

THE NORTHAMPTON MACHINERY COMPANY LIMITED
(Registered Number 92181)

DIRECTORS' REPORT AND ACCOUNTS FOR
THE YEAR ENDED 31 DECEMBER, 1994



THE NORTHAMPTON MACHINERY COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited accounts for the year to 31 December, 1994.

ACTIVITIES

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

REVIEW OF THE BUSINESS

The company improved profits during the year.

RESULTS

	£
Profit on ordinary activities for the year before taxation	348,421
Taxation	(112,184)
Profit for the year	236,237
Dividends	(150,000)
Retained profit in year	86,237
Retained profit brought forward	468,303
Retained profit carried forward	554,540

DIRECTORS

The directors who served during the year were:-

Mr P J K Haslehurst	(Chairman)
Mr G Wright	(Managing Director)
Mr J J Hobbs	
Mr S Collier	
Mr J A Rogers	
Mr M Howell	(Appointed 1 October 1994)

Mr P J K Haslehurst and Mr G Wright retire by rotation and, being eligible, offer themselves for re-election.

Mr M Howell retires in accordance with the articles, and being eligible offers himself for re-election.

THE NORTHAMPTON MACHINERY COMPANY LIMITED

REPORT OF THE DIRECTORS
(contd.)

DIRECTORS' INTERESTS

Directors' interests in the share capital of the ultimate holding company, EIS Group PLC, as recorded in the register of directors' interests were:-

	<u>Interest in 25p ordinary shares</u>		<u>Options to acquire 25p ordinary shares</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
Mr S Collier	511	—	5,380	5,923
Mr G Wright	5,092	5,092	22,129	20,175
Mr J A Rogers	933	—	4,343	3,533
Mr M Howell	—	—	—	—

The interests of Mr P J K Haslehurst and Mr J J Hobbs in the share capital of the ultimate holding company are shown in the directors' report of that company. The directors' interests were beneficially owned.

With the exception of the interests disclosed above, no director had any interest in the shares or debentures of any group company at either 31st December 1994 or 31st December 1993.

FIXED ASSETS

The changes in fixed assets during the year are summarised in note 7 to the accounts.

RESEARCH AND DEVELOPMENT

The company is committed to a policy of investment in the future both by acquisition of new capital equipment and by expenditure on product development and improvement.

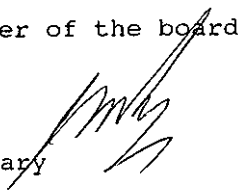
POLITICAL AND CHARITABLE CONTRIBUTIONS

No charitable or political donations were made during the year.

AUDITORS

A resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Secretary 

13th April 1995

THE NORTHAMPTON MACHINERY COMPANY LIMITED

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 of the company for the year. In preparing those financial statements, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgments and estimates that are reasonable and prudent;
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (iv) 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF NORTHAMPTON MACHINERY CO. LTD.

We have audited the financial statements on pages 4 to 14.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described above, 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 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 the company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants
Registered Auditors

13th April, 1995

THE NORTHAMPTON MACHINERY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED 31 DECEMBER 1994

	<u>Notes</u>	<u>1994</u> £	<u>1993</u> £
TURNOVER	2	8,705,096	7,671,307
Cost of sales		(7,279,650)	(6,491,407)
GROSS PROFIT		1,425,446	1,179,900
Distribution & Selling costs		(546,987)	(434,883)
Administration costs		(531,168)	(466,246)
Other income		1,640	2,855
OPERATING PROFIT		348,931	281,626
Net Interest		(510)	—
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		348,421	281,626
Taxation on profit on ordinary activities	6	(112,184)	(94,586)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		236,237	187,040
Dividend - paid		(50,000)	—
proposed		(100,000)	(100,000)
RETAINED PROFIT FOR THE YEAR	14	86,237	87,040

There have been no acquisitions or discontinued operations during the period.

The notes on pages 7 to 14 form part of these accounts.

The movements on reserves are shown in note 14.

THE NORTHAMPTON MACHINERY COMPANY LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<u>1994</u> £	<u>1993</u> £
Reported profit on ordinary activities before taxation	348,693	281,626
Difference between the historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued asset	4,735	4,867
Historical cost profit on ordinary activities before taxation	353,428	286,493
Historical cost profit for the year, retained after taxation and dividends	91,244	91,907

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the profit or loss for the period.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1994</u> £	<u>1993</u> £
Profit for the financial year	236,237	187,040
Dividends	(150,000)	(100,000)
Opening shareholders' funds	86,237 1,113,791	87,040 1,026,751
Closing shareholders' funds	1,200,028	1,113,791

THE NORTHAMPTON MACHINERY COMPANY LIMITED

BALANCE SHEET AT 31 DECEMBER, 1994

	<u>Note</u>	<u>1994</u> £	<u>1993</u> £
FIXED ASSETS			
Tangible assets	7	1,549,001	1,315,794
CURRENT ASSETS			
Stocks	8	1,804,828	1,406,088
Debtors	9	2,327,871	1,833,319
Cash at bank and in hand		123,923	10,140
		<u>4,256,622</u>	<u>3,249,547</u>
CREDITORS: amounts falling due within one year	10	(2,186,721)	(1,737,763)
NET CURRENT ASSETS		<u>2,069,901</u>	<u>1,511,784</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,618,902	2,827,578
CREDITORS: amounts falling due after one year	11	(2,319,860)	(1,640,995)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(99,014)	(72,792)
		<u>1,200,028</u>	<u>1,113,791</u>
CAPITAL AND RESERVES			
Called up share capital(Equity & Non equity)	13	196,698	196,698
Revaluation reserve	14	448,790	448,790
Profit and loss account	14	554,540	468,303
		<u>1,200,028</u>	<u>1,113,791</u>

The accounts were approved by the board of directors on 13th April, 1995.

G Wright
Director

The notes on pages 7 to 14 form part of these accounts.

THE NORTHAMPTON MACHINERY COMPANY LIMITED

NOTES TO THE ACCOUNTS

1. PRINCIPAL 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.

a) Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Fixtures & Fittings	10% to 20%
Plant and machinery	10% to 25%
Buildings	2% p.a.
Leasehold land and building	2% p.a.

c) Stocks and work-in-progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes works overheads where applicable.

d) Research and development

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

e) Deferred taxation

Deferred taxation is provided at the 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.

f) 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 and unrealised differences on forward contracts are taken to the balance sheet.

THE NORTHAMPTON MACHINERY COMPANY LIMITED

NOTES TO THE ACCOUNTS
(contd.)

g) Cash flow statement

The company has not produced a Cash Flow Statement as it is a wholly owned subsidiary of EIS Group P.L.C., whose accounts include a consolidated Cash Flow Statement.

h) Operating Leases

All leases are accounted for as operating leases and the rental charges are charged to the profit and loss account in the period in which these are incurred.

2. TURNOVER

Turnover represents invoiced sales during the year exclusive of value added tax.

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

The geographic analysis of turnover is as follows:

	<u>1994</u>	<u>1993</u>
	£	£
United Kingdom	2,685,099	3,373,323
Asia, Far East and Australia	1,304,146	449,092
North, South & Central America	3,810,961	2,537,904
Europe	792,741	719,091
Africa	29,815	234,589
Middle East	82,334	357,308
	<hr/>	<hr/>
	8,705,096	7,671,307
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3. OPERATING PROFIT

Operating profit is stated after charging the following items:

	<u>1994</u>	<u>1993</u>
	£	£
Auditors' remuneration	10,700	10,550
Depreciation	159,386	118,338
Operating lease charges - Plant	10,617	21,469
Research and development expenditure	80,000	77,043
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THE NORTHAMPTON MACHINERY COMPANY LIMITED

NOTES TO THE ACCOUNTS
(contd.)

4. DIRECTORS' EMOLUMENTS

	<u>1994</u>	<u>1993</u>
	£	£
For services as directors	106,392	90,567

The amounts (excluding pension contributions) paid to the chairman and highest paid director were as follows:

	<u>1994</u>	<u>1993</u>
	£	£
Chairman	NIL	NIL
Highest paid director	59,651	55,618

The emoluments of the directors fell within the following bands:

	<u>1994</u>	<u>1993</u>
	No.	No.
£Nil - £5,000	3	4
£5,001 - £10,000	1	—
£30,001 - £35,000	1	1
£55,001 - £60,000	1	1

5. STAFF COSTS

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

	<u>1994</u>	<u>1993</u>
	No.	No.
Sales, administration and distribution	20	19
Manufacturing	126	113
	146	132

The aggregate payroll costs of these persons were as follows:

	<u>1994</u>	<u>1993</u>
	£	£
Wages and salaries	2,525,555	2,319,264
Social security costs	195,917	185,777
Other pension costs	49,765	63,028
	2,771,237	2,568,069

THE NORTHAMPTON MACHINERY COMPANY LIMITED

NOTES TO THE ACCOUNTS
(contd.)

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1994</u>	<u>1993</u>
	£	£
Based on the profit for the year:		
Corporation tax at 33% (1993:33%)	98,000	75,000
Deferred taxation charge	26,222	22,431
	<u>124,222</u>	<u>97,431</u>
Taxation relating to prior years:		
Corporation tax (credit)	(12,038)	(2,845)
	<u>112,184</u>	<u>94,586</u>

7. TANGIBLE FIXED ASSETS

	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Total</u>
	£	£	£
COST OR VALUATION			
At 1 January, 1994	728,431	1,826,646	2,555,077
Additions	410	392,183	392,593
Disposals	—	(33,308)	(33,308)
At 31 December, 1994	<u>728,841</u>	<u>2,185,521</u>	<u>2,914,362</u>
DEPRECIATION			
At 1 January, 1994	80,083	1,159,200	1,239,283
Charge for the year	9,819	149,567	159,386
Disposals	—	(33,308)	(33,308)
At 31 December, 1994	<u>89,902</u>	<u>1,275,459</u>	<u>1,365,361</u>
NET BOOK VALUE			
At 31 December, 1994	<u>638,939</u>	<u>910,062</u>	<u>1,549,001</u>
At 31 December, 1993	<u>648,348</u>	<u>667,446</u>	<u>1,315,794</u>

If stated under the historical cost convention the comparable amounts for the land and buildings would be:-

	<u>1994</u>	<u>1993</u>
	£	£
Cost	280,051	279,641
Depreciation	(44,792)	(39,708)
Net value	<u>235,259</u>	<u>239,933</u>

THE NORTHAMPTON MACHINERY COMPANY LIMITED

NOTES TO THE ACCOUNTS
(contd.)

8. STOCKS

	<u>1994</u>	<u>1993</u>
	£	£
Raw materials	23,789	22,241
Work-in-progress	1,614,091	1,382,956
Finished goods	198,168	57,411
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	1,836,048	1,462,608
Payments received on account	(31,220)	(56,520)
	<hr/>	<hr/>
	1,804,828	1,406,088

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

9. DEBTORS

	<u>1994</u>	<u>1993</u>
	£	£
Amounts falling due within one year:		
Trade debtors	2,140,562	1,439,217
Amounts owed by group companies	81,185	316,357
Other debtors	70,685	64,719
Prepayments and accrued income	35,439	13,026
	<hr/>	<hr/>
	2,327,871	1,833,319

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1994</u>	<u>1993</u>
	£	£
Payments received in advance	57,302	159,310
Trade creditors	1,278,023	941,685
Corporation tax	109,500	75,000
Other taxation and social security	65,309	59,535
Dividends payable	100,000	100,000
Other creditors	22,967	2,086
Amounts owed to group undertakings	26,503	44,880
Accruals and deferred income	527,117	355,267
	<hr/>	<hr/>
	2,186,721	1,737,763

THE NORTHAMPTON MACHINERY COMPANY LIMITED

NOTES TO THE ACCOUNTS
(contd.)

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1994</u>	<u>1993</u>
	£	£
Amounts owed to group companies	2,315,720	1,636,855
Other creditors	4,140	4,140
	<u>2,319,860</u>	<u>1,640,995</u>

12. PROVISION FOR LIABILITIES AND CHARGES

	<u>Amount not Provided</u>		<u>Amount Provided</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Deferred taxation:				
Accelerated capital allowances	—	—	99,014	72,792
Other timing differences				
Chargeable gains deferred				
by roll over relief	4,113	4,113	—	—
	<u>4,113</u>	<u>4,113</u>	<u>99,014</u>	<u>72,792</u>

Movement in year

Balance at 1 January 1994	72,792
Amount charged to profit and loss account for the year	26,222
Balance at 31 December 1994	<u>99,014</u>

13. SHARE CAPITAL

	<u>1994 and 1993</u>			
	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	No.	£	No.	£
Equity:				
Ordinary shares of £1 each	5,175	5,175	1,873	1,873
Deferred shares of £1 each	187,325	187,325	187,325	187,325
		<u>192,500</u>		<u>189,198</u>
Non equity:				
Preference shares of £1 each, 6% including tax credit	7,500	7,500	7,500	7,500

THE NORTHAMPTON MACHINERY COMPANY LIMITED

NOTES TO THE ACCOUNTS
(contd.)

14. RESERVES

	Revaluation <u>reserve</u>	Profit and <u>loss account</u>	<u>Total</u>
	£	£	£
At 1 January, 1994	448,790	468,303	917,093
Retained profit for year	—	86,237	86,237
	<hr/>	<hr/>	<hr/>
At 31 December, 1994	448,790	554,540	1,003,330
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15. OPERATING LEASES

The commitments which fall to be paid in the following year under non-cancellable operating leases are:-

	<u>1994</u> <u>Other</u>	<u>1993</u> <u>Other</u>
	£	£
Operating leases which expire:		
Between 1 year and 5 years	11,215	5,778
Over 5 years	—	9,618
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	11,215	15,396
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16. PENSIONS

The Company operates a pension scheme providing benefits on final pensionable pay. The assets of the scheme are held separately from those of the company being invested with an insurance company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 5th April 1993 and showed that the market value of the scheme's assets were £3.4m and that the actuarial value of those assets represented 155% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The valuation assumed that the investment return would be 1.5% higher than the rate of annual salary increase and that present and future pensions would increase at a rate of 3% per annum.

The pension charge for the period was £47,129 (1993: £63,028) and has been determined over the average remaining service lives of the employees. There may be some increase in pension costs in future years as a consequence of the Social Security Act 1990.

THE NORTHAMPTON MACHINERY COMPANY LIMITED

NOTES TO THE ACCOUNTS
(contd.)

17. ULTIMATE HOLDING COMPANY

The ultimate holding company is EIS Group P.L.C., a company incorporated in England. Copies of the group accounts are available from:

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