

Tickford Limited

Directors' report and consolidated
financial statements

27 April 1996

Registered number 2584542



Tickford Limited

Directors' report and consolidated financial statements

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Tickford Limited

Directors' report

The directors present their annual report and the audited financial statements for the period ended 27 April 1996.

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

As shown on pages 6 and 7, consolidated turnover on continuing operations increased by 48.8%, total turnover increased by 32.7% (1994/5 - 29.6%) to £24,701,000 (1994/5 - £18,616,000), consolidated profit after tax increased by 36.3% to £1,082,000 (1994/5 - 794,000) and consolidated recognised gains for the period increased by 45.0% to £1,269,000 (1994/5 - £875,000).

The very satisfactory performance has been achieved through a combination of continuing high levels of investment in capital equipment, technology and people and a clear focus on customer needs and quality. As set out in note 12 to the accounts, the group's capital expenditure in the year totalled £1,866,000. Staff numbers increased by 17.3% with nearly all the increase being in production personnel.

As disclosed in last year's accounts, following a review of the group's business strategy, the Bedworth Trim division was sold on 31 July 1995, which helped the group to focus more strongly on its core engineering and consulting activities.

In December the group gained Ford Tier 1 supplier status. This has been a major objective and its achievement provides confirmation of the group's technical and quality standards and capabilities. In the second half of the year, four new engine test cells were commissioned in Milton Keynes, increasing capability and extending the range of test fuels.

In November 1995, a new 35,000 square feet Vehicles Technical Centre was opened in Milton Keynes to accommodate an increase in activity for whole vehicle engineering including powertrain installation, ride and handling, body design and engineering. As part of this facility the company now has an advanced composite materials facility including a large autoclave enabling the group to provide development and limited production quantities of carbon fibre and other advanced composite components. Inevitably all this activity led to a significant increase in overheads. Progress in commissioning the facility and obtaining new contracts has, however, been good and the division has a good order book and a high level of enquiries.

As described in note 31, on 22 May 1996, the group acquired ServoTech Simulation Inc., a company registered in Michigan and Dr Hamid Servati joined the Board of the company on that date. As well as providing a base for the group's activities in the USA, ServoTech has extended its technology skills in the areas of predictive software and electronics applied to emissions technology. This is seen as an important strategic move, maintaining the group's position at the forefront of the drive to reduce vehicle emissions.

Tickford Limited

Directors' report *(continued)*

Research and development

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

Dividends

A dividend of £1.20 per share was declared in the year, which was payable in April 1996 (*1995: £Nil*).

Significant changes in fixed assets

Movements in fixed assets are shown in notes 12 to 13 in the financial statements.

Directors and directors' interests

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

J Thurston (Chairman)
DS Burnicle
D Flint
D Hall
DB Morgan
RGC Horsley

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

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

	At 27 April 1996		At 29 April 1995	
	Ordinary shares of £1 each	Debenture	Ordinary shares of £1 each	Debenture
J Thurston	150,000	-	150,000	£100,000
DS Burnicle	25,000	-	25,000	-
D Flint	25,000	-	25,000	-
D Hall	25,000	-	25,000	-
DB Morgan	25,000	-	25,000	-

Liability insurance

During the period the company maintained liability insurance for its officers.

Tickford Limited

Directors' report (*continued*)

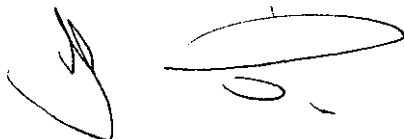
Supplier payment policy

The Group does not follow a code or standard on payment practice. Payment terms are normally agreed with individual suppliers at the time of order placement and are honoured provided that goods and services are supplied in accordance with the contractual conditions.

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
Director

Tickford House
8 Tanners Drive
Blakelands
Milton Keynes
MK14 5BN

Tickford Limited

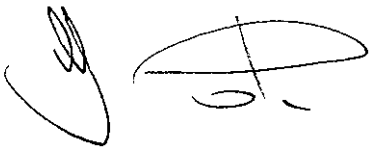
Statement of directors' responsibilities

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 the 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;
- 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 company 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
Director

Tickford House
8 Tanners Drive
Blakelands
Milton Keynes
MK14 5BN



Norfolk House
499 Silbury Boulevard
Central Milton Keynes
MK9 2HA

Auditors' report to the members of Tickford Limited

We have audited the financial statements on pages 6 to 27.

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 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 27 April 1996 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditors

26 July 1996.

Tickford Limited

Consolidated profit and loss account for the period ended 27 April 1996

		Continuing operations 1996 £'000	Discontinued operations 1996 £'000	Total 1996 £'000	Total 1995 £'000
Turnover	2	24,006	695	24,701	18,616
Cost of sales		(14,857)	(469)	(15,326)	(11,633)
Gross profit		9,149	226	9,375	6,983
Distribution costs		(368)	-	(368)	(504)
Administrative expenses	3	(6,439)	(204)	(6,643)	(4,564)
Operating profit	4	2,342	22	2,364	1,915
Other interest receivable and similar income	8			199	78
Interest payable and similar charges	9			(115)	(113)
Profit on ordinary activities before taxation	5-7			2,448	1,880
Tax on profit on ordinary activities	10			(727)	(513)
Profit on ordinary activities after taxation				1,721	1,367
Minority interests	22			(639)	(573)
Profit for the financial period				1,082	794
Dividends				(300)	-
Retained profit for the period	21			782	794

Tickford Limited

Statement of consolidated recognised gains and losses for the financial period ended 27 April 1996

		1996 £'000	1995 £'000
Profit for the financial period		1,082	794
Transfer from capital reserve	21	44	98
Currency translation differences on foreign currency net investments	21	143	(17)
		<hr/>	<hr/>
Total recognised gains and losses relating to the financial period before dividends		1,269	875
Dividends		(300)	-
		<hr/>	<hr/>
Total recognised gains and losses relating to the financial period		969	875
		<hr/>	<hr/>

A reconciliation of movements in shareholders' funds is given in note 24.

Tickford Limited

Consolidated balance sheet

at 27 April 1996

	Note	1996		1995	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11		250		250
Tangible assets	12		2,986		1,606
			<u>3,236</u>		<u>1,856</u>
Current assets					
Fixed assets held for sale	14	-		14	
Stocks	15	3,150		2,345	
Debtors	16	3,390		2,759	
Cash at bank and in hand		2,298		2,054	
		<u>8,838</u>		<u>7,172</u>	
Creditors: amounts falling due within one year	17	(4,702)		(4,276)	
Net current assets			<u>4,136</u>		<u>2,896</u>
Total assets less current liabilities			<u>7,372</u>		<u>4,752</u>
Creditors: amounts falling due after more than one year	18		(1,851)		(901)
Provisions for liabilities and charges	19		(694)		(445)
Net assets			<u><u>4,827</u></u>		<u><u>3,406</u></u>
Capital and reserves					
Called up share capital	20		250		250
Capital reserve	21		316		360
Profit and loss account	21		2,736		1,768
Share redemption reserve	21		3		2
			<u>3,305</u>		<u>2,380</u>
Shareholders' funds			<u>3,305</u>		<u>2,380</u>
Minority interests	22		1,522		1,026
			<u><u>4,827</u></u>		<u><u>3,406</u></u>

These financial statements were approved by the board of directors on 26 July 1996 and were signed on its behalf by:

J Thurston
Director

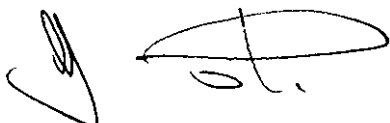


Tickford Limited

Balance sheet at 27 April 1996

	Note	1996		1995	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11		250		250
Tangible assets	12		2,632		1,376
Investments	13		133		119
			<u>3,015</u>		<u>1,745</u>
Current assets					
Fixed assets held for sale	14	-		14	
Stocks	15	184		354	
Debtors	16	3,183		2,342	
Cash at bank and in hand		719		721	
		<u>4,086</u>		<u>3,431</u>	
Creditors: amounts falling due within one year	17	(3,110)		(2,793)	
Net current assets			<u>976</u>		<u>638</u>
Total assets less current liabilities			<u>3,991</u>		<u>2,383</u>
Creditors: amounts falling due after more than one year	18		(1,818)		(901)
Provisions for liabilities and charges	19		(34)		-
Net assets			<u><u>2,139</u></u>		<u><u>1,482</u></u>
Capital and reserves					
Called up share capital	20		250		250
Capital reserve	21		316		360
Profit and loss account	21		1,573		872
Shareholders' funds			<u><u>2,139</u></u>		<u><u>1,482</u></u>

These financial statements were approved by the board of directors on 26 July 1996 and were signed on its behalf by:



J Thurston
Director

Tickford Limited

Consolidated cash flow statement for the period ended 27 April 1996

	Note	1996		1995	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	26		2,095		2,469
Returns on investments and servicing of finance					
Interest received		199		78	
Interest paid		(64)		(98)	
Interest element of finance lease rental payments		(63)		(27)	
Dividends paid		(270)		-	
Net cash outflow from returns on investments and servicing of finance			(198)		(47)
Taxation					
UK corporation tax paid		140		-	
Overseas tax paid		621		(27)	
Tax paid			(761)		(27)
Investing activities					
Purchase of tangible fixed assets		(920)		(389)	
Sale of tangible fixed assets		15		10	
Transfer to current assets		-		14	
Net cash outflow from investing activities			(905)		(365)
Net cash inflow before financing			231		2,030
Financing					
New secured loan		1,000		1,000	
Repayments of amounts borrowed		(960)		(905)	
Repayments of debentures		(100)		(100)	
Capital element of finance lease rental payments		(148)		(134)	
Net cash outflow from financing	27		(208)		(139)
			23		1,891
Increase in cash and cash equivalents					
Overdraft	28		(11)		476
Cash	28		34		1,415
			23		1,891

Tickford Limited

Notes

(forming part of the financial statements)

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 have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of certain assets.

Basis of consolidation

The group accounts consolidate the accounts of Tickford Limited and all its trading 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.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary and associated 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.

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.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold land and buildings	-	life of lease
Plant and machinery	-	5 or 10 years
Motor vehicles	-	4 years

Foreign currencies

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.

For consolidation purposes, the assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the closing exchange rates. Exchange differences arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings of the holding company.

Tickford Limited

Notes (continued)

1 Accounting policies (continued)

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Turnover

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

2 Turnover

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

	1996 £'000	1995 £'000
United Kingdom	9,007	7,700
Rest of Europe	231	216
Rest of World	15,463	10,700
	<hr/>	<hr/>
	24,701	18,616
	<hr/>	<hr/>

3 Administrative expenses

Included in administrative expenses is an amount of £Nil (1995: £100,000) relating to the write down of the fixed assets associated with the disposal of the Bedworth Trim division. (See also note 14).

Tickford Limited

Notes (continued)

4 Operating profit/(loss)

	Continuing operations 1996 £'000	Discontinued operations 1996 £'000	Total 1996 £'000	Continuing operations 1995 £'000	Discontinued Operations 1995 £'000	Total 1995 £'000
Turnover	24,006	695	24,701	16,135	2,481	18,616
Cost of sales	(14,857)	(469)	(15,326)	(9,929)	(1,704)	(11,633)
Gross profit	9,149	226	9,375	6,206	777	6,983
Distribution costs	(368)	-	(368)	(504)	-	(504)
Administrative expenses	(6,439)	(204)	(6,643)	(3,628)	(936)	(4,564)
Operating profit /(loss)	2,342	22	2,364	2,074	(159)	1,915

5 Profit on ordinary activities before taxation

	1996 £'000	1995 £'000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	41	34
Other services	69	22
Depreciation and other amounts written off tangible fixed assets:		
Owned	467	444
Leased	62	42
Write down of fixed assets (see notes 3 and 14)	-	100
Hire of plant and machinery - rentals payable under operating leases	36	44
Hire of other assets - operating leases	258	460

Tickford Limited

Notes (continued)

6 Remuneration of directors

	1996 £'000	1995 £'000
Directors' emoluments:		
Fees as directors	3	2
Consultancy fees	33	9
Remuneration as executives	465	366
	<u>501</u>	<u>377</u>

The emoluments, excluding pension contributions, of the chairman, who is also the highest paid director, were £147,936 (1995: £83,573) of which £48,350 (1995: £17,250) relates to a profit related bonus in respect of the previous financial period and £30,450 (1995: £Nil) relates to a profit related bonus in respect to the current financial period.

The emoluments, excluding pension contributions, of the directors (including the chairman but excluding the director who performed his duties wholly or mainly outside the UK) were within the following ranges:

	Number of directors	
	1996	1995
£10,001 - £15,000	-	1
£35,001 - £40,000	1	-
£45,001 - £50,000	-	3
£50,001 - £55,000	2	-
£55,001 - £60,000	1	-
£80,001 - £85,000	-	1
£145,001 - £150,000	1	-

No emoluments (1995: £Nil) have been waived by any directors.

7 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	
	1996	1995
Management and administration	74	70
Production	278	230
	<u>352</u>	<u>300</u>

Tickford Limited

Notes (continued)

7 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	1996	1995
	£'000	£'000
Wages and salaries	7,436	5,188
Social security costs	552	285
Other pension costs (see note 25)	239	146
	<u>8,227</u>	<u>5,619</u>

8 Other interest receivable and similar income

	1996	1995
	£'000	£'000
Bank interest	188	78
Other interest receivable	11	-
	<u>199</u>	<u>78</u>

9 Interest payable and similar charges

	1996	1995
	£'000	£'000
On bank loans, overdrafts and other loans wholly repayable within five years	52	79
On all other loans	-	1
Finance charges payable in respect of finance leases and hire purchase contracts	63	33
	<u>115</u>	<u>113</u>

10 Taxation

	1996	1995
	£'000	£'000
UK corporation tax at 33% on the profit for the period	223	108
Relief for overseas taxation	(189)	-
Deferred taxation	239	69
Overseas taxation	456	475
Prior year items	(2)	(139)
	<u>727</u>	<u>513</u>

Tickford Limited

Notes (continued)

11 Intangible fixed assets

Group and Company

Patents
£'000

Valuation and net book value

At beginning and end of period

250

Patents represent the rights registered relating to the five-valve cylinder head designed by Tickford Limited and are stated at directors' valuation. The carrying value will be amortised on commencement of commercial production of engines using the design.

12 Tangible fixed assets

Group	Leasehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At beginning of period	153	2,973	74	3,200
Additions	147	1,701	18	1,866
Disposals	-	(179)	(20)	(199)
Exchange differences	21	50	-	71
At end of period	321	4,545	72	4,938
Depreciation				
At beginning of period	54	1,514	26	1,594
Charge for period	65	450	14	529
Disposals	-	(179)	(19)	(198)
Exchange differences	10	17	-	27
At end of period	129	1,802	21	1,952
Net book value				
At 27 April 1996	192	2,743	51	2,986
At 29 April 1995	99	1,459	48	1,606

Included in the total net book value of plant and machinery is £1,175,000 (1995: £141,000) in respect of assets held under finance leases. Depreciation for the period on these assets was £62,000 (1995: £42,000).

Tickford Limited

Notes (continued)

12 Tangible fixed assets (continued)

Company	Leasehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At beginning of period	31	2,706	74	2,811
Additions	40	1,623	18	1,681
Disposals	-	(179)	(20)	(199)
Exchange differences	2	8	-	10
At end of period	73	4,158	72	4,303
Depreciation				
At beginning of period	2	1,407	26	1,435
Charge for period	10	408	14	432
Disposals	-	(179)	(19)	(198)
Exchange differences	1	1	-	2
At end of period	13	1,637	21	1,671
Net book value				
At 27 April 1996	60	2,521	51	2,632
At 29 April 1995	29	1,299	48	1,376

The net book value of land and buildings includes:

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Long leasehold	15	24	15	24
Short leasehold	177	75	45	5
	192	99	60	29

Included in the total net book value of plant and machinery is £1,168,000 (1995: £131,000) in respect of assets held under finance leases. Depreciation for the period on these assets was £57,000 (1995: £33,000).

Tickford Limited

Notes (continued)

13 Fixed asset investments

Company	Shares in group undertakings £'000
<i>Shares</i>	
<i>Cost and net book value</i>	
At beginning of period	119
Exchange differences	14
	<hr/>
At end of period	133
	<hr/>

The companies in which the group's interest is more than 10% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Tickford Australia Pty Limited	Australia	Holding company	100% Ordinary
Tickford Vehicle Engineering Pty Limited	Australia	Motor car converter	51% Ordinary
Tickford Human Resources Limited	England and Wales	Personnel recruitment	50% Ordinary

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.

14 Fixed assets held for sale

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Fixed assets held for sale	-	14	-	14
	<hr/>	<hr/>	<hr/>	<hr/>

Fixed assets relating to the Bedworth Trim business with a net book value of £Nil (1995: £113,000) were transferred to current assets and subsequently written down to reflect their net realisable value.

Tickford Limited

Notes (continued)

15 Stocks

	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Amounts realisable within one year				
Raw materials and consumables	1,275	1,229	45	284
Work in progress (see below)	1,337	651	139	43
Finished goods and goods for resale	-	27	-	27
	<u>2,612</u>	<u>1,907</u>	<u>184</u>	<u>354</u>
Amounts realisable after one year				
Work in progress (see below)	<u>538</u>	<u>438</u>	<u>-</u>	<u>-</u>
	<u>3,150</u>	<u>2,345</u>	<u>184</u>	<u>354</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 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.

16 Debtors

Amounts due within one year	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Trade debtors	2,846	2,518	2,321	2,096
Amounts owed by group undertakings:				
Subsidiary undertakings	-	-	343	61
Other debtors	119	80	98	6
Prepayments and accrued income	203	161	199	179
ACT recoverable	75	-	75	-
	<u>3,243</u>	<u>2,759</u>	<u>3,036</u>	<u>2,342</u>
Amounts due after more than one year				
Other debtors	<u>147</u>	<u>-</u>	<u>147</u>	<u>-</u>
	<u>3,390</u>	<u>2,759</u>	<u>3,183</u>	<u>2,342</u>

Tickford Limited

Notes (continued)

17 Creditors: amounts falling due within one year

	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Debenture loan (see below)	-	100	-	100
Bank loans and overdrafts (see below)	11	200	-	200
Other loan (secured - see below)	-	60	-	60
Obligations under finance leases and hire purchase contracts (see note 18)	270	122	261	115
Trade creditors	1,521	1,821	836	1,438
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	1	3
Other creditors including taxation and social security:				
Corporation tax	338	596	106	188
Other taxes	181	207	133	197
Social security	89	130	89	102
Other creditors	499	144	309	97
Accruals and deferred income	1,793	896	1,375	293
	<u>4,702</u>	<u>4,276</u>	<u>3,110</u>	<u>2,793</u>

Debenture loans

Interest was payable at 1 % above the Barclays Bank base rate. Under the arrangements with the bank, this loan was not repayable before the term loan was discharged save with the formal consent of the bank. The debenture loan was repaid by 31 July 1995 in accordance with these arrangements.

As security on the debenture, a fixed charge was granted over all fixtures and fittings, plant and machinery, goodwill, all book debts, intellectual property rights and a floating charge over all other remaining assets of the company, ranking after the security granted to Barclays Bank plc. Following repayment of the debenture this security was cancelled.

Bank loans and overdrafts

Bank loans and overdrafts are secured by a first fixed charge over the fixtures and fittings, plant and machinery, goodwill, book debts and by way of a first floating charge over the remaining assets.

Other loan

As security on the other loan a fixed charge has been granted over plant and machinery purchased with the funds. This ranks before all other securities granted over the relevant assets.

Tickford Limited

Notes (continued)

18 Creditors: amounts falling due after more than one year

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Bank loan (secured - see note 17)	1,000	700	1,000	700
Obligations under finance leases and hire purchase contracts (see below)	851	201	818	201
	<u>1,851</u>	<u>901</u>	<u>1,818</u>	<u>901</u>

The bank loan is repayable by instalments

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
In the second to fifth years	606	700	606	700
After five years	394	-	394	-
	<u>1,000</u>	<u>700</u>	<u>1,000</u>	<u>700</u>

The maturity of net obligations under finance leases and hire purchase contracts is as follows:

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Within one year	270	122	261	115
In the second to fifth years	851	201	818	201
	<u>1,121</u>	<u>323</u>	<u>1,079</u>	<u>316</u>

Tickford Limited

Notes (continued)

19 Provisions for liabilities and charges

	Taxation, including deferred taxation £'000	Group Other £'000	Total £'000	Company Deferred taxation £'000
At beginning of period	233	212	445	(25)
Exchange differences	75	34	109	-
Charge/(Credit) for the period	239	(99)	140	59
At end of period	547	147	694	34

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

	1996		1995	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and amortisation and capital allowances and other short timing differences	495	151	233	69
Deferred capital gains	-	178	-	178
Deferred taxation on patents	-	83	-	83
Other timing differences	52	-	-	-
	547	412	233	330

Company

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

	1996		1995	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and amortisation and capital allowances and other short timing differences	(18)	151	(25)	69
Deferred capital gains	-	178	-	178
Deferred taxation on patents	-	83	-	83
Other timing differences	52	-	-	-
	34	412	(25)	330

Tickford Limited

Notes (continued)

19 Provisions for liabilities and charges (continued)

Provision for deferred tax in respect of gains arising on the disposal of revalued patents is not made as it is not the company's intention to sell the patents.

The deferred capital gain relates to the gain which arose on the disposal of goodwill. The gain has been held over by acquiring assets which qualify for holdover relief. It is the intention of the directors to acquire capital assets which will be eligible for rollover relief and as such the gain is not expected to crystallise.

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

20 Called up share capital

	1996 £'000	1995 £'000
<i>Authorised</i>		
Ordinary shares of £1 each	500	500
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	250	250

21 Movements on reserves

	Group			Company	
	Share redemption reserve £'000	Capital reserve £'000	Profit and loss account £'000	Capital reserve £'000	Profit and loss account £'000
At beginning of period	2	360	1,768	360	872
Transfers	-	(44)	44	(44)	44
Retained profit for period	-	-	782	-	624
Exchange adjustments	1	-	142	-	33
At end of period	3	316	2,736	316	1,573

The capital reserve represents negative goodwill arising on the acquisition of the trade and assets of Dacron Limited and the assumption of its liabilities. It is being transferred to the profit and loss account to the extent that the assets acquired are being realised. The amount transferred during the period was £44,000 (1995: £97,000).

Tickford Limited

Notes (continued)

22 Minority interests

Group	Capital reserve £'000	Revenue reserve £'000	Total £'000
At beginning of period	1	1,025	1,026
Profit for period	-	639	639
Appropriations during the period	-	(308)	(308)
Exchange adjustment	-	165	165
	<hr/>	<hr/>	<hr/>
At end of period	1	1,521	1,522
	<hr/>	<hr/>	<hr/>

23 Commitments

- (i) The group and the company had contracted capital commitments of £Nil (1995: £10,000) at the end of the financial year for which no provision has been made.
- (ii) Annual commitments under non-cancellable operating leases are as follows:

Group	1996		1995	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	131	66	104	127
In the second to fifth years	209	99	357	118
Over five years	347	-	143	-
	<hr/>	<hr/>	<hr/>	<hr/>
	687	165	604	245
	<hr/>	<hr/>	<hr/>	<hr/>

Company	1996		1995	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	22	21	10	100
In the second to fifth years	-	86	83	108
Over five years	347	-	143	-
	<hr/>	<hr/>	<hr/>	<hr/>
	369	107	236	208
	<hr/>	<hr/>	<hr/>	<hr/>

Tickford Limited

Notes (continued)

24 Shareholders' funds

Group	1996 £000	1995 £000
Opening equity shareholders' funds	2,380	1,603
Retained profit for the year	782	794
Exchange differences	143	(17)
Closing equity shareholders' funds	3,305	2,380
Company		
Opening equity shareholders' funds	1,482	1,292
Retained profit for the year	624	190
Exchange differences	33	-
Closing equity shareholders' funds	2,139	1,482

25 Pension scheme

The group operates defined contribution pension schemes. The pension cost charge for the period represents contributions payable by the group to the funds and amounted to £239,000 (1995: £147,000).

Contributions amounting to £18,000 (1995: £15,000) were payable to the funds and are included in creditors.

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

	1996 £'000	1995 £'000
Operating profit	2,364	1,915
Loss on sale of tangible fixed assets	-	2
Depreciation charge	529	486
Fixed assets write down	-	100
Increase in stocks	(628)	(717)
Increase in debtors	(506)	(768)
Increase in creditors	503	1,485
Effect of foreign exchange rate changes	(167)	(34)
Net cash inflow from operating activities	2,095	2,469

Tickford Limited

Notes (continued)

27 Analysis of changes in financing during the year

	Share capital (including premium) £'000	Loans and finance lease obligations £'000
Balance at 29 April 1995	250	1,383
Cash outflow from financing	-	(208)
Inception of finance lease contracts	-	946
	<hr/>	<hr/>
Balance at 27 April 1996	250	2,121
	<hr/>	<hr/>

28 Analysis of changes in cash and cash equivalents

	Cash £'000	Overdraft £'000	Net £'000
Balance at 29 April 1995	2,054	-	2,054
Net cash inflow/outflow	34	(11)	23
Effect of foreign exchange rate changes	210	-	210
	<hr/>	<hr/>	<hr/>
Balance at 27 April 1996	2,298	(11)	2,287
	<hr/>	<hr/>	<hr/>

29 Sale of business

	£000
Net assets disposed of:	
Stock	203
Fixed assets held for resale	14
Other non-monetary assets	6
	<hr/>
	223
	<hr/>
Satisfied by:	
Loan notes	223
Cash	-
	<hr/>
	223
	<hr/>

Tickford Limited

Notes (continued)

29 Sale of business (continued)

During the year the Board of Directors approved an arm's length transaction to sell the business of the Bedworth Trim division to a company in which the following directors have a significant interest:

J Thurston
RGC Horsley

The business sold during the year generated a cash outflow from operating activities of £3,000.

30 Purchase of company

During the year Tickford Limited acquired 50% of the ordinary share capital of Tickford Human Resources Limited.

These shares were previously held by the directors of Tickford Limited and were purchased at their nominal value of £50. The net assets at the date of acquisition of Tickford Human Resources Limited were £1,400.

31 Post balance sheet events

On 22 May 1996, the company and its subsidiary, Tickford Inc ("Tinc"), entered into a Plan of Merger ("Merger") with ServoTech Simulations, Inc ("ServoTech"), a company registered in Michigan, USA. As a result of this Merger, Tinc acquired the whole of the business, assets and liabilities of ServoTech. The consideration for the Merger comprised the issue by the company of 25,000 Ordinary shares of £1 each and of 290,000 8% Redeemable Preference Shares of £1 each and a cash payment by Tinc of US\$900,000. In addition, the company paid Dr H Servati, the director and shareholder of ServoTech, US\$755,000 in consideration of him entering into a restrictive covenant. The cash payments referred to above have been financed by a five year loan.