

COMPANY NUMBER 125132

CRITERION STAMPINGS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings Plc)

30th SEPTEMBER 1995



CRITERION STAMPINGS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

Directors

M E Sara
H C Everett
R Tranter
D W Haynes
J J Arrowsmith
J A Roberts

Secretary

J J Arrowsmith

Registered Office

P.O. Box No. 4
Canal Street
Brierley Hill
West Midlands
DY5 1JL.

Auditors

John W Hinks & Co.
Chartered Accountants
Church House
5-14 South Road
Smethwick
Warley
West Midlands
B67 7BH.

Bankers

Midland Bank PLC
Market Place
P.O. Box No. 6
Willenhall
West Midlands
WV13 2AF.

CRITERION STAMPINGS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT AND FINANCIAL STATEMENTS 30TH SEPTEMBER, 1995

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CRITERION STAMPINGS LIMITED
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REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 30th September 1995.

Principal activity and business review

The principal activity of the company, which is unchanged from that of the previous year is the manufacture of hot metal drop forgings.

Profit after tax amounts to £99,413 compared with £47,719 in the previous year.

Dividends

The directors recommend that a dividend of £66,000 be paid in respect of the year. (1994 - £32,000).

If this recommendation is approved retained profits of £33,413 will be added to reserves.

Fixed assets

Changes in fixed assets are set out in Note 9 to the financial statements.

The directors have consulted professional valuers and are advised that in line with property values generally, the value of the group's freehold property has fallen below that shown in the accounts. The directors believe that this is a temporary shortfall reflecting the current economic climate.

Political contributions and charitable donations

During the year the company made no political contributions or charitable donations.

Tax status

As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988, do not apply to the company. There has been no change in this respect since the end of the financial year.

Directors

The following persons were directors of the Company during the year:-

M E Sara
H C Everett
R Tranter (Appointed 4th September 1995)
D W Haynes
J J Arrowsmith
J A Roberts

CRITERION STAMPINGS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT OF THE DIRECTORS (continued)

Directors (continued)

Mr H C Everett retires by rotation at the annual general meeting and offers himself for re-election.

Mr R Tranter appointed after the last annual general meeting, retires and offers himself for re-election at the annual general meeting.

Directors' interests in the shares of the parent company

The interests of the directors of this company, at 30th September in the shares of the parent company, Hill & Smith Holdings PLC, according to the register required to be kept by the Companies Act 1985, were as follows:-

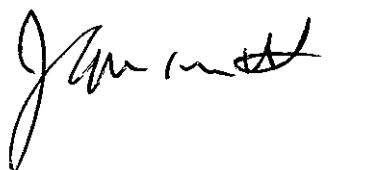
	<u>30th September 1995</u>	<u>30th September 1994</u>
M E Sara	157,110	141,546
H C Everett	46,760	42,436
R Tranter	-	-
D W Haynes	12,428	11,299
J J Arrowsmith	16,424	25,163
J A Roberts	23,386	25,724
	<u> </u>	<u> </u>

Auditors

A resolution to re-appoint the auditors, Messrs John W Hinks & Co. will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

J J ARROWSMITH



SECRETARY

11th January 1996

CRITERION STAMPINGS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that year. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards. In addition the directors are required:

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

The directors confirm that the financial statements comply with the above requirements and that applicable accounting standards have been followed.

The directors are also responsible for maintaining adequate accounting records so as to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

CRITERION STAMPINGS LIMITED
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REPORT OF THE AUDITORS TO THE MEMBERS OF CRITERION
STAMPINGS LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 8 and 9.

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 these 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.

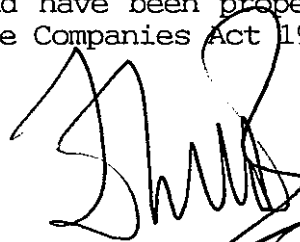
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity 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 at 30th September 1995 and of its profit for the year then ended and have been properly prepared in accordance with requirements of the Companies Act 1985.

Church House
5-14 South Road
Smethwick
Warley
West Midlands
B67 7BH

11th January 1996



John W Hinks & Co.
Chartered Accountants and
Registered Auditors

CRITERION STAMPINGS LIMITED
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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 1995

	Notes	£	1995 £	1994 £
Turnover	1		1,192,905	886,447
Cost of sales			833,593	627,624
Gross profit			359,312	258,823
Distribution costs		22,941		17,415
Administrative expenses		197,431		180,172
			220,372	197,587
Operating profit	3		138,940	61,236
Interest	6		20,483	13,756
			159,423	74,992
Employees' profit sharing			7,434	1,909
Profit on ordinary activities before tax			151,989	73,083
Tax on profit on ordinary activities	7		52,576	25,364
Profit on ordinary activities after tax			99,413	47,719
Dividend	8		66,000	32,000
Profit for the year transferred to reserves	17		33,413	15,719

None of the company's activities were acquired or discontinued during the above two financial years.

The notes on pages 8 to 15 form part of these accounts.

CRITERION STAMPINGS LIMITED
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RECOGNISED GAINS AND LOSSES
HISTORICAL COST PROFITS AND LOSSES
MOVEMENTS IN SHAREHOLDERS FUNDS _____ FOR THE YEAR ENDED 30TH SEPTEMBER 1995 _____

Statement of total recognised gains
and losses

There are no recognised gains and losses other than the profit
for the financial year.

Note of historical cost profits and losses

There were no material differences between reported profits and
historical cost profits on ordinary activities before tax.

Reconciliations of movements in shareholders funds

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Profit attributable to shareholders for the year	99,413	47,719
Dividends	66,000	32,000
	<hr/>	<hr/>
Net addition to shareholders funds	33,413	15,719
Opening shareholders funds	785,344	769,625
	<hr/>	<hr/>
Closing shareholders funds	818,757	785,344
	<hr/> <hr/>	<hr/> <hr/>

CRITERION STAMPINGS LIMITED
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BALANCE SHEET

30TH SEPTEMBER 1995

	Notes	£	1995 £	1994 £
Fixed assets				
Tangible assets	9		436,454	446,347
Current assets				
Stocks	11	112,815		115,961
Debtors	12	332,566		324,722
Cash at bank and in hand		356,837		220,632
		802,218		661,315
Creditors: amounts due within one year	13	409,433		309,551
Net current assets			392,785	351,764
Total assets less current liabilities			829,239	798,111
Provisions for liabilities and charges	14		4,642	5,462
Accruals and deferred income	15		5,840	7,305
Net assets			818,757	785,344
Capital and reserves				
Called up share capital	16		56,430	56,430
Revaluation reserve	17		319,216	319,216
Profit and loss account	17		443,111	409,698
			818,757	785,344

These financial statements were approved by the board on 11th January 1996.

Michael B. SARA

M E SARA)

) DIRECTORS

H C EVERETT

H C EVERETT)

The notes on pages 8 to 15 form part of these accounts.

CRITERION STAMPINGS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES

30TH SEPTEMBER, 1995

1. Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold property and in accordance with the applicable accounting standards.

(b) Depreciation

Depreciation is provided to write off the cost or valuation of the fixed assets excluding land, in equal annual instalments, at the following rates:-

Freehold buildings	- 2%
Plant and equipment	- 10%
Motor vehicles	- 25%

(c) Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Valuation of finished stock and work in progress includes an amount of related overheads.

(d) Deferred tax

Provision is made in respect of timing differences arising from accelerated capital allowances and other timing differences to the extent that such liabilities are, in the opinion of the directors, expected to become payable in the foreseeable future.

No provision is made for any possible liabilities on the future sales of properties at their revalued book figures as it is intended that such properties will be retained for use in the business.

(e) Turnover

This represents the value of goods sold less returns excluding value added tax.

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30TH SEPTEMBER, 1995

(f) Government grants

Capital grants received are included as a deferred credit and are being written off to revenue over the life of the assets concerned.

(g) Pension scheme arrangements

Contributions are charged to the profit and loss account so as to spread the cost of pension evenly over the members' working lives with the company.

2. Turnover and profit

The whole of the turnover and profit is derived from the continuing business of manufacturing hot metal drop forgings carried on in the United Kingdom.

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
3. Operating profit		
Operating profit is stated after charging:		
Depreciation	24,604	25,875
Hire of plant and equipment	5,410	5,575
Auditors' remuneration	3,700	4,100
	<u> </u>	<u> </u>
and after crediting:		
Amount written off government grant	1,465	1,465
	<u> </u>	<u> </u>
4. Directors remuneration		
Remuneration as executives (including pension contributions) being total remuneration in arriving at operating profit	32,099	27,727
	<u> </u>	<u> </u>
Analysis of directors remuneration as executives (excluding pension contributions)		
Highest paid director	32,099	27,727
	<u> </u>	<u> </u>
Other directors		
£0 - £5,000	4	6
	<u> </u>	<u> </u>

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30TH SEPTEMBER 1995

	<u>1995</u>	<u>1994</u>
5. Particulars of employees		
The average number of persons employed by the company (including directors) during the year was:-		
Category:	<u>Number</u>	<u>Number</u>
Administration & Sales	9	10
Production	17	15
	<u>26</u>	<u>25</u>
Their total remuneration was:	<u>£</u>	<u>£</u>
Wages and salaries	306,630	239,805
Social security costs	23,577	19,050
Other pension costs	11,991	9,321
	<u>342,198</u>	<u>268,176</u>
6. Interest		
Bank interest received	<u>20,483</u>	<u>13,756</u>
7. Taxation		
Corporation tax at 33% (1994 - 33%)	53,000	26,000
Prior year adjustment - Corporation tax	(424)	(636)
	<u>52,576</u>	<u>25,364</u>
8. Dividends		
Proposed dividend on 51,300 ordinary shares	<u>66,000</u>	<u>32,000</u>

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30TH SEPTEMBER 1995

9. Tangible fixed assets

	<u>Freehold land and buildings</u> <u>£</u>	<u>Plant equipment & vehicles</u> <u>£</u>	<u>Total</u> <u>£</u>
a. Cost or valuation			
At 30th September 1994	349,250	485,101	834,351
Additions	-	14,711	14,711
At 30th September 1995	349,250	499,812	849,062
Depreciation at 30th September 1994	-	388,004	388,004
Charge for the year	-	24,604	24,604
At 30th September 1995	-	412,608	412,608
Net book value at 30th September 1995	349,250	87,204	436,454
Net book value at 30th September 1994	349,250	97,097	446,347

b. The cost or valuation figures for land and buildings comprise:

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Valuation made in 1991	349,250	349,250

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30TH SEPTEMBER 1995

9. Tangible fixed assets (continued)

- c. The amount of revalued land and buildings as determined according to the historical cost accounting rule is:-

	<u>Freehold</u> <u>1995</u> <u>£</u>	<u>Freehold</u> <u>1994</u> <u>£</u>
Cost	7,437	7,437
Depreciation	2,000	2,000
	<hr/>	<hr/>
Net book value	5,437	5,437
	<hr/>	<hr/>

Depreciation in (c) above is included from 1st January 1979. In the opinion of the directors unreasonable expense and delay would be incurred in obtaining information for earlier years.

- d. The net book values of land and buildings comprise:-

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Freehold land	349,250	349,250
Freehold buildings	-	-
	<hr/>	<hr/>
	349,250	349,250
	<hr/>	<hr/>

10. Capital commitments

Authorised but not contracted for	Nil	Nil
	<hr/>	<hr/>

11. Stocks

Raw materials	32,379	13,945
Work in progress & finished goods	4,479	7,516
Dies	75,957	94,500
	<hr/>	<hr/>
	112,815	115,961
	<hr/>	<hr/>

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30TH SEPTEMBER 1995

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
12. Debtors		
Trade debtors	161,394	110,841
Amounts owed by group undertakings	160,480	203,157
Prepayments and accrued income	10,692	10,724
	<u>332,566</u>	<u>324,722</u>
13. Creditors: amounts due within one year		
Trade creditors	113,021	123,145
Amounts owed to group undertakings	119,074	107,002
Corporation tax	53,000	26,000
Other taxes and social security	16,377	6,162
Accruals and deferred income	41,961	15,242
Proposed dividend	66,000	32,000
	<u>409,433</u>	<u>309,551</u>
14. Provisions for liabilities and charges		
a. Deferred tax		
Not Provided - accelerated capital allowances	16,400	18,700
- surplus on revaluation of fixed assets	4,000	8,000
	<u>20,400</u>	<u>26,700</u>
Provided - accelerated capital allowances	-	-
other timing differences	-	-
	<u>-</u>	<u>-</u>
b. Pension scheme provision	4,642	5,462
Total provision	<u>4,642</u>	<u>5,462</u>
15. Accruals and deferred income		
Government Grants at 30th September 1994	7,305	8,770
Amount written off	1,465	1,465
	<u>-</u>	<u>-</u>
Government Grants at 30th September 1995	5,840	7,305
	<u>-</u>	<u>-</u>

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	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
16. Share capital		
Authorised		
87,000 ordinary shares of 10p each	8,700	8,700
513,000 3% non-cumulative preference Shares of 10p each	51,300	51,300
	<u>60,000</u>	<u>60,000</u>
Called up and fully paid		
51,300 ordinary shares of 10p each	5,130	5,130
513,000 3% non-cumulative preference Shares of 10p each	51,300	51,300
	<u>56,430</u>	<u>56,430</u>
17. Reserves		
	<u>Revaluation</u> <u>Reserve</u>	<u>Profit</u> <u>and loss</u> <u>account</u>
	<u>£</u>	<u>£</u>
At 30th September 1994	319,216	409,698
Profit for the year	-	33,413
	<u>319,216</u>	<u>443,111</u>
18. Contingent liabilities		
a. The freehold property is charged to the Law Debenture Corporation Limited as part of the security for the £1,000,000 14% First Mortgage Debenture Stock 2000/2003 in issue by the parent company.		
b. The company is a party to guarantees given for bank loans and overdrafts of the parent company and certain fellow subsidiaries.		

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19. Pension Scheme

The company is a subsidiary of Hill & Smith Holdings PLC and is a member of the Hill & Smith Group Pension and Assurance Scheme. This is a defined benefit scheme, contributions being based on pension costs across the group as a whole.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The most recent actuarial valuation was at the 5th April 1994. Details of this actuarial valuation are disclosed in the financial statements of Hill & Smith Holdings PLC.

The pension cost for the year was £5,898 (1994 - £4,564). This took account of the amortisation of the surplus disclosed at the most recent valuation over the average remaining service lives of the active members.

The provision for pension cost, amounting to £4,642 at the Balance Sheet date is being released to the pension fund over the average future working lifetime of the members of the scheme.

It is the intention of the group to make contributions to the pension scheme in line with the recommendations of the actuary in respect of contribution rates.

20. Parent company

The company is a wholly owned subsidiary of Hill & Smith Holdings PLC, a company registered in England.