

Registrar

**MF&T LIMITED**

ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 1995



M F & T LIMITED

ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 1995

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M F & T LIMITED

ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1995

COMPANY INFORMATION

COMPANY REGISTRATION NUMBER

2801412

REGISTERED OFFICE

Queensway
Stem Lane Industrial Estate
New Milton
Hampshire BH25 5NN

DIRECTORS

J S Sexton
D Amey
J F Robinson

COMPANY SECRETARY

J F Robinson

AUDITORS

Lyon Pilcher
Park House
102-108 Above Bar
Southampton
Hampshire SO14 7NH

BANKERS

Midland Bank Plc
87 Station Road
New Milton
Hampshire BH25 6JE

SOLICITORS

Paris Smith & Randall
Lansdowne House
Castle Lane
Southampton
Hampshire SO14 2JQ

MF & T LIMITED

YEAR ENDED 31 OCTOBER 1995

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31 October 1995.

PRINCIPAL ACTIVITY

The principal activity of MF&T Limited is the design and manufacture of filtration equipment.

BUSINESS REVIEW

The company's second full year of trading was disappointing. The prospect of a further deterioration in gas filtration sales in the second half of the year materialised, causing the company to incur exceptional redundancy costs and significant losses. Industrial elements sales remained buoyant and with improving margins partly compensated for the very depressed gas filtration market. Liquid filtration sales, whilst under budget and remaining a very small part of the company's business, continue to show promise. The appointment of a Group Technical Manager is expected to develop sales in this market in line with previous expectations.

The outlook for next year is more encouraging. After four months of trading, sales are ahead of budget in all of the three main markets and the company is trading profitably. The current order book is satisfactory, which leads management to expect the company to make a small profit at the year end provided the current order book is maintained.

The longer term outlook still looks more optimistic. The continuance of a gentle recovery in gas filtration, steady industrial element sales and the development of liquid filtration should make the company increasingly profitable over the coming years. The company is currently renting its building on a one year lease. The directors are in discussions with the landlords, with a view to extending the lease if the building is refurbished and suitable terms can be agreed. It is important that the company establishes itself in the appropriate premises for a duration in order to attain its commercial objectives.

RESULTS AND DIVIDENDS

The loss after tax for the year was £88,185 (1994:£21,781).

The directors recommend that no dividend be paid and that the loss after tax for the year be added to the deficit on reserves.

DIRECTORS

The directors in office during the year were as follows:-

J S Sexton
D Amey
J F Robinson

The directors held no interest in the shares of the company during the year. Their interests in the shares of the holding company, 2Fi Holdings Limited, are disclosed in the financial statements of that company.

M F & T LIMITED

REPORT OF THE DIRECTORS (continued)

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 of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FIXED ASSETS

Details of changes in fixed assets are given in Note 1 to the financial statements.

AUDITORS

The auditors, Lyon Pilcher, are deemed to be reappointed in accordance with Section 386 Companies Act 1985.

BY ORDER OF THE BOARD


SECRETARY

J. F. ROBINSON

Date: 7th May 1996

REPORT OF THE AUDITORS
TO THE DIRECTORS OF MF&T LIMITED
UNDER PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated financial statements set out on pages 5 to 9 together with the full financial statements of the company for the year ended 31 October 1995. The scope of our work for the purpose of this report was limited to confirming that the directors are entitled to deliver abbreviated financial statements and that the abbreviated financial statements have been properly prepared from the full financial statements.

In our opinion the directors are entitled under Sections 246 and 247 of the Companies Act 1985 to deliver abbreviated financial statements in respect of the year ended 31 October 1995, and the abbreviated financial statements on pages 5 to 9 have been properly prepared in accordance with Schedule 8 to that Act.

On 2 MAY 1996 we reported to the members on the full financial statements of the company for the year ended 31 October 1995, prepared under Section 226 of the Companies Act 1985 and our audit report was as follows:-

"We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, 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.

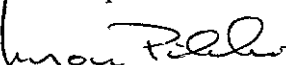
BASIS OF OPINION

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 October 1995 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985".



LYON PILCHER
CHARTERED ACCOUNTANTS
and Registered Auditors

Southampton

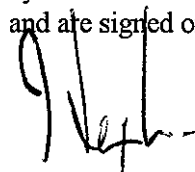
Dated: 15 May 1996

M F & T LIMITED**ABBREVIATED BALANCE SHEET AS AT 31 OCTOBER 1995**

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
FIXED ASSETS			
Tangible Assets	1	68,299	78,913
CURRENT ASSETS			
Stocks		257,980	272,921
Debtors		221,247	313,430
Cash at Bank and in hand		277	144
		479,504	586,495
CREDITORS: Amounts falling due within one year	2	408,737	403,548
NET CURRENT ASSETS		70,767	182,947
TOTAL ASSETS LESS CURRENT LIABILITIES		139,066	261,860
CREDITORS: Amounts falling due after more than one year	3	(54,507)	(70,826)
PROVISIONS FOR LIABILITIES AND CHARGES		(2,720)	(21,010)
		£81,839	£170,024
CAPITAL AND RESERVES			
Called up share capital	4	250,000	250,000
Profit and Loss Account		(168,161)	(79,976)
EQUITY SHAREHOLDERS' FUNDS		£81,839	£170,024

In preparing these abbreviated financial statements we have relied upon Sections 246 and 247 of the Companies Act 1985 on the grounds that the company is entitled to the benefit of those Sections as a small company.

The abbreviated financial statements were approved
by the Board of Directors on 7 MAY 1996
and are signed on its behalf by:



J. S. SEXTON

DIRECTOR

M F & T LIMITED

ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the historical cost basis of accounting and in accordance with applicable Accounting Standards.

Cash Flow Statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 from preparing a cash flow statement, as it qualifies as a small company.

Depreciation

Depreciation is calculated to write-off the cost, less estimated residual values, of tangible fixed assets over their expected useful lives. Depreciation rates are as follows:-

Plant and Machinery	- plant and equipment 12.5% per annum
	- tools 25% per annum
Motor Vehicles	- 25% per annum
Office Equipment	- 20% per annum
Computer Equipment	- 25% per annum

Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, labour and production overheads.

Deferred Taxation

Deferred Taxation arises when items are recognised for tax purposes in periods that differ from the periods in which the items are recognised for accounting purposes. Provision is made for deferred taxation at current rates of tax in accordance with the liability method, to the extent to which it is probable that a taxation liability or asset will crystallise.

Assets held under Finance Leases and Hire Purchase Agreements

Fixed Assets held under Hire Purchase Agreements, and those financed by leasing agreements which give rights approximating to ownership (ie., finance leases) are treated in accordance with Statement of Standard Accounting Practice 21 (SSAP 21) as if purchased outright. The corresponding obligations are included in creditors.

Depreciation is provided, depending on the type of fixed assets, by the rates and methods set out above.

The related finance costs are charged to the Profit and Loss Account in proportion to the outstanding balances of the contracts.

M F & T LIMITED

ACCOUNTING POLICIES

Pension Costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Foreign Currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur, except for:-

- (i) monetary assets and liabilities which are translated at the rate ruling at the balance sheet date (other than those in (ii) below); and
- (ii) transactions to be settled at a contracted rate and trading transactions covered by a related or matching forward contract, which are translated at those contracted rates.

Differences arising on the translation of such items are dealt with in the profit and loss account.

MF & T LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 1995****1. TANGIBLE FIXED ASSETS**

	<u>Plant & Machinery</u> £	<u>Motor Vehicles</u> £	<u>Office Equipment</u> £	<u>Computer Equipment</u> £	<u>Total</u> £
COST					
At 1 November 1994	63,970	36,763	6,356	23,108	130,197
Additions	11,729	-	2,454	3,441	17,624
Disposals	(1,323)	(4,345)	-	-	(5,668)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 1995	74,376	32,418	8,810	26,549	142,153
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION					
At 1 November 1994	25,730	13,261	1,522	10,771	51,284
Charge for the Year	7,792	9,640	2,313	8,493	28,238
Eliminated in respect of disposals	(1,323)	(4,345)	-	-	(5,668)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 1995	32,199	18,556	3,835	19,264	73,854
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE					
At 31 October 1995	<hr/> £42,177 <hr/>	<hr/> £13,862 <hr/>	<hr/> £4,975 <hr/>	<hr/> £7,285 <hr/>	<hr/> £68,299 <hr/>
At 31 October 1994	<hr/> £38,240 <hr/>	<hr/> £23,502 <hr/>	<hr/> £4,834 <hr/>	<hr/> £12,337 <hr/>	<hr/> £78,913 <hr/>

The net book value of the company's fixed assets includes £39,229 (1994:£43,681) in respect of assets held under finance leases and hire purchase contracts.

2. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1995</u> £	<u>1994</u> £
Secured creditors consist of:-		
(a) Net obligations under finance leases and hire purchase agreements (secured on the assets concerned)	<hr/> £14,880 <hr/>	<hr/> £14,080 <hr/>
(b) Bank overdraft (secured by a fixed and floating charge over the assets of the company)	<hr/> £168,450 <hr/>	<hr/> £105,938 <hr/>
(c) Bank loan (secured by a fixed and floating charge over the assets of the company)	<hr/> £5,962 <hr/>	<hr/> £4,700 <hr/>

M F & T LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1995 (Continued)

3. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1995</u>	<u>1994</u>
Net obligations under finance leases and hire purchase agreements	<u>£16,246</u>	<u>£25,526</u>
Bank loan	<u>£38,261</u>	<u>£45,300</u>

The net obligations under finance leases and hire purchase agreements are secured on the assets concerned and are wholly repayable within five years.

£8,600 of the bank loan is repayable in more than five years. The loan is secured by a fixed and floating charge over the assets of the company.

4. CALLED UP SHARE CAPITAL	<u>1995</u>	<u>1994</u>
Authorised: 500,000 ordinary shares of £1 each	<u>£500,000</u>	<u>£500,000</u>
Allotted, issued and fully paid: 250,000 ordinary shares of £1 each	<u>£250,000</u>	<u>£250,000</u>

5. ULTIMATE HOLDING COMPANY

The company's immediate and ultimate holding company is 2Fi Holdings Limited, a company registered in England and Wales.