

**Deloitte &
Touche**

Deloitte Touche
Tohmatsu
International



Company Registration No. 2110875

BUSHBURY HOLDINGS LIMITED

Report and Financial Statements

31 December 1996

**Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN**



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COMPANIES HOUSE 07/06/97



REPORT AND FINANCIAL STATEMENTS 1996

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Auditors' report	5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Balance sheet	8
Consolidated cash flow statement	9
Notes to the consolidated cash flow statement	10
Notes to the accounts	12



OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M B Hughes (Chairman)
B F Tinklin
R Nicholls

SECRETARY

R Nicholls

REGISTERED OFFICE

PO Box 232
Shaw Road
Bushbury
Wolverhampton
WV10 9LA

BANKERS

Midland Bank PLC
36 Bennetts Hill
Birmingham
B2 5RJ

Allied Irish Bank
Stillorgan
Co Dublin
Ireland

SOLICITORS

Martineau Johnson
St Philips House
St Philips Place
Birmingham
B3 2PP

A & L Goodbody
Earlsfort House
Earlsfort Terrace
Dublin
Ireland

AUDITORS

Deloitte & Touche
Chartered Accountants
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

RESULTS

The profit for the year on ordinary activities before taxation amounted to £497,462 (1995 - £232,168). The directors do not propose a dividend for the year (1995 - £Nil) and the retained profit for the year of £337,561 (1995 - £155,937) has been transferred to reserves.

ACTIVITY

Bushbury Holdings Limited is principally engaged in the provision of management consultancy services and is the parent company of the following subsidiaries:

- Eastfield Engineering Limited - engaged in the manufacture of off-highway vehicle cab conditioning equipment, spares for this and for vehicle cabs and refurbishment of railway carriage window frames
- Epstone Limited - invests in freehold property
- M.C. Air Filtration Limited - manufactures high efficiency air filters and associated equipment.
- Walkair Limited - distribution of air conditioning and filtration products and the provision of installation, commissioning and maintenance services.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The operating performance of the group again improved during the year with both turnover and operating profitability showing satisfactory increases. Significant developments in the period under review included the purchase of the outside interest in the property company, Epstone Limited, and the establishment of Walkair Limited which acquired a business specialising in filtration and air conditioning products marketed throughout Ireland.

Order levels at the commencement of 1997 are good and, subject to unforeseen circumstances, the directors anticipate a further satisfactory trading performance in the current year.

PURCHASE OF OWN SHARES

The company purchased 50,000 of the £1 Ordinary shares (representing 33% of the issued share capital) from the retiring director, Mr B T Griffiths, for cash consideration of £368,000 on 27 August 1996.

DIRECTORS

The directors during the year, together with the interests of the directors at the end of the year, as defined by the Companies Act 1985, in the shares of the Company were as follows:

	At 31 December 1996	At 31 December 1995 (or date of appointment)
M B Hughes (Chairman)	56,400	54,400
B F Tinklin	34,400	32,400
R Nicholls	6,700	10,700

The directors had no interest in the shares of other group companies.

Messrs M B Hughes and B F Tinklin served throughout the year.

Consequent on his retirement, Mr B T Griffiths resigned from the Board on 11 March 1996 and Mr M B Hughes was appointed Chairman on that date. Mr R Nicholls was appointed to the Board on 11 March 1996.

DIRECTORS' REPORT

RESEARCH AND DEVELOPMENT

The Company and its subsidiaries continue an active programme of research and product development.

EMPLOYEE INVOLVEMENT

The group has established structures and procedures for consultation, communication and negotiation with its employees. Importance is placed on this aspect of the business and all managers have a responsibility to this end.

EMPLOYMENT OF DISABLED PERSONS

Suitable procedures are in operation to support the group's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



R NICHOLLS

Secretary

Registered Office:

PO Box 232
Shaw Road
Bushbury
Wolverhampton
WV10 9LA

**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 the group as at the end of the financial year and of the profit or loss of the group 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham B3 2BN

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International + 44 121 200 2211
Fax (Gp. 3): 0121 695 5311

AUDITORS' REPORT TO THE MEMBERS OF

BUSHBURY HOLDINGS LIMITED

We have audited the financial statements on pages 6 to 21 which have been prepared under the accounting policies set out on page 12 and 13.

Respective responsibilities of directors and auditors

As described on page 4 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 circumstances of the company and the group, 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 and the group as at 31 December 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

22 April 1997




CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1996

	Note	£	1996 £	1995 £
TURNOVER	3			
Continuing operations		6,957,227		5,688,404
Acquisitions		475,862		-
		<u> </u>		<u> </u>
Total turnover			7,433,089	5,688,404
Cost of sales			(6,117,261)	(4,732,674)
			<u> </u>	<u> </u>
			1,315,828	955,730
Distribution expenses			(299,090)	(157,302)
Administration expenses			(585,682)	(538,011)
			<u> </u>	<u> </u>
OPERATING PROFIT				
Continuing operations		493,598		260,417
Acquisitions		(62,542)		-
		<u> </u>		<u> </u>
TOTAL OPERATING PROFIT	5		431,056	260,417
Interest receivable	6		92,378	8,081
Interest payable	7		(25,972)	(36,330)
			<u> </u>	<u> </u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			497,462	232,168
Tax on profit on ordinary activities	8		(151,976)	(59,938)
			<u> </u>	<u> </u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			345,486	172,230
Equity minority interest			(7,925)	(16,293)
			<u> </u>	<u> </u>
PROFIT FOR THE FINANCIAL YEAR	18		337,561	155,937
			<u> </u>	<u> </u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 1996

	1996 £	1995 £
Profit for the financial year	337,561	155,937
Currency translation differences on foreign currency net investments	(8,784)	-
Deficit arising on revaluation of fixed assets	-	(242,850)
	<u> </u>	<u> </u>
Total recognised gains and losses relating to the year	328,777	(86,913)
	<u> </u>	<u> </u>

All activities derive from continuing operations.

There is no material difference between the historical cost profit and the profit stated in the profit and loss account.



CONSOLIDATED BALANCE SHEET
31 December 1996

	Note	£	1996 £	£	1995 £
FIXED ASSETS					
Tangible assets	10		830,348		771,726
CURRENT ASSETS					
Stocks	12	557,869		569,533	
Debtors	13	961,742		1,373,691	
Cash at bank and in hand		620,646		610,259	
			<u>2,140,257</u>	<u>2,553,483</u>	
CREDITORS: amounts falling due within one year	14	(1,525,290)		(1,641,819)	
NET CURRENT ASSETS			<u>614,967</u>		<u>911,664</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,445,315		1,683,390
CREDITORS: amounts falling due after more than one year	15		(281,400)		(400,242)
TOTAL NET ASSETS			<u>1,163,915</u>		<u>1,283,148</u>
CAPITAL AND RESERVES					
Called up share capital	17		100,000		150,000
Capital redemption reserve	18		50,000		-
Revaluation reserve	18		12,966		13,186
Profit and loss account	18		1,000,949		1,039,952
EQUITY SHAREHOLDERS' FUNDS	19		1,163,915		1,203,138
EQUITY MINORITY INTEREST			-		80,010
			<u>1,163,915</u>		<u>1,283,148</u>

These financial statements were approved by the Board of Directors on *11th April 1997*

Signed on behalf of the Board of Directors

M B Hughes

B F Tinklin

Directors

M B Hughes
B F Tinklin



BALANCE SHEET
31 December 1996

	Note	£	1996 £	£	1995 £
FIXED ASSETS					
Tangible assets	10		559		17,917
Investments	11		268,180		203,145
			<u>268,739</u>		<u>221,062</u>
CURRENT ASSETS					
Debtors	13	78,744		32,996	
Cash at bank and in hand		9,342		882	
		<u>88,086</u>		<u>33,878</u>	
CREDITORS: amounts falling due within one year	14	(92,596)		(79,486)	
NET CURRENT LIABILITIES			<u>(4,510)</u>		<u>(45,608)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			264,229		175,454
CREDITORS: amounts falling due after more than one year	15		-		(71,312)
TOTAL NET ASSETS			<u>264,229</u>		<u>104,142</u>
CAPITAL AND RESERVES					
Called up share capital	17		100,000		150,000
Capital redemption reserve	18		50,000		-
Profit and loss account	18		114,229		(45,858)
EQUITY SHAREHOLDERS' FUNDS			<u>264,229</u>		<u>104,142</u>

These financial statements were approved by the Board of Directors on *11th April 1997*

Signed on behalf of the Board of Directors

M B Hughes

B F Tinklin

Directors

M B Hughes
B F Tinklin


CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 1996

	Note	1996 £	1995 £
Cash flow from operating activities	(i)	578,243	708,896
Returns on investments and servicing of finance	(ii)	(8,594)	(28,249)
Taxation		(78,503)	(10,409)
Capital expenditure and financial investment	(ii)	(146,851)	(41,255)
Acquisitions	(ii)	(49,035)	-
Cash inflow before use of liquid resources and financing		295,260	628,983
Financing	(ii)	(417,862)	(56,827)
(Decrease)/increase in cash in the year		<u>(122,602)</u>	<u>572,156</u>
Reconciliation of net cash flow to movement in net debt	(iii)	1996 £	1995 £
(Decrease)/increase in cash in the year		(122,602)	572,156
Cash outflow from decrease in debt and lease financing		<u>49,862</u>	<u>56,827</u>
Change in net funds resulting from cash flows		(72,740)	628,983
New finance leases		<u>(8,460)</u>	<u>-</u>
Movement in net funds in the year		(81,200)	628,983
Net funds/(debt) at 1 January 1996		<u>242,355</u>	<u>(386,628)</u>
Net funds at 31 December 1996		<u>161,155</u>	<u>242,355</u>


NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 1996
(i) RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	1996 £	1995 £
Operating profit	431,056	260,417
Depreciation	122,789	119,259
Decrease/(increase) in stocks	21,664	(82,657)
Decrease/(increase) in debtors	411,949	(555,591)
(Decrease)/increase in creditors	(409,215)	967,468
Net cash inflow from operating activities	<u>578,243</u>	<u>708,896</u>

**(ii) ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED
IN THE CASH FLOW STATEMENT**

	1996 £	1995 £
Returns on investments and servicing of finance		
Interest received	92,378	8,081
Interest paid	(25,654)	(35,722)
Interest element of finance lease rental payments	(318)	(608)
Dividends paid on ordinary shares to equity minority interest	(75,000)	-
Net cash outflow for returns on investments and servicing of finance	<u>(8,594)</u>	<u>(28,249)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(162,871)	(41,255)
Sale of tangible fixed assets	16,020	-
Net cash outflow for capital expenditure and financial investment	<u>(146,851)</u>	<u>(41,255)</u>
Acquisitions		
Purchase of business (note v)	(36,100)	-
Purchase of minority interest in subsidiary company	(12,935)	-
	<u>(49,035)</u>	<u>-</u>
Financing		
Purchase of own shares	(368,000)	-
Repayment of bank loan	(47,068)	(47,068)
Capital element of finance lease rental payments	(2,794)	(9,759)
Net cash outflow from financing	<u>(417,862)</u>	<u>(56,827)</u>



NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 1996

(iii) MOVEMENT IN NET FUNDS

	At 1 Jan 1996 £	Cash flow £	Other non-cash changes £	At 31 Dec 1996 £
Cash in hand and at bank	610,259	10,387	-	620,646
Overdraft	-	(132,989)	-	(132,989)
		(122,602)		
Bank loan	(217,110)	47,068	-	(170,042)
Other loan	(150,000)	-	-	(150,000)
Finance leases	(794)	2,794	(8,460)	(6,460)
		49,862		
	<u>242,355</u>	<u>(72,740)</u>	<u>(8,460)</u>	<u>161,155</u>

(iv) MAJOR NON-CASH TRANSACTIONS

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £8,460 (1995 - £Nil).

(v) PURCHASE OF SUBSIDIARY UNDERTAKING AND BUSINESS OF WALKER AIR CONDITIONING LIMITED

	£
Net assets acquired	
Tangible assets	26,100
Stocks	10,000
	<u>36,100</u>
Satisfied by	
Cash	<u>36,100</u>

The subsidiary undertaking acquired during the year contributed a cash outflow of £289,469 to the group's net operating cash flows, paid £1,771 in respect of net returns on investments and servicing of finance and utilised £44,655 capital expenditure.

**NOTES TO THE ACCOUNTS****Year ended 31 December 1996****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries.

Acquisitions

On the acquisition of a business fair values are attributed to the net tangible assets. Where the costs of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is written off directly to reserves in the year of acquisition.

Exchange rates

Balances denominated in foreign currencies have been translated into sterling at the rates ruling on 31 December 1996. Realised exchange differences in the course of trading have been taken to the profit and loss account.

Depreciation on fixed assets

Depreciation is provided on a straight line basis, to write off the assets concerned over their estimated useful lives, at the following annual rates:

Freehold land	Nil
Freehold buildings	2.5%
Short leasehold land and buildings	Over life of lease
Plant and equipment	10% - 50%

Stocks

Stocks, including work-in-progress, are valued at the lower of cost and net realisable value. Cost represents materials, direct labour and an appropriate proportion of overheads.

Leased assets

Where fixed assets are financed by leasing agreements which give rights approximating to ownership, the assets are treated as if they had been purchased and the capital element of the leasing commitments is shown as obligations under finance leases. The rentals payable are apportioned between interest, which is charged to profit and loss account, and capital, which reduces the outstanding obligation.

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

Investments

Investments held as fixed assets are stated at cost less any provisions against a permanent diminution in value.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.



NOTES TO THE ACCOUNTS

Year ended 31 December 1996

1. ACCOUNTING POLICIES (continued)

Pension costs

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

2. ACQUISITION OF THE BUSINESS

The group through the medium of a newly formed subsidiary, Walkair Limited, acquired part of the business and selected assets of Walker Air Conditioning Limited from that company's receivers, Deloitte & Touche, on 6 August 1996 for cash consideration of £36,100.

The following tables gives the details of the assets acquired:

	£
Tangible fixed assets	26,100
Stocks	10,000
	<u>36,100</u>

There was no goodwill arising as a result of the acquisition.

It is not possible to identify the results of the business prior to acquisition.

3. ANALYSES OF TURNOVER

	1996 £	1995 £
Geographical analyses by location		
United Kingdom	6,957,227	5,688,404
Republic of Ireland	475,862	-
	<u>7,433,089</u>	<u>5,688,404</u>
Geographical analyses of turnover by destination		
United Kingdom	6,712,013	5,531,806
Other European countries	698,712	140,508
Rest of world	22,364	16,090
	<u>7,433,089</u>	<u>5,688,404</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
4. INFORMATION RELATING TO DIRECTORS AND EMPLOYEES

	1996 £	1995 £
Directors' emoluments		
Fees	-	-
Other remuneration (including pension contributions)	234,079	184,346
Remuneration of chairman and highest paid director		
Retiring chairman (1 January - 11 March)	12,146	58,858
New chairman (12 March - 31 December)	39,596	-
	51,742	58,858
	No	No
Scale of directors' remuneration		
£ 10,001 - £ 15,000	1	-
£ 35,001 - £ 40,000	1	-
£ 45,001 - £ 50,000	2	2
£ 55,001 - £ 60,000	-	1
Average number of persons employed		
Production staff	67	65
Sales and distribution staff	13	7
Administrative staff	11	11
	91	83
	1996 £	1995 £
Staff costs during the year (including directors)		
Wages and salaries	1,151,356	1,088,015
Social security costs	99,379	87,297
Other pension costs	168,543	108,560
	1,419,278	1,283,872

A car owned by the group was purchased by the retiring director, Mr B T Griffiths, at its estimated market value of £9,600.

5. OPERATING PROFIT

The operating profit is arrived at after taking into account the following items:	1996 £	1995 £
Depreciation		
Assets owned	112,219	108,495
Assets held under finance leases	10,570	10,764
Rentals under operating leases		
Hire of plant and equipment	20,700	18,246
Other operating leases	70,822	41,822
Auditors' remuneration		
Audit services	17,312	12,354
Non audit services	5,558	6,486

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

6. INTEREST RECEIVABLE

	1996 £	1995 £
Bank interest receivable	92,156	8,081
Other interest	222	-
	<u>92,378</u>	<u>8,081</u>

7. INTEREST PAYABLE

	1996 £	1995 £
Bank loans, overdrafts and other loans repayable within five years	25,654	35,722
Finance lease charges	318	608
	<u>25,972</u>	<u>36,330</u>

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
Taxation charge on profit for the year		
UK corporation tax at 33% (1995 - 25%)	152,429	60,206
Adjustment in respect of previous year	(453)	(268)
	<u>151,976</u>	<u>59,938</u>

The tax charge is disproportionate to the profit for the year due to the effects of marginal tax relief.

**9. PROFIT FOR THE YEAR ATTRIBUTABLE TO THE MEMBERS OF
BUSHBURY HOLDINGS LIMITED**

	1996 £	1995 £
Profits dealt with in the accounts of the parent company	<u>528,087</u>	<u>5,459</u>

The Company has taken advantage of Section 230 of the Companies Act 1985 and consequently a profit and loss account for the Company alone is not provided.


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
10. TANGIBLE FIXED ASSETS

The Group	Freehold land and buildings £	Short leasehold land and buildings £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 1996	400,000	172,012	991,858	1,563,870
Additions	-	1,702	195,729	197,431
Disposals	-	(4,326)	(91,036)	(95,362)
At 31 December 1996	400,000	169,388	1,096,551	1,665,939
Accumulated depreciation				
At 1 January 1996	-	148,674	643,470	792,144
Charge for year	5,000	8,789	109,000	122,789
Disposals	-	(4,326)	(75,016)	(79,342)
At 31 December 1996	5,000	153,137	677,454	835,591
Net book value				
At 31 December 1996	395,000	16,251	419,097	830,348
At 31 December 1995	400,000	23,338	348,388	771,726

Comparable amounts determined according to the
historical cost convention:

	£
Cost	406,826
Accumulated depreciation	29,188
Net book value	
At 31 December 1996	377,638
At 31 December 1995	382,418

The value of freehold land not depreciated is £200,000.

The freehold land and buildings were valued as at 31 December 1995 by Messrs Walter and Randall, Chartered Surveyors. In their opinion the open market value for the existing use at that time was £400,000.

The net book value of the group's fixed assets includes £33,660 (1995 - £35,230) in respect of assets held under finance leases.


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
10. TANGIBLE FIXED ASSETS (continued)

	Plant and machinery £
The Company	
Cost	
At 1 January 1996	37,092
Disposals	(18,450)
	<hr/>
At 31 December 1996	18,642
	<hr/>
Accumulated depreciation	
At 1 January 1996	19,175
Charge for year	7,868
Disposals	(8,960)
	<hr/>
At 31 December 1996	18,083
	<hr/>
Net book value	
At 31 December 1996	559
	<hr/>
At 31 December 1995	17,917
	<hr/>

11. INVESTMENTS HELD AS FIXED ASSETS

	1996 £
Shares in subsidiary companies	
At cost	
At 1 January 1996	203,145
Additions in the year	65,035
	<hr/>
At 31 December 1996	268,180
	<hr/>

Name	Principal activity	Proportion of ordinary shares held
Eastfield Engineering Limited	Manufacture of off-highway vehicle cab conditioning equipment, spares for this and for vehicle cabs and refurbishment of railway carriage window frames	100%
M.C. Air Filtration Limited	Manufacture of high efficiency air filters and associated equipment	100%
Epstone Limited	Investment in freehold property	100%
Walkair Limited	Distribution of air conditioning and filtration products and the provision of installation, commissioning and maintenance services	100%

All of the companies except Walkair Limited were incorporated and registered in England and Wales. Walkair Limited is incorporated and registered in the Republic of Ireland.

The 25% minority interest in Epstone Limited was acquired during the year by the company for cash consideration of £12,935.


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
12. STOCKS

	Group	
	1996	1995
	£	£
Raw materials and components	407,129	443,262
Work in progress	83,780	49,250
Finished goods	66,960	77,021
	<u>557,869</u>	<u>569,533</u>

13. DEBTORS

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Trade debtors	896,738	1,320,086	-	8,591
Amount due from subsidiary companies	-	-	78,744	23,905
Other debtors	13,253	395	-	-
Prepayments and accrued income	51,751	53,210	-	500
	<u>961,742</u>	<u>1,373,691</u>	<u>78,744</u>	<u>32,996</u>

The amounts due from subsidiary includes £40,687 due after more than one year.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Bank overdraft (note 16)	132,989	-	-	-
Bank loan (note 16)	40,302	47,068	20,262	27,028
Finance leases (note 16)	4,800	794	-	-
Trade creditors	541,836	685,668	16,436	1,231
Amount due to subsidiaries	-	-	-	3,609
Payroll and other taxes including social security	226,842	334,154	33,000	22,529
Other creditors	9,808	17,341	2,384	3,667
Accruals and deferred income	568,713	556,794	20,514	21,422
	<u>1,525,290</u>	<u>1,641,819</u>	<u>92,596</u>	<u>79,486</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Bank loan (note 16)	129,740	170,042	-	20,262
Other loan (note 16)	150,000	150,000	-	-
Finance leases (note 16)	1,660	-	-	-
Other creditors	-	80,200	-	51,050
	<u>281,400</u>	<u>400,242</u>	<u>-</u>	<u>71,312</u>

16. BORROWINGS

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Bank overdraft	132,989	-	-	-
Bank loans	170,042	217,110	20,262	47,290
Other loan	150,000	150,000	-	-
Finance leases	6,460	794	-	-
	<u>459,491</u>	<u>367,904</u>	<u>20,262</u>	<u>47,290</u>
Due within one year	178,091	47,862	20,262	27,028
Due after more than one year	281,400	320,042	-	20,262
	<u>459,491</u>	<u>367,904</u>	<u>20,262</u>	<u>47,290</u>

Analysis of loan repayments:

Bank overdraft				
Within one year or on demand	132,989	-	-	-
Bank loans				
Within one year	40,302	47,068	20,262	27,028
Between one and two years	20,040	40,302	-	20,262
Between two and five years	60,120	60,120	-	-
After five years	49,580	69,620	-	-
Other loan				
Between two and five years	150,000	150,000	-	-
Finance leases				
Within one year	4,800	794	-	-
Between one and two years	1,660	-	-	-
	<u>459,491</u>	<u>367,904</u>	<u>20,262</u>	<u>47,290</u>

The bank loan and other loan are secured by fixed and floating charges over the group's property and other assets and are subject to interest rates of between base rate and base rate plus 2.75%. The other loan is due to the Bushbury Holdings Pension Plan.

The company is party to a multilateral guarantee securing the bank overdraft and borrowings of other group companies, together with a guarantee in respect of a subsidiary company's overdraft. Its maximum potential liability in relation to these guarantees at 31 December 1996 was £337,730 (1995 - £108,402).



NOTES TO THE ACCOUNTS
Year ended 31 December 1996

17. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised:		
Ordinary shares of £1 each	160,000	160,000
	<u> </u>	<u> </u>
Allotted and fully paid:		
Ordinary shares of £1 each	100,000	150,000
	<u> </u>	<u> </u>

On 27 August 1996, the company re-purchased 50,000 £1 Ordinary shares for a cash consideration of £368,000 from the retiring director Mr B T Griffiths.

18. RESERVES

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
The Group			
Balance at 1 January 1996	13,186	-	1,039,952
Retained profit for the year	-	-	337,561
Foreign exchange translation differences	-	-	(8,784)
Transfer of amount equivalent to additional depreciation on revalued assets	(220)	-	220
Premium on purchase of own shares	-	-	(318,000)
Transfer to capital redemption reserve on purchase of own shares	-	50,000	(50,000)
	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 1996	12,966	50,000	1,000,949
The Company			
Balance at 1 January 1996		-	(45,858)
Retained profit for the year		-	528,087
Premium on purchase of own shares		-	(318,000)
Transfer to capital redemption reserve on purchase of own shares		50,000	(50,000)
		<u> </u>	<u> </u>
Balance at 31 December 1996		50,000	114,229
		<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	337,561	155,937
Other recognised gains and losses relating to the year	(8,784)	(242,850)
Purchase of own shares	(368,000)	-
	<hr/>	<hr/>
Net reduction in shareholders' funds	(39,223)	(86,913)
Opening shareholders' funds	1,203,138	1,290,051
	<hr/>	<hr/>
Closing shareholders' funds	<u>1,163,915</u>	<u>1,203,138</u>

20. FINANCIAL COMMITMENTS

Operating lease commitments

At 31 December 1996, the group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £
In respect of commitments that expire:	
After five years	41,822
	<hr/>

Capital commitments

The group has contracts for capital expenditure on hand amounting to £Nil (1995 - £16,127).

The company had no capital commitments at 31 December 1996 (1995 - £Nil).

21. PENSION COSTS

The group operates a defined pension scheme, the assets of which are held separately from those of the group. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary, the most recent valuation being at 6 April 1996.

The pension charge for the year was £168,543 (1995 - £108,560).

The most recent actuarial valuation showed that, at 6 April 1996, the scheme had a past service shortfall of £56,000 which was cleared by a payment included in the pension charge for the year. The market value of the scheme's assets at that date was £2,157,000. The actuarial valuation was carried out on the basis of the projected unit costing method and the assumptions used comprised an assumed rate of investment return of 9% per annum and a rate of increase of pensionable earnings of 7%.