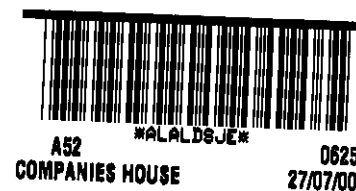


Tickford Limited

**Directors' report and consolidated financial
statements**

29 April 2000

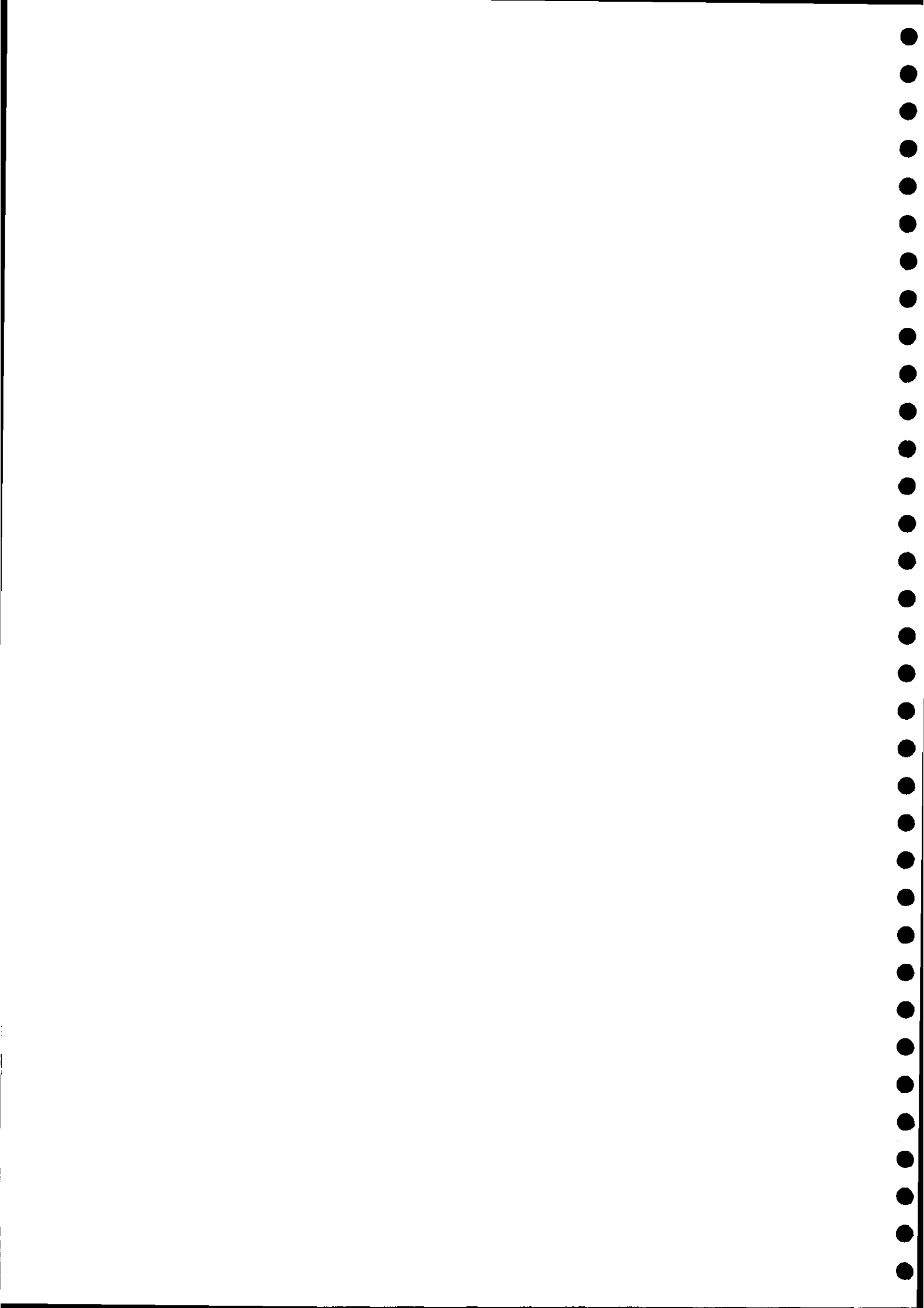
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Directors' report and consolidated financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 29 April 2000.

Principal activities

The group's principal activity is engineering consultants engaged in design, engineering, development, manufacture and supply to the motor vehicle industry.

Business review

The results for the period are set out on page 6. The results have shown an improvement in comparison to the previous financial year, despite the strength of sterling and the weakness of the Australian dollar.

The UK engineering operation has had a successful year as a result of major engineering contracts, coupled with the high utilisation of test facilities. Continued investment in facilities has enabled the operation to maintain its competitive position and obtain further high value work. The Australian operations have shown extremely positive results.

Overall, the directors look forward to a continuation of growth.

Research and development

Development expenditure incurred by the group relates to specific projects within its principal activity.

Dividends

The directors do not recommend the payment of a dividend to ordinary shareholders this period (1999: £100,000). A dividend of £55,000 has been paid to dividend and participating shareholders in the period (1999: £55,000).

Directors and directors' interests

The directors who held office during the period were as follows:

J Thurston	(Chairman)
D Flint	
RGC Horsley	

The company's articles of association do not require directors to retire by rotation.

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The directors who held office at the end of the financial period had the following beneficial interests in the ordinary and preference shares of the company, as recorded in the register of directors' share and debenture interests:

	At 29 April 2000		At 1 May 1999	
	Dividend and participating shares of £1 each	Ordinary shares of £1 each	Dividend and participating shares of £1 each	Ordinary shares of £1 each
J Thurston	-	150,000	-	150,000
D Flint	-	27,500	-	27,500

None of the above had any interest in any preference shares of the company.

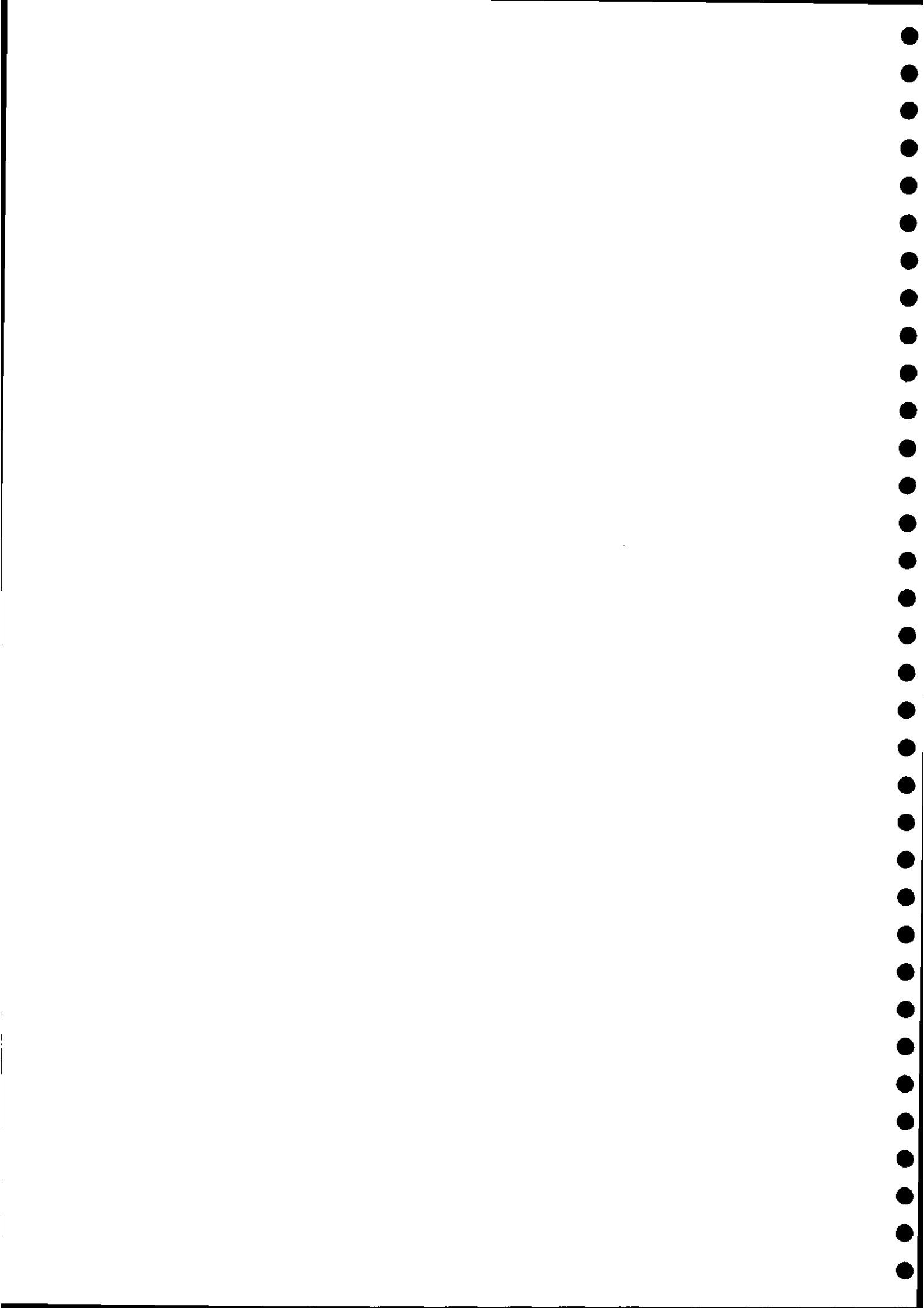
No rights to subscribe for shares in group companies were granted to, or exercised by, any of the directors or their immediate families during the accounting period.

Events subsequent to balance sheet date

In the interval between the end of the financial year and the date of this report, there has not arisen any item, transaction or event of a material and unusual nature, which, in the opinion of the Directors, is likely to significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in subsequent financial years.

Year 2000

During the fourth quarter of 1999, the Group completed its Year 2000 program. The Group did not experience any material Year 2000 disruptions, nor did any of its suppliers experience any disruptions which materially affected the Group. The Group does not expect to incur any additional material costs related to Year 2000 remediation. The Directors remain aware that possible problems associated with Year 2000 may still occur and controls remain in place to continue to monitor such risks.



Directors' report *(continued)*

Auditors

Pursuant to the shareholders' resolution, the company is not obliged to re-appoint its auditors annually and KPMG will therefore continue in office.

By order of the board

J Thurston
Chairman

A handwritten signature in black ink, consisting of a stylized 'J' followed by a series of loops and a long horizontal stroke.

Tickford House
8 Tanners Drive
Blakelands
Milton Keynes
MK14 5BN

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and group and of the profit or loss 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 group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

By order of the board

J Thurston
Chairman



Tickford House
8 Tanners Drive
Blakelands
Milton Keynes
MK14 5BN



Norfolk House
Silbury Boulevard
Central Milton Keynes
MK9 2HA

Report of the auditors to the members of Tickford Limited

We have audited the financial statements on pages 6 to 30.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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 group'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 affairs of the company and the group as at 29 April 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditors

20 July 2000

Consolidated profit and loss account
for the year ended 29 April 2000

	<i>Notes</i>	Continuing Operations	
		2000	1999
		£'000	£'000
Turnover	2	30,776	29,216
Cost of sales		(19,341)	(18,675)
		<hr/>	<hr/>
Gross profit		11,435	10,541
Distribution costs		-	-
Administrative expenses		(8,694)	(7,945)
		<hr/>	<hr/>
Group operating profit	3	2,741	2,596
Share of operating loss in joint venture		(21)	(420)
Other interest receivable and similar income	6	-	2
Interest payable and similar charges	7	(324)	(258)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3-7	2,396	1,920
Tax on profit on ordinary activities	8	(736)	(725)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,660	1,195
Equity minority interests	21	(567)	(611)
		<hr/>	<hr/>
Profit for the financial year		1,093	584
Dividends	10	(55)	(155)
		<hr/>	<hr/>
Retained profit for the financial year	20	1,038	429
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 to 30 form part of the consolidated financial statements.

Consolidated statement of total recognised gains and losses
for the year ended 29 April 2000

	<i>Notes</i>	2000 £'000	1999 £'000
Result for the financial year excluding share of losses of associate		1,059	849
Share of operating losses in joint venture		(21)	(420)
		<hr/>	<hr/>
Result for the financial year	20	1,038	429
Transfer from share redemption reserve	20	-	(4)
Currency translation differences on foreign currency net investments	20	43	17
		<hr/>	<hr/>
Total recognised gains and losses since last annual report	22	1,081	442
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 to 30 form part of the consolidated financial statements.

A reconciliation of movements in shareholders' funds is given in note 22.

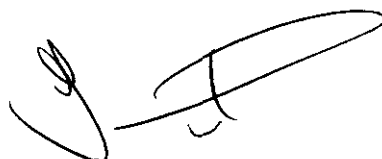
Consolidated balance sheet

at 29 April 2000

	Note	2000		1999	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11		4,825		3,519
Investment in joint venture	12				
Share of gross assets		1,052		910	
Share of gross liabilities		(523)		(513)	
			529		397
			5,354		3,916
Current assets					
Stocks	13	5,073		3,710	
Debtors	14	6,152		3,759	
Cash at bank and in hand		2,041		3,036	
		13,266		10,505	
Creditors: amounts falling due within one year	15	(9,707)		(7,223)	
Net current assets			3,559		3,282
Total assets less current liabilities			8,913		7,198
Creditors: amounts falling due after more than one year	16		(1,914)		(1,572)
Provisions for liabilities and charges	18		(1,535)		(1,142)
Net assets			5,464		4,484
Capital and reserves					
Called up share capital	19		250		250
Share redemption reserve	20		314		314
Profit and loss account	20		3,052		1,971
Shareholders' funds (including non-equity)	22		3,616		2,535
Equity minority interests	21		1,848		1,949
			5,464		4,484

These financial statements were approved by the board of directors on 19 July 2000 and were signed on its behalf by:

J Thurston
Chairman

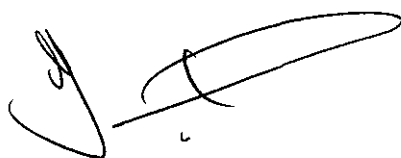


The notes on pages 11 to 30 form part of the consolidated financial statements.

Company balance sheet
at 29 April 2000

	<i>Note</i>	2000		1999	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	12		1,171		1,171
			<hr/>		<hr/>
			1,171		1,171
Current assets					
Debtors	14	2,007		1,750	
Cash at bank and in hand		-		66	
		<hr/>		<hr/>	
		2,007		1,816	
Creditors: amounts falling due within one year	15	(1,557)		(2,151)	
		<hr/>		<hr/>	
Net current (liabilities)/assets			450		(335)
			<hr/>		<hr/>
Total assets less current liabilities			1,621		836
			<hr/>		<hr/>
Provisions for liabilities and charges	18		-		(13)
			<hr/>		<hr/>
Net assets			1,621		823
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	19		250		250
Capital reserve	20		315		315
Profit and loss account	20		1,056		258
			<hr/>		<hr/>
Shareholders' funds (including non-equity)	22		1,621		823
			<hr/>		<hr/>

These financial statements were approved by the board of directors on *19 July 2000* and were signed on its behalf by:



J Thurston
Chairman

The notes on pages 11 to 30 form part of the consolidated financial statements.

Consolidated cash flow statement
for the year ended 29 April 2000

	<i>Notes</i>	2000 £000	1999 £000
Net cash flow from operating activities	25	795	4,232
Returns on investment and servicing of finance	27	(369)	(549)
Taxation		(417)	(370)
Capital expenditure and financial investment	27	(827)	(596)
Acquisitions and disposals	27	(193)	(326)
Equity dividend paid		-	(55)
		<hr/>	<hr/>
Net cash inflow/(outflow) before financing		(1,011)	2,336
Financing			
(Decrease)/increase in debt	27	(1,433)	(481)
		<hr/>	<hr/>
Increase/(decrease) in cash in the period		(2,444)	1,855
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		(2,444)	1,855
Cash flow from decrease in debt		1,433	481
		<hr/>	<hr/>
Changes in net debt resulting from cash flows		(1,011)	2,336
New finance leases		(1,600)	(440)
Translation differences		(320)	19
		<hr/>	<hr/>
Movement in net (funds)/debt in the period		(2,931)	1,915
Opening net funds		231	(1,684)
		<hr/>	<hr/>
Closing net (debt)/funds	26	(2,700)	231
		=	<hr/> <hr/>

Notes to the financial statements

at 29 April 2000

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards, and under the historical cost accounting rules.

Basis of consolidation

The group financial statements consolidate the accounts of Tickford Limited and all its subsidiary undertakings. These accounts are made up to the nearest Saturday to the 30 April. The consolidated accounts are based on accounts which are coterminous with those of the parent company.

In accordance with Section 230(4) of the Companies Act 1985 Tickford Limited is exempt from the requirement to present its own profit and loss account.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Investments in associates and other ventures are accounted for using the equity method. Costs incurred by these undertakings prior to the commencement of trade are capitalised to the extent that they are deemed recoverable. Presentation of comparative figures has been adjusted to reflect the fact that an entity, previously accounted for as an associate, has for the first time been accounted for as a joint venture.

Fixed assets and depreciation

Depreciation is provided on all tangible fixed assets, other than leasehold investment properties, where the lease has 20 years or more to run, at rates calculated to write off the cost or valuation, less the estimated residual value, based on prices prevailing at the date of acquisition or valuation, of each fixed asset over their estimated useful economic life as follows:

Leasehold land and buildings	-	over the shorter of the lease term and 20 years
Plant and machinery	-	5 or 10 years
Motor vehicles	-	4 years

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currencies

Company

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Group

For consolidation purposes, the assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the rate of exchange ruling at balance sheet date. Exchange differences arising on these retranslations of opening net assets are taken directly to reserves, net of exchange differences arising on related foreign currency borrowings of the holding company.

Leases and hire purchase contracts

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of an asset has passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The capital element of future obligations under such leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Investments

Fixed asset investments are stated at cost less any permanent diminution in value.

Goodwill

Prior to 1998, goodwill representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired is written off against reserves on acquisition. Any excess of the fair value of the identifiable net assets acquired over the fair value of the consideration given (negative goodwill) is credited directly to reserves.

For future acquisitions goodwill will be capitalised and amortised over its useful economic life.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions and post retirement benefits, 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.

Advance corporation tax which is expected to be recoverable by deduction from future corporation tax is deducted from the deferred taxation balance.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. The standard cost method was used to assign costs to the stock quantities held at balance sheet date and includes all costs incurred in acquiring the inventories and bringing them to their existing condition and location.

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

Notes (continued)

1 Accounting policies (continued)

Pensions

The group operates defined contribution pension schemes. The assets of the scheme are held separately from those of group in independently administered funds. The amount charged in the profit and loss account represents the contributions payable in accordance with the rules of the schemes in respect of the accounting period.

Intangible assets

Intangible assets consisting of patents and other intangible assets, are stated at cost and are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years, upon the commencement of commercial production of engines using the design.

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Turnover

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of goods and services to customers during the year.

Revenue recognition

Contracts

Revenue is recognised on an individual contract basis using the percentage of completion method when the stage of contract completion can be reliably determined, costs can be identified and the following can be reliably estimated:

- total contract revenues to be received; and
- costs to complete.

Research and development

Research and development expenditure is written off as incurred, except where the group incurs costs associated with motor vehicle enhancement programs. These engineering development expenditures are deferred and amortised in line with expected future sales volumes. All deferred engineering development costs are reviewed annually to determine whether any amounts are no longer recoverable. All such amounts are written off.

Provisions for liabilities and charges

Provisions for the expected costs of warranty claims are charged against profits when the products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

A provision for stock losses relating to end of model life cycle has been set aside by the group.

Derivatives

The group is exposed to fluctuations in exchange rates from its purchase and sale commitments denominated in foreign currencies. The group however does not view the exposures as substantial and is currently not using any foreign exchange contracts to hedge these risks.

Notes (continued)

2 Turnover

Turnover and profit before tax is wholly derived from the main activity of the group as described in the directors' report, and is stated net of value added tax.

An analysis of geographical market segment is given below:

	2000	1999
	£'000	£'000
United Kingdom	13,488	12,197
Australia	14,536	16,042
Rest of Europe	1,328	85
Rest of World	1,424	892
	<hr/> 30,776 <hr/>	<hr/> 29,216 <hr/>

Turnover for the joint venture entity was wholly earned in the United States.

Total turnover attributable to the group is as follows:

	2000	1999
	£'000	£'000
Group, including share of joint venture	31,533	29,228
Less: share of joint venture's turnover	(757)	(12)
	<hr/> 30,776 <hr/>	<hr/> 29,216 <hr/>

Notes (continued)

3 Profit on ordinary activities before taxation

	2000	1999
	£'000	£'000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit (company 2000: £11,500 ; 1999: £7,000)	45	33
Other services (company 2000: £Nil; 1999: £Nil)	78	50
	<u>123</u>	<u>83</u>
Research and development expenditure written off	-	168
Amortisation of deferred development expenditure	1,673	1,677
	<u>1,673</u>	<u>1,845</u>
Depreciation of owned assets	632	598
Depreciation of assets held under finance leases and hire purchase contracts	402	222
	<u>1,034</u>	<u>820</u>
Operating lease rentals		
- plant and machinery	34	37
- other assets	1,012	718
	<u>1,046</u>	<u>755</u>
Total operating lease rentals	<u>1,046</u>	<u>755</u>

Notes (continued)

4 Remuneration of directors

	2000 £'000	1999 £'000
Directors' emoluments	345	510
Company contributions to money purchase pension schemes	55	64

No emoluments or other amounts were receivable by any director under long term incentive schemes. The emoluments of the highest paid director were £127,484 (1999: £126,000). Company pension contributions of £21,000 (1999: £21,000) were made to a money purchase scheme on behalf of the highest paid director.

	Number of directors 2000	1999
Retirement benefits are accruing to the following number of directors under money purchase schemes	3	4

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees 2000	1999
Management and administration	78	73
Production	278	241
	356	314

The aggregate payroll costs of these persons were as follows:

	2000 £'000	1999 £'000
Wages and salaries	8,606	7,233
Social security costs	572	432
Other pension costs (see note 23)	315	274
	9,493	7,939

Notes (continued)

6 Other interest receivable and similar income

	2000	199
	£'000	£'000
Bank interest	-	2
Other interest receivable	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>2</u>

7 Interest payable and similar charges

	2000	1998
	£'000	£'000
Bank loans and overdrafts	208	190
Other loans	10	-
Finance charges payable in respect of finance leases and hire purchase contracts	106	68
	<u>324</u>	<u>258</u>

Included in the above is £30,000, being the group's share of interest paid by the joint venture entity.

Notes (continued)

8 Tax on profit on ordinary activities

The taxation charge is made up as follows:

	2000 £'000	1999 £'000
UK corporation tax (credit)/charge at 30% (1999: 30%)	-	-
Current year deferred taxation	256	258
Overseas taxation	470	461
Prior year underprovision	10	6
	<u>736</u>	<u>725</u>

Tax expense attributable to joint ventures for the year was £25,387 (1999: £Nil).

Deferred taxation

Group

	2000		1999	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and amortisation and capital allowances and other short timing differences	844	330	734	306
Deferred capital gains	177	-	177	-
Other	89	-	-	-
	<u>1,110</u>	<u>330</u>	<u>911</u>	<u>306</u>

Company

The amounts provided and unprovided for deferred taxation are set out below:

	2000		1999	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and amortisation and capital allowances and other short timing differences	-	-	13	-
Deferred capital gains	-	-	-	-
Other timing differences	-	-	-	-
	<u>-</u>	<u>-</u>	<u>13</u>	<u>-</u>

Company

No provision has been made for additional taxation which would arise on the distribution of profits retained by overseas subsidiary undertakings.

Notes (continued)

9 Profit / (loss) attributable to members of the parent company

The profit dealt with in the accounts of the parent company was £797,330 (1999: loss of £260,000).

10 Dividends

	2000	1999
	£'000	£'000
Equity dividends on ordinary shares:		
interim paid	-	-
final proposed	-	100
	<hr/>	<hr/>
	-	100
	<hr/>	<hr/>
Non-equity dividends on preference shares:		
Interim	27	27
Final	28	28
	<hr/>	<hr/>
	55	55
	<hr/>	<hr/>
	55	155
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

11 Tangible fixed assets

Group	Leasehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<i>Cost</i>				
At beginning of year	574	6,876	108	7,558
Additions	268	2,159	-	2,427
Disposals	-	(23)	(22)	(45)
Exchange differences	(37)	(96)	-	(133)
At end of year	805	8,916	86	9,807
<i>Depreciation</i>				
At beginning of year	279	3,675	85	4,039
Charge for year	91	934	9	1,034
Disposals	-	(8)	(22)	(30)
Exchange differences	(19)	(42)	-	(61)
At end of year	351	4,559	72	4,982
<i>Net book value</i>				
At 29 April 2000	454	4,357	14	4,825
At 1 May 1999	295	3,201	23	3,519

Included in the total net book value of Group plant and machinery is £2,474,735 (1998: £1,125,856) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £318,549 (1998: £221,638).

The net book value of land and buildings includes:

	Group	
	2000 £'000	1999 £'000
Long leasehold	370	229
Short leasehold	84	66
	454	295

Notes (continued)

12 Fixed asset investments

Group	2000 £'000	1999 £'000
Joint Venture	529	397
	<u>529</u>	<u>397</u>

Company	Subsidiary undertakings £'000	Joint Venture £'000	Total £'000
<i>Cost and net book value</i>			
At beginning of year	1,142	29	1,171
At end of year	<u>1,142</u>	<u>29</u>	<u>1,171</u>

The companies in which the group's interest is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of voting rights
<i>Subsidiary undertakings</i>			
Tickford, Inc	Michigan, USA	Supply of engineering services	100% Ordinary
Tickford Australia Pty Limited	Australia	Holding company	100% Ordinary
Tickford Vehicle Engineering Pty Limited	Australia	Motor vehicle converter	51% Ordinary
Tickford Engineering Limited	England & Wales	Supply of engineering services	100% Ordinary
Tickford Asia Pacific Pty Limited	Australia	Supply of engineering services	100% Ordinary
Tickford (Overseas Holdings) Limited	England & Wales	Holding company	100% Ordinary
Tickford (US Holdings) Inc.	Michigan, USA	Holding company	100% Ordinary
Tickford-Engelhard LLC	Michigan, USA	Supply of engineering services	50% Owned

During 1998, Tickford-Engelhard LLC commenced trading. The group's investment in this joint venture undertaking is accounted for using the gross equity method.

In the opinion of the directors the investments in and amounts due from the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

Notes (continued)

13 Stocks

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
<i>Amounts realisable within one year</i>				
Raw materials and consumables	901	710	-	-
Work in progress (see below)	4,146	2,167	-	-
Finished goods	26	22	-	-
	<u>5,073</u>	<u>2,899</u>	<u>-</u>	<u>-</u>
<i>Amounts realisable after one year</i>				
Work in progress (see below)	-	811	-	-
	<u>5,073</u>	<u>3,710</u>	<u>-</u>	<u>-</u>

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

Work in progress represents the cost of work carried out for third parties. These amounts are expected to be recoverable in accordance with agreed billing schedules, some of which are dependent on the timing of future sales volumes. Where these amounts are expected to be recovered after twelve months, they have been shown as amounts realisable after one year.

14 Debtors

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Amounts due within one year				
Trade debtors	5,589	2,889	-	-
Amounts owed by group undertakings:				
Subsidiary undertakings	-	-	2,001	1,732
Associated undertakings	-	-	-	-
Other debtors	-	3	-	-
Prepayments and accrued income	407	766	6	5
Amounts recoverable on contracts	156	-	-	-
Corporation tax recoverable	-	100	-	13
	<u>6,152</u>	<u>3,758</u>	<u>2,007</u>	<u>1,750</u>
Amounts due after more than one year				
Other debtors	-	1	-	-
	<u>6,152</u>	<u>3,759</u>	<u>2,007</u>	<u>1,750</u>

Notes (continued)

15 Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 16)	2,247	1,058	-	-
Obligations under finance leases and hire purchase contracts (see note 17)	765	355	-	-
Trade creditors	2,528	2,652	-	-
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	1,544	2,040
Other creditors including taxation and social security:				
Corporation tax	362	244	-	-
Other taxes	478	546	1	4
Social security	345	276	-	-
Other creditors	-	-	-	-
Accruals and deferred income	2,252	1,632	12	7
Payments on account	214	-	-	-
Minority dividend proposed	516	460	-	100
	<u>9,707</u>	<u>7,223</u>	<u>1,557</u>	<u>2,151</u>

Notes (continued)

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank loan (secured - see below)	582	975	-	-
Obligations under finance leases and hire purchase contracts (see below)	1,146	417	-	-
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	-	-
Other creditors	186	180	-	-
	<u>1,914</u>	<u>1,572</u>	<u>-</u>	<u>-</u>

The bank loan is repayable by instalments

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Amounts falling due:				
Within one year	360	-	-	-
In two to five years	582	975	-	-
	<u>942</u>	<u>975</u>	<u>-</u>	<u>-</u>

The bank loan and overdraft of Tickford Engineering Limited, amounting to £1,895,000, is secured by a first fixed charge over the fixtures and fittings, plant and machinery, goodwill and book debts of that company and by way of a first floating charge over the remaining assets of that company.

At the balance sheet date, the company had guaranteed borrowings of an overseas subsidiary, which amounted to £934,000 (1999: £1,165,000). These borrowings are drawn down under a facility which is being amortised over five years to 2001 and incurs interest at 2.5% over bank base lending rate, and are not secured over the assets of the relevant subsidiary.

Notes (continued)

17 Obligations under leases and hire purchase contracts

Net obligations under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Amounts payable:				
Within one year	765	355	-	-
In two to five years	1,146	417	-	-
	<u>1,911</u>	<u>772</u>	<u>-</u>	<u>-</u>
Annual commitments under non-cancellable operating leases are as follows:				
Group	2000		1999	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Amounts payable:				
Within one year	344	66	282	106
In second to fifth year	943	238	553	212
Over five years	428	-	448	-
	<u>1,715</u>	<u>304</u>	<u>1,283</u>	<u>318</u>

18 Provisions for liabilities and charges

	Group			Company		
	Deferred taxation £'000	Other £'000	Total £'000	Deferred taxation £'000	Other £'000	Total £'000
At beginning of period	911	231	1,142	13	-	13
Exchange differences	(66)	(18)	(84)	-	-	-
Restatement for change in tax rate	(62)	-	(62)	-	-	-
Charge/(credit) for the period	327	212	539	(13)	-	(13)
At end of period	<u>1,110</u>	<u>425</u>	<u>1,535</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes (continued)

19 Share capital

	2000 £'000	1999 £'000
<i>Authorised</i>		
Ordinary shares of £1 each	445	445
8% cumulative preference shares of £1 each	500	500
Dividend and Participating Shares of £1 each	55	55
	<hr/> 1,000	<hr/> 1,000
	<hr/> <hr/>	<hr/> <hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	195	195
8% cumulative preference shares of £1 each	-	-
Dividend and Participating Shares of £1 each	55	55
	<hr/> 250	<hr/> 250
	<hr/> <hr/>	<hr/> <hr/>

The Dividend and Participating Shares carry rights to a fixed dividend and to a share in the proceeds of sale of the company. They were created in July 1997 through the conversion of 54,500 Ordinary Shares.

20 Reserves

	Group		Company	
	Share redemption	Profit and loss account	Share redemption	Profit and loss account
	£'000	£'000	£'000	£'000
At beginning of year	314	1,971	315	258
Other	-	-	-	-
Retained profit/(loss) for the year	-	1,038	-	798
Exchange adjustments	-	43	-	-
	<hr/> 314	<hr/> 3,052	<hr/> 315	<hr/> 1,056
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

21 Equity minority interests

Group	Capital reserve £'000	Revenue reserve £'000	Total £'000
At beginning of year	1	1,948	1,949
Profit for year	-	567	567
Appropriations during the year	-	(516)	(516)
Exchange adjustment	-	(152)	(152)
At end of year	1	1,847	1,848

22 Shareholders' funds

Group	2000 £'000	1999 £'000
Opening shareholders' funds	2,535	2,093
Total recognised gains and losses	1,081	442
Closing shareholders' funds (including non-equity)	3,616	2,535
Company		
Opening shareholders' funds	823	1,083
Retained profit/(loss) for the year	798	(260)
Exchange differences	-	-
Closing shareholders' funds (including non-equity)	1,621	823

23 Pension schemes

The group operates defined contribution pension schemes. The pension cost charge for the period represents contributions payable by the group to the schemes and amounted to £315,309 (1999: £273,773).

Contributions amounting to £40,468 (1999: £13,638) were outstanding at year end and are included in creditors.

24 Commitments

- (i) The group had contracted capital commitments of £8,028 (1999: £258,934) at the end of the financial year for which no provision has been made. The company had no contracted capital commitments (1999: £Nil).

Notes (continued)

25 Reconciliation of operating profit to net cash inflow from operating activities

	2000	1999
	£'000	£'000
Operating profit	2,741	2,596
Income from joint venture for the period	(21)	-
Exchange movement	4	-
Depreciation charge for the period	1,034	820
(Increase)/decrease in stocks	(1,076)	(576)
(Increase)/decrease in debtors	(2,516)	(15)
Increase/(decrease) in creditors	629	1,407
	<hr/>	<hr/>
Cash inflow from operating activities	795	4,232
	<hr/> <hr/>	<hr/> <hr/>

26 Analysis of net debt

	2 May 1999 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange Movement £'000	1 May 2000 £'000
Cash at bank and in hand	3,036	(766)	-	(229)	2,041
Overdrafts	(204)	(1,678)	-	(5)	(1,887)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	2,832	(2,444)		(234)	154
Debt due within one year	(854)	721	(172)	(55)	(360)
Debt due after one year	(975)	252	172	(31)	(582)
Finance leases	(772)	460	(1,600)	-	(1,912)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(2,601)	1,433	(1,600)	(86)	(2,854)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net funds/(debt)	231	(1,011)	(1,600)	(320)	(2,700)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

27 Analysis of cash flows for headings netted in the cash flow statement

	2000 £'000	1999 £'000
Returns on investment and servicing of finance		
Interest received	(19)	2
Interest paid	(213)	(194)
Interest element of finance lease and hire purchase	(82)	(68)
Non equity dividend paid	(55)	(289)
	<hr/>	<hr/>
Net cash outflow	(369)	(549)
	<hr/>	<hr/>
Capital expenditure and financial investment		
Sale of plant and machinery	-	-
Purchase of plant and machinery	(827)	(596)
	<hr/>	<hr/>
Net cash outflow	(827)	(596)
	<hr/>	<hr/>
Acquisitions and disposals		
Joint venture costs	(193)	(326)
	<hr/>	<hr/>
Net cash outflow	(193)	(326)
	<hr/>	<hr/>
Financing		
Debt due within one year:		
Increase in short term borrowings	-	196
Debt due after one year:		
(Repayment)/increase of secured loan	(973)	(156)
	<hr/>	<hr/>
Capital element of finance lease and hire purchase rental repayments	(460)	(521)
	<hr/>	<hr/>
Net cash (outflow)/inflow	(1,433)	(481)
	<hr/>	<hr/>

Notes *(continued)*

28 Related party transactions

During 1995/96 the Board of Directors approved the sale of part of the business of the Bedworth Trim division to Trim Technology & Services Limited, a company in which two directors, J Thurston and RGC Horsley had and continue to have a significant interest.

The consideration included a secured loan note, repayable in quarterly instalments over three years, bearing interest at 10%. At 1 May 2000 the outstanding amount was £Nil (1999: £Nil).

29 Contingent liabilities

Contingent liabilities consists of a bank guarantee provided to Tickford Australia Pty. Ltd in respect of the lease of the company's premises for an amount of £22,500 (1999: £24,000).