,265
Net obligations under finance leases and hire purchase contracts	22,412	14,546
	<u>255,091</u>	<u>261,811</u>
Instalments not due within five years	<u>30,000</u>	<u>(61,000)</u>
Creditors secured on specific fixed assets	<u>170,180</u>	<u>161,811</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Not provided		Provided	
	1998 £	1997 £	1998 £	1997 £
Deferred tax is analysed over the following timing differences:				
On the excess of capital allowances over depreciation	-	-	15,188	11,332
On other timing differences	3,300	6,000	-	-
	<u>3,300</u>	<u>6,000</u>	<u>15,188</u>	<u>11,332</u>

T M A ENGINEERING LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1998****17. PROVISIONS FOR LIABILITIES AND CHARGES - (continued)**

	1998 £
The movements in deferred taxation are as follows:	
At 1 March 1997	11,332
Transferred from profit and loss account	3,856
At 28 February 1998	<u>15,188</u>

18. SHARE CAPITAL

	1998 £	1997 £
Authorised:		
Equity interests:		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid:		
Equity interests:		
12,000 Ordinary shares of £1 each	<u>12,000</u>	<u>12,000</u>

19. REVALUATION RESERVE

	1998 £	1997 £
Balance at beginning and end of year	<u>120,577</u>	<u>120,577</u>

20. PROFIT AND LOSS ACCOUNT

	1998 £	1997 £
Retained profit at 1 March 1997	510,978	359,709
Profit at 28 February 1998	96,213	151,269
Retained profit at 28 February 1998	<u>607,191</u>	<u>510,978</u>

T M A ENGINEERING LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1998****21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1998 £	1997 £
Profit for the financial year	186,213	221,269
Dividends	(90,000)	(70,000)
Net addition to shareholders' funds	96,213	151,269
Opening shareholders' funds	643,555	492,286
Closing shareholders' funds	739,768	643,555
Represented by:-		
Equity interests	739,768	643,555

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	1998 £	1997 £
Returns on investments and servicing of finance		
Interest received	3,274	122
Interest paid	(20,767)	(25,053)
Interest element of hire purchase contracts	(6,311)	(7,195)
Net cash outflow from returns on investments and servicing of finance	(23,804)	(32,126)
Taxation		
Corporation tax paid	(58,318)	(27,617)
Capital expenditure		
Purchase of intangible fixed assets	-	(100,000)
Purchase of tangible fixed assets	(197,966)	(82,866)
Receipts from sale of tangible fixed assets	51,332	14,631
Net cash outflow from capital expenditure	(146,634)	(168,235)
Financing		
New long-term loans	100,000	160,159
New short-term loans	51,833	1,643
Repayments of long-term loans	(114,586)	-
Repayments of capital element of hire purchase contracts	-	(15,089)
Repayment of short-term loans	(328)	-
Net cash inflow from financing	36,919	146,713

T M A ENGINEERING LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1998****23. ANALYSIS OF NET DEBT**

	1997 £	Cash flow £	Other movements £	1998 £
Cash at bank and in hand	109,304	25,889	-	135,193
Debt due within one year	(15,488)	(51,505)	-	(66,993)
Debt due after one year	(247,265)	14,586	-	(232,679)
Finance leases	(63,317)	-	(35,253)	(98,570)
	<u>(216,766)</u>	<u>(11,030)</u>	<u>(35,253)</u>	<u>(263,049)</u>

24. REVENUE COMMITMENTS

At year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	1998 £	1997 £	1998 £	1997 £
More than five years	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>

25. CONTROL

The company is under the control of major shareholder and director T M Albutt.

26. TRANSACTIONS WITH DIRECTORS

	1998 £	1997 £
Amounts owed to directors		
Director's current account-RBR	45,410	33,190
Director's current account-TMA	46,307	44,927
	<u>91,717</u>	<u>78,117</u>