

M F & T LIMITED

**ABBREVIATED REPORTS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2000**

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M F & T LIMITED

**ABBREVIATED REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2000**

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M F & T LIMITED

**ABBREVIATED REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2000**

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

BDO Stoy Hayward
Park House
102-108 Above Bar
Southampton
Hampshire SO14 7NH

BANKERS

HSBC plc
87 Station Road
New Milton
Hampshire BH25 6JE

SOLICITORS

Paris Smith & Randall
Number 1
London Road
Southampton
Hampshire SO15 2AE

MF & T LIMITED

YEAR ENDED 31 OCTOBER 2000

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements for the year ended 31 October 2000.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW

A summary of the results for the year is given on page 5 of the financial statements.

As predicted in the previous accounts, sales grew strongly in the year, ending some 32% higher than the previous year. This was largely due to the delivery of two large projects, one to Bechtel-Snamprogetti and one to Wood Group. However, it also reflected a general improvement in sales of gas related products. British Gas started to invest in infrastructure and there were also good export sales via the many companies operating in buoyant overseas markets. Sales of industrial elements were static, reflecting the strength of sterling and a deliberate reduction of sales effort in this competitive market sector.

Gross margins improved to 20% of sales and, with tight control on overheads, the company showed a strong move into profit, finishing the year with a profit before interest and tax of just over 7%.

The forthcoming year has started strongly, particularly in gas related sales. The company continues to benefit from the diversification programme although it is unlikely that the company will, within the forthcoming year, see such large value projects as those recently completed. Overall, therefore, the Directors are forecasting a modest decline in sales but, with overheads low and well controlled, another profitable year.

RESULTS AND DIVIDENDS

The profit after taxation for the year was £90,695 (1999: loss £57,778).

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 and 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 judgements 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

BDO Stoy Hayward are deemed to be reappointed in accordance with Section 386 Companies Act 1985.

BY ORDER OF THE BOARD

DIRECTOR


J. S. BENSON

Date:

2nd March 2001

AUDITORS' REPORT
TO M F & T LIMITED
UNDER SECTION 247B OF 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 2000 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion, the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages 5 to 9 are properly prepared in accordance with those provisions.

BDO STOY HAYWARD
REGISTERED AUDITORS

Southampton

Dated: *21 March 2001*


M F & T LIMITED**ABBREVIATED BALANCE SHEET AS AT 31 OCTOBER 2000**

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
FIXED ASSETS			
Tangible Assets	1	73,988	77,898
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks		380,329	373,210
Debtors		547,912	253,823
Cash at bank and in hand		558	468
		<hr/>	<hr/>
		928,799	627,501
CREDITORS: Amounts falling due within one year	2	(634,491)	(407,989)
		<hr/>	<hr/>
NET CURRENT ASSETS		294,308	219,512
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		368,296	297,410
CREDITORS: Amounts falling due after more than one year	3	(35,259)	(49,881)
PROVISIONS FOR LIABILITIES AND CHARGES		(30,306)	(35,493)
		<hr/>	<hr/>
NET ASSETS		£302,731	£212,036
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	4	250,000	250,000
Profit and loss account		52,731	(37,964)
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS		£302,731	£212,036
		<hr/>	<hr/>

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The abbreviated financial statements were approved
by the Board of Directors on 7 March 2001
and are signed on its behalf by:

DIRECTOR


J. F. ROBINSON

M F & T LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 OCTOBER 2000

Basis of Accounting

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

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	- 33 1/3% 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. There is no difference between the amount stated and the replacement cost for stocks and work in progress.

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 (i.e. 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

FOR THE YEAR ENDED 31 OCTOBER 2000 (Continued)

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.

Research and Development

Research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

M F & T LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2000****1. TANGIBLE FIXED ASSETS**

	<u>Total</u> £
COST	
At 1 November 1999	194,474
Additions	22,136
Disposals	(4,000)
	<hr/>
At 31 October 2000	212,610
	<hr/>
DEPRECIATION	
At 1 November 1999	116,576
Charge for the Year	26,046
Eliminated on disposal	(4,000)
	<hr/>
At 31 October 2000	138,622
	<hr/>
NET BOOK VALUE	
At 31 October 2000	£73,988
	<hr/>
At 31 October 1999	£77,898
	<hr/>

2. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2000</u>	<u>1999</u>
Secured creditors consist of:-		
Net obligations under finance leases and hire purchase agreements	£5,134	£11,663
	<hr/>	<hr/>
Bank overdraft (secured by a fixed and floating charge over the assets of the company)	£236,991	£158,935
	<hr/>	<hr/>
Bank loan (secured by a fixed and floating charge over the assets of the company)	£9,001	£8,360
	<hr/>	<hr/>

M F & T LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000 (Continued)

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

	<u>2000</u>	<u>1999</u>
Net obligations under finance leases and hire purchase agreements	£3,032	£8,241
	<hr/>	<hr/>
Bank loan	£32,227	£41,640
	<hr/>	<hr/>

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>2000</u>	<u>1999</u>
Authorised: 500,000 ordinary shares of £1 each	£500,000	£500,000
	<hr/>	<hr/>
Allotted, issued and fully paid: 250,000 ordinary shares of £1 each	£250,000	£250,000
	<hr/>	<hr/>

5. ULTIMATE HOLDING COMPANY

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