

**M F & T LIMITED****ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 1996**

2801412

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**M F & T LIMITED**

**ABBREVIATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 1996**

**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 1996**

### **REPORT OF THE DIRECTORS**

The directors present their report and the financial statements for the year ended 31 October 1996.

#### **PRINCIPAL ACTIVITY**

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

#### **BUSINESS REVIEW**

The company's third full year of trading was much improved upon its second; turnover increased by 33.6% and the company moved into modest profit, yielding a profit before tax of 3.2% of sales.

The most significant improvement came from increased sales of gas filtration equipment, as a result of British Gas finally starting to invest after three years of a virtual moratorium on spending. Outside of British Gas there was also significant investment in gas related applications, both at home and overseas.

In parallel, technical improvements and a high level of customer support gave impetus to the sales of industrial cartridges into the diesel engine air-intake and spark erosion markets.

The new year has started well with all of the above-mentioned markets continuing to be buoyant and the efforts to grow liquid filtration are starting to show results. All of the major contracting houses have been made aware of the company's capabilities, resulting in a healthy level of invitations to tender. Further investment in capital equipment and manpower is anticipated to meet the increased sales.

#### **RESULTS AND DIVIDENDS**

The profit after tax for the year was £60,158 (1995: £(88,185)).

The directors recommend that no dividend be paid.

#### **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.

#### **AUDITORS**

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

BY ORDER OF THE BOARD

**DIRECTOR**



J. S. SEXTON

Date: 13 JUNE 1997

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 1996. 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 1996, and the abbreviated financial statements on pages 5 to 9 have been properly prepared in accordance with Schedule 8 to that Act.

On 23 May 1997, we reported to the members on the full financial statements of the company for the year ended 31 October 1996, 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 1996 and of the results for the year then ended and have been properly prepared in accordance with the Companies Act 1985".

  
LYON FILCHER  
REGISTERED AUDITORS

Southampton

Dated:

18 June 1997

**M F & T LIMITED****ABBREVIATED BALANCE SHEET AS AT 31 OCTOBER 1996**

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
FIXED ASSETS			
Tangible Assets	1	81,776	68,299
CURRENT ASSETS			
Stocks		238,444	257,980
Debtors		286,385	221,247
Cash at Bank and in hand		275	277
		525,104	479,504
CREDITORS: Amounts falling due within one year	2	392,644	383,653
NET CURRENT ASSETS		132,460	95,851
TOTAL ASSETS LESS CURRENT LIABILITIES		214,236	164,150
CREDITORS: Amounts falling due after more than one year	3	(44,684)	(54,507)
PROVISIONS FOR LIABILITIES AND CHARGES		(27,555)	(27,804)
		£141,997	£81,839
CAPITAL AND RESERVES			
Called up share capital	4	250,000	250,000
Profit and Loss Account		(108,003)	(168,161)
EQUITY SHAREHOLDERS' FUNDS		£141,997	£81,839

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 13 JUNE 1997  
and are signed on its behalf by:

DIRECTOR 

J F ROBINSON

## **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.

All other leases are treated as operating leases. Their annual rentals are charged to the Profit and Loss Account in the year in which they become payable.

## **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.



**M F & T LIMITED****NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 1996****1. TANGIBLE FIXED ASSETS**

	<u>Plant &amp; Machinery</u> £	<u>Motor Vehicles</u> £	<u>Office Equipment</u> £	<u>Computer Equipment</u> £	<u>Total</u> £
<b>COST</b>					
At 1 November 1995	74,376	32,418	8,810	26,549	142,153
Additions	20,882	10,000	2,644	3,752	37,278
Disposals	(3,768)	(5,392)	(1,644)	(384)	(11,188)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 1996	91,490	37,026	9,810	29,917	168,243
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>					
At 1 November 1995	32,199	18,556	3,835	19,264	73,854
Charge for the Year	9,193	7,864	1,570	3,319	21,946
Eliminated in respect of disposals	(2,097)	(5,392)	(1,644)	(200)	(9,333)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 1996	39,295	21,028	3,761	22,383	86,467
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>					
At 31 October 1996	<u>£52,195</u>	<u>£15,998</u>	<u>£6,049</u>	<u>£7,534</u>	<u>£81,776</u>
At 31 October 1995	<u>£42,177</u>	<u>£13,862</u>	<u>£4,975</u>	<u>£7,285</u>	<u>£68,299</u>

The net book value of the company's fixed assets includes £40,063 (1995:£39,229) in respect of assets held under finance leases and hire purchase contracts.

**2. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>1996</u> £	<u>1995</u> £
Secured creditors consist of:-		
(a) Net obligations under finance leases and hire purchase agreements (secured on the assets concerned)	<u>£17,222</u>	<u>£14,880</u>
(b) Bank overdraft (secured by a fixed and floating charge over the assets of the company)	<u>£87,191</u>	<u>£168,450</u>
(c) Bank loan (secured by a fixed and floating charge over the assets of the company)	<u>£6,759</u>	<u>£5,962</u>

Comparative figures for trade creditors, other creditors and provisions for liabilities and charges have been reanalysed to give a true and fair view.

## M F & T LIMITED

### NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1996 (Continued)

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

	<u>1996</u>	<u>1995</u>
Net obligations under finance leases and hire purchase agreements	<u>£13,165</u>	<u>£16,246</u>
Bank loan	<u>£31,519</u>	<u>£38,261</u>

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

The bank loan is secured by a fixed and floating charge over the assets of the company and is wholly repayable within five years.

#### 4. CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</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.