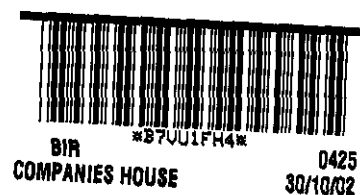


The Northampton Machinery Company Limited

Report and Accounts

31 December 2001

Registered Number: 00092181



The Northampton Machinery Company Limited

Registered No. 00092181

DIRECTORS

R F Hancox
M J A Austin

SECRETARY

D M Hancox

AUDITORS

Ernst & Young LLP
One Colmore Row
Birmingham
B3 2DB

SOLICITORS

Eversheds
115 Colmore Row
Birmingham
B3 3AL

REGISTERED OFFICE

Balfour Road
Northampton
Northamptonshire
NN2 6JS

The Northampton Machinery Company Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2001.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company continues to be the manufacture of machinery for the power and communication cable industries.

RESULTS

The loss for the year after taxation was £26,090 (2000: profit £205,320).

The directors do not recommend the payment of a final dividend and the loss for the year has therefore been deducted from reserves.

DIRECTORS AND DIRECTORS' INTERESTS

The directors at 31 December 2001 were as follows:

R F Hancox
G Wright
M J A Austin

On 11 April 2002 G Wright resigned as a director.

No director had any interest in the shares of the company throughout the year. The interests of Mr R Hancox in the shares of the company's ultimate parent undertaking, Inter Rested Limited, are shown in that company's financial statements.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a Limited Liability Partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put forward to the forthcoming Annual General Meeting.

On behalf of the board



R Hancox
Director

5 July 2002

The Northampton Machinery Company Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, 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 accounts 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 accounts 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE NORTHAMPTON MACHINERY COMPANY LIMITED

We have audited the company's financial statements for the year ended 31 December 2001 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 21. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 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 as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Birmingham

5 July 2002 .

The Northampton Machinery Company Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

	Notes	2001 £	2000 £
TURNOVER	2	6,286,730	5,802,031
Cost of sales		(5,415,435)	(4,618,248)
GROSS PROFIT		871,295	1,183,783
Distribution and selling costs		(369,117)	(440,145)
Administration costs		(535,869)	(542,054)
Other income		3,700	3,050
OPERATING (LOSS)/PROFIT	3	(29,991)	204,634
Interest receivable	6	28,737	686
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,254)	205,320
Tax on (loss) / profit on ordinary activities	7	24,836	-
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(26,090)	205,320
Equity dividends		-	500,000
RETAINED LOSS FOR THE YEAR	16	(26,090)	(294,680)


There are no recognised gains or losses other than the loss for the year.

The Northampton Machinery Company Limited

BALANCE SHEET

at 31 December 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	8	338,872	472,256
CURRENT ASSETS			
Stocks	9	1,253,040	1,440,686
Debtors	10	1,571,926	662,238
Cash at bank and in hand		801,880	1,463,653
		<u>3,626,846</u>	<u>3,566,577</u>
CREDITORS: amounts falling due within one year	11	(1,823,544)	(1,825,569)
NET CURRENT ASSETS		<u>1,803,302</u>	<u>1,741,008</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,142,174</u>	<u>2,213,264</u>
CREDITORS: amounts falling due after more than one year	12	(52,500)	(97,500)
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	-
		<u>2,089,674</u>	<u>2,115,764</u>
CAPITAL AND RESERVES			
Called up share capital	15	196,798	196,798
Share premium account	16	1,910,900	1,910,900
Profit and loss account	16	(18,024)	8,066
		<u>2,089,674</u>	<u>2,115,764</u>
SHAREHOLDERS' FUNDS			
Equity		2,082,174	2,108,264
Non-equity		7,500	7,500
		<u>2,089,674</u>	<u>2,115,764</u>



R F Hancox
Director

5 July 2002

The Northampton Machinery Company Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

1. ACCOUNTING POLICIES

The following accounting policies, which are in accordance with applicable accounting standards, have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

Basis of accounting

The accounts have been prepared under the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

Plant and machinery - over 5 to 15 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and good for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overhead based on a normal level of activity

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

Research and development

Research and development expenditure is written off in the year in which the expenditure arises.

Deferred taxation

Deferred taxation is provided at the anticipated future rate of taxation using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date or where there are matching forward contracts in respect of trading transactions, the rates of exchange specified in the contracts are used. All realised differences are taken to the profit and loss account.

Pension Costs

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Cash flow statement

The company has taken advantage of the exemptions allowed under Financial reporting Standard No.1 (Revised) not to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a UK parent undertaking.

The Northampton Machinery Company Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet date.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

2. **TURNOVER**

Turnover represents the amounts derived from the provision of goods and services stated net of value added tax.

All the company's turnover and loss on ordinary activities before taxation relate to the company's principal activity.

3. **OPERATING (LOSS) / PROFIT**

Operating loss / profit is stated after charging the following:

	2001	2000
	£	£
Auditors' remuneration - audit	13,500	13,500
Depreciation of owned assets	110,556	131,457
Depreciation of assets held under hire purchase agreements	45,000	45,000
Operating lease charges - plant	31,810	47,633
- land and buildings	120,000	120,000
	<u>220,866</u>	<u>357,590</u>

The Northampton Machinery Company Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

4. DIRECTORS' EMOLUMENTS

	2001 £	2000 £
Emoluments	133,643	100,388
Company contributions paid to money purchase pension scheme	4,901	-
Members of money purchase pension schemes	1	-

5. STAFF COSTS

The average weekly number of employees, including directors, during the year was as follows:

	2001 No.	2000 No.
Sales, administration and distribution	13	17
Manufacturing	58	62
	71	79

The aggregate payroll costs of these persons were as follows:

	2001 £	2000 £
Wages and salaries	1,589,396	1,257,098
Social Security	153,798	133,268
Other pension costs	118,142	127,856
	1,861,336	1,518,222

6. NET INTEREST RECEIVABLE

	2001 £	2000 £
Interest receivable	(43,594)	(15,542)
Finance charges payable under finance leases and hire purchase contracts	14,857	14,856
	(28,737)	(686)

The Northampton Machinery Company Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

7. TAXATION OF LOSS ON ORDINARY ACTIVITIES

	2001 £	2000 £
Based on the loss for the year:		
Corporation tax at 30% (2000: 30%) on (loss)/profit on ordinary activities	24,836	-

The tax charge for the year has been increased by the excess of depreciation over capital allowances for which no deferred tax provision was made.

8. TANGIBLE FIXED ASSETS

	<i>Plant and machinery</i> £
Cost:	
At 1 January 2001	2,245,508
Additions	25,252
Disposals	(13,251)
At 31 December 2001	2,257,509
Depreciation:	
At 1 January 2001	1,773,252
Provided during the year	155,556
Disposals	(10,171)
At 31 December 2001	1,918,637
Net book value:	
At 31 December 2001	338,872
At 31 December 2000	472,256

Included in plant and machinery above are assets with a net book value of £52,500 (2000: £97,500) held under finance lease and hire purchase contracts.

The Northampton Machinery Company Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

9. STOCKS

	2001 £	2000 £
Raw materials and consumables	52,372	77,383
Work in progress and components	1,104,829	1,365,554
Less: payment received on account	(116,723)	(186,272)
	<u>988,106</u>	<u>1,179,282</u>
Finished goods and goods for resale	212,562	184,021
	<u>1,253,040</u>	<u>1,440,686</u>

The replacement value of stock and work in progress is not considered to be materially difference from the book value.

10. DEBTORS

	2001 £	2000 £
Trade debtors	1,126,963	565,240
Amounts owed by group undertakings	273,679	14,856
Other debtors	111,429	46,176
Prepayments and accrued income	59,855	35,966
	<u>1,571,926</u>	<u>662,238</u>

The Northampton Machinery Company Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

11. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Overdrawn cash balance	734,135	147,603
Payment received in advance	25,441	58,022
Trade creditors	815,864	749,025
Other taxation and social security	41,159	39,679
Amounts owed to group undertakings	238	607,422
Other creditors	11,564	33,309
Accruals and deferred income	125,307	145,509
Obligations under finance leases and hire purchase contracts	45,000	45,000
Corporation tax	24,836	-
	<u>1,823,544</u>	<u>1,825,569</u>

12. CREDITORS: amounts falling due after more than one year

	2001 £	2000 £
Obligations under finance leases and hire purchase contracts	52,500	97,500
	<u>52,500</u>	<u>97,500</u>

13. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	2001 £	2000 £
Amounts payable:		
Within one year	59,856	59,857
In two to five years	69,832	129,072
	<u>129,688</u>	<u>188,929</u>
Less: finance charges allocated to future periods	(32,188)	(46,429)
	<u>97,500</u>	<u>142,500</u>
Finance lease and hire purchase contracts are analysed as follows:		
Current obligations	45,000	45,000
Non-current obligations	52,500	97,500
	<u>97,500</u>	<u>142,500</u>

The Northampton Machinery Company Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

14. PROVISIONS FOR LIABILITIES AND CHARGES

	2001 £	2000 £
Deferred taxation		
Capital allowances	15,525	33,835
Other timing differences	(15,525)	(33,835)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

In addition to the amounts provided there are short term timing differences of £23,076 (2000:£4,322) not provided.

15. SHARE CAPITAL

	<i>Authorised</i>		<i>Allocated, called up and fully paid</i>	
	2001 <i>No.</i>	2000 <i>No.</i>	2001 £	2000 £
Equity				
Ordinary shares of £1 each	5,175	5,175	1,973	1,973
Deferred shares of £1 each	187,325	187,325	187,325	187,325
	<u>192,500</u>	<u>192,500</u>	<u>189,298</u>	<u>189,298</u>
Non equity				
Preference shares of £1 each	7,500	7,500	7,500	7,500
	<u>200,000</u>	<u>200,000</u>	<u>196,798</u>	<u>196,798</u>

The holders of 100% of the preference shares unequivocally waive all entitlement to past and present dividends.

The Northampton Machinery Company Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share premium account £</i>	<i>Share Capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 January 2000	196,798	1,910,900	302,746	2,410,444
Retained loss for year	-	-	(294,680)	(294,680)
At 31 December 2000	196,798	1,910,900	8,066	2,115,764
Retained Loss for year	-	-	(26,090)	(26,090)
At 31 December 2001	196,798	1,910,900	(18,024)	2,089,674

17. CONTINGENT LIABILITIES

	<i>2001 £</i>	<i>2000 £</i>
Guarantees in respect of indebtedness of third parties	68,047	87,750

18. OPERATING LEASES

Annual commitments under non-cancellable operating leases are as follows:

	<i>Land and buildings 2001 £</i>	<i>Other 2001 £</i>	<i>Land and buildings 2000 £</i>	<i>Other 2000 £</i>
Operating leases expiry:				
Within one year	-	3,197	-	2,384
Between 1 year and 5 years	120,000	22,627	120,000	27,537
Over 5 years	-	1,829	-	-
	120,000	27,653	120,000	29,921

The Northampton Machinery Company Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

19. PENSIONS

Contributions to the defined contribution scheme are charged to the profit and loss account in the period in which they fall due. The pension cost charge for the year ended 31 December 2001 was £118,142 .

20. RELATED PARTY DISCLOSURE

At 31 December 2001, the company was a wholly owned subsidiary of Inter Rested Limited, and is therefore exempt from making disclosures under paragraph 3(c) of FRS8 "Related Party Transactions".

21. ULTIMATE HOLDING COMPANY

The ultimate holding company is Inter Rested Limited which is incorporated in England. Copies of the Inter Rested Limited accounts are available from:

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF4 3HZ