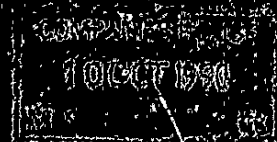


WEYBURN-BARTEL LIMITED

ACCOUNTS
for the year ended
31 DECEMBER 1989

Coopers
& Lybrand
Deloitte



WEYBURN-BARTEL LIMITED

Report of the directors
for the year ended 31 December 1989

1 The directors present herewith the audited accounts for the year ended 31 December 1989.

Results and activities

2 The results for the period are set out in the profit and loss account on page 4.

3 The principal activity of the company, which is unchanged from last year, is in the field of precision engineering and involves the manufacture of components for truck, tractor, automobile, marine and stationary engines.

Business review and future developments

4 Sales for the year were £8,694,912 in line with the previous twelve months activity.

5 We are set to achieve further sales growth through increases in Original Equipment and Aftermarket Supply and are investing in new plant and equipment to provide the necessary capacity.

6 At the end of 1989 the Eashing site was sold to Charles Church Commercial Properties Limited for the sum of £1,250,000. It is intended to transfer production in the new year to a new factory currently being constructed at the Elstead site. The new factory will provide additional capacity to meet expected future sales growth.

Dividends

7 The directors recommend that no dividends should be paid (1988 - Nil).

Changes in fixed assets

8 The movements in tangible fixed assets during the period are set out in note 8 to the accounts.

Directors

9 The directors of the company at 31 December 1989 were:-

J Psarouthakis	(USA)
J L Menson II	(USA)
W Bartel	(West Germany)
M Lee	
C Campbell	(resigned 10 February 1989)

Directors' interests in shares

10 The directors, according to the register required to be kept under section 325 of the Companies Act 1985, did not have, at the beginning or end of the period, any interests in shares which are required by the Act to be notified to the company.

Directors' interests in contracts

11 None of the directors had a material interest in any contract of significance to which the company was party during the period.

Employment of disabled persons

12 The company's policy is to consider disabled workers for all suitable employment vacancies and to give appropriate training assistance necessary to introduce the worker to his job and to develop his skill and capability.

Political and charitable contributions

13 The company made charitable donations during the period of £1,140 (1988 £1,300). There were no political contributions (1988 Nil).

Close company provisions

14 As far as the directors are aware, the company is not a close company within the terms of the Income and Corporation Taxes Act 1988.

Auditors

15 Our auditors Coopers & Lybrand have merged their practice with Deloitte Haskins & Sells and now practice under the name of Coopers & Lybrand Deloitte. They have signed the auditors' report in their new name. A resolution to reappoint Coopers & Lybrand Deloitte as the company's auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

S P NORTLEDGE



Joint Secretary
1990

Elstead
Godalming
Surrey

Report of the auditors to the members of
WEYBURN-BARTEL LIMITED

We have audited the accounts on pages 4 to 16 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1989 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND DELOITTE

Chartered Accountants
LONDON, 8 July 1990

Profit and loss account
for the year ended 31 December 1989

	Notes	Year ended 31 December 1989 £'000	15 months ended 31 December 1988 £'000
Turnover	2	8,695	10,557
Cost of sales		(7,192)	(8,379)
Gross profit		<u>1,503</u>	<u>2,178</u>
Net operating expenses:			
Distribution costs		(175)	(320)
Administrative expenses		(476)	(448)
Other operating income/(charges)	3(b)	758	(3)
		<u>107</u>	<u>(771)</u>
Operating profit	3(a)	1,610	1,407
Interest receivable		68	26
Interest payable and similar charges	6	(20)	(14)
Profit before taxation		<u>1,658</u>	<u>1,419</u>
Tax on profit on ordinary activities	7	(265)	(496)
Profit on ordinary activities after taxation, retained for the financial year	15	<u><u>1,393</u></u>	<u><u>923</u></u>

The notes on pages 7 to 16 form part of these accounts.

Auditors' report page 3.

WEYBURN-BARTEL LIMITED

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Balance sheet - 31 December 1989

	Notes	1989 £'000	1988 £'000	1987 £'000
FIXED ASSETS				
Tangible assets	8		4,164	3,256
CURRENT ASSETS				
Stocks	9	1,280		1,119
Debtors	10	4,312		2,997
Cash at bank and in hand		133		646
		5,725		4,762
CREDITORS: amounts falling due within one year	11	(1,778)		(1,493)
NET CURRENT ASSETS			3,947	3,269
Total assets less current liabilities			8,111	6,525
Less: non-current liabilities:				
CREDITORS: amounts falling due after more than one year	12		(256)	(12)
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation	13		(418)	(469)
			7,437	6,044
CAPITAL AND RESERVES				
Called up share capital	14	2,500		2,500
Revaluation reserve	15	289		484
Profit and loss account	15	4,648		3,060
		7,437		6,044

These accounts were approved by the Board on

1990

M LEE

)

) Directors

J L MENSON II)

The notes on pages 7 to 16 form part of these accounts.

Auditors report page 3.

WEYBURN-BARTEL LIMITED

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Statement of source and application of funds
for the year ended 31 December 1989

	1989		1988	
	£'000	£'000	£'000	£'000
SOURCE OF FUNDS				
Profit before taxation		1,658		1,419
Adjustment for items not involving the movement of funds:				
Depreciation of tangible fixed assets	364		425	
Loss on sale of plant	3		3	
(Profit) on sale of freehold property (1,022)			-	
		(655)		428
Funds provided by operations		1,003		1,847
Funds from other sources:				
Finance lease funding		206		
Sale proceeds of fixed assets		1,251		-
Total source of funds		2,460		1,847
APPLICATION OF FUNDS				
Group relief settled	51		-	
Taxes paid	397		307	
Purchase of fixed assets	1,504		306	
Repayments under finance leases	-		279	
Total application of funds		(1,952)		(892)
INCREASE IN WORKING CAPITAL		508		955
INCREASE/(DECREASE) IN WORKING CAPITAL				
Increase in stocks	161		189	
Increase in debtors	1,315		164	
(Increase) in creditors, excluding taxation and obligations under finance leases	(455)		(119)	
		1,021		234
Movement in net liquid funds:				
Bank and cash balances		(513)		721
		508		955

Auditors' report page 3.

WEYBURN-BARTEL LIMITEDNotes to the accounts - 31 December 1989Principal accounting policies1(a) Fixed assets and depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation. The basis of valuation is explained in note 8. Depreciation on plant and machinery is provided at rates varying between 10% and 33 1/3% per annum on a straight line basis on cost or valuation, depending on type of asset. Leased plant under finance leases is depreciated over 10 years. Buildings are depreciated over 30 years on cost or, where applicable, valuation.

(b) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost or net realisable value. In the case of finished goods and work in progress, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made for obsolete, slow moving and defective stocks.

(c) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated to sterling at rates of exchange ruling at the end of the financial year.

(d) Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods delivered, less returns and allowances.

(e) Deferred taxation

The charge for taxation is based on the profit for the period as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise.

WEYBURN-BARTEL LIMITEDNotes to the accounts - 31 December 1989 continued(f) Pension scheme

The company offers pension schemes for both staff and works employees that are contracted out of the State Pension Scheme and its pension arrangements for such employees are provided through managed funds. These funds are arranged on a money purchase basis.

The staff scheme is a defined benefit scheme and the expected cost of pensions is charged to the profit and loss account so as to spread the cost over the remaining service lives of employees in the scheme. The pension cost is assessed in accordance with the advice of qualified actuaries. This is a change of accounting policy following adoption of SSAP24 this year. In previous years, the charge to the profit and loss account was the actual amount of contributions made by the employer to the schemes. The effect of this change is set out in note 5.

(g) Subsidiary company

The company's only subsidiary is E D Parts Limited, a dormant company. As the company is a wholly owned subsidiary of Cranhold Limited, which is incorporated in the United Kingdom, it is not required to produce consolidated accounts.

Turnover

2 A geographical analysis of the company's sales is set out below:-

	<u>1989</u>	<u>1988</u>
	£'000	£'000
United Kingdom	6,950	8,779
Europe	1,365	1,062
North America	281	656
Rest of the World	99	60
	<u>8,695</u>	<u>10,557</u>

Notes to the accounts - 31 December 1989 continuedOperating profit

3(a) Operating profit is stated after charging/(crediting):-

		<u>1989</u> £'000	<u>1988</u> £'000
Auditors' remuneration		20	16
Hire of plant and machinery		45	35
Depreciation of tangible fixed assets (owned)		228	276
Depreciation of leased plant under finance leases		136	149
Directors' emoluments (see note 4) including pension contributions		67	105
Other operating (income)/charges	3(b)	(758)	3
(b) <u>Other operating income/(charges)</u>		<u> </u>	<u> </u>

		<u>1989</u> £'000	<u>1988</u> £'000
Loss on sale of plant		(3)	(3)
Exceptional items	3(c)	761	-
		<u>758</u>	<u>(3)</u>

(c) Exceptional items

Sale of Eashing site:

On 22 December 1989 the company sold its freehold interest in the production site at Eashing for a profit of £761,000 after deduction of relocation costs of £261,000. These premises are presently being rented back from the purchaser until the company's planned vacation in April 1990.

No deferred tax has been provided for, as any chargeable gain arising will not crystallise for the foreseeable future.

Directors' emoluments

4 Emoluments of directors of Weyburn-Bartel Limited (including pension contributions) were as follows:-

	<u>1989</u>	<u>1988</u>
For management services	£67,036	£105,278
	<u> </u>	<u> </u>

Notes to the accounts - 31 December 1989 continued

Directors' emoluments, disclosed in accordance with Part V of Schedule 5 of the Companies Act 1985, and excluding pension contributions, are as follows:-

	<u>1989</u>	<u>1988</u>
Emoluments of the chairman	Nil	Nil
Emoluments of the highest paid director	<u>£58,342</u>	<u>£61,725</u>

Number of directors whose emoluments were within the ranges:-

	<u>Number</u>	<u>Number</u>
£Nil to £5,000	3	3
£ 5,001 to £10,000	1	-
£40,001 to £45,000	-	1
£55,001 to £60,000	1	-
£60,001 to £65,000	-	1
	<u> </u>	<u> </u>
Directors' emoluments waived	-	-
	<u> </u>	<u> </u>

Three of the directors are employed by other group companies and receive remuneration for their services to the group as a whole.

Employee information

5(a) The average number of persons employed by the company during the period, including executive directors, is analysed below:-

	<u>1989</u> Number	<u>1988</u> Number
By type of work:		
Production	202	200
Selling, distribution and administration	18	19
	<u>220</u>	<u>219</u>
	<u> </u>	<u> </u>

(b) Company employment costs for all employees, including executive directors:-

	<u>1989</u> £'000	<u>1988</u> £'000
Aggregate gross wages and salaries paid	3,192	3,700
Employer's national insurance contributions	265	349
Employer's pension contributions under the company pension scheme	118	47
	<u>3,575</u>	<u>4,096</u>
Total direct costs of employment	<u> </u>	<u> </u>

WEYBURN-BARTEL LIMITED

Notes to the accounts - 31 December 1989 continued

The pension cost is after a credit of £35,359 attributable to amortisation of a pension fund surplus which is being spread over the average remaining service lives of current employees. Contributions made to pension schemes in 1989 amounted to £153,325 and this is the amount that would have been charged in the profit and loss account had it not been for the change in accounting policy following the adoption of SSAP24 as explained in note 1. Details of the actuarial valuation are disclosed in the accounts of Cranhold Limited, the parent company.

Interest payable and similar charges

6	<u>1989</u> £'000	<u>1988</u> £'000
Interest payable on sums wholly repayable within five years:		
Bank loans and overdrafts	-	3
Finance leases	20	11
	<u>20</u>	<u>14</u>
	<u>=</u>	<u>=</u>

Tax on profit on ordinary activities

7	<u>1989</u> £'000	<u>1988</u> £'000
UK corporation tax based on the taxable profit for the period at 35.0% (1988 : 35%)	7(a) 316	448
Transfer to/(from) deferred taxation	7(b) (51)	48
	<u>265</u>	<u>496</u>
	<u>=</u>	<u>=</u>

- (a) The charge for UK corporation tax includes £44,000 (1988 : £51,000) payable to group companies in respect of group relief (note 11(a)).
- (b) No provision for taxation has been made in respect of the exceptional profit (before relocation costs) of £1,022,000 realised on sale of the Eashing factory (note 3(c)). As disclosed in note 13, the capital gain attributable to this disposal will be rolled-over against the base cost of replacement premises.

Notes to the accounts - 31 December 1989 continued

Tangible fixed assets

8	Freehold land and buildings £'000	Assets in the course of construction £'000	Plant and machinery £'000	Leased plant £'000	Total £'000
<u>Cost or valuation</u> (see (a) below)					
At 1 January 1989	1,222	-	2,370	1,193	4,785
Additions	9	794	491	210	1,504
Disposals	(257)	-	(15)	-	(272)
Transfers	-	-	(75)	75	-
	<u>974</u>	<u>794</u>	<u>2,771</u>	<u>1,478</u>	<u>6,017</u>
At 31 December 1989					
<u>Depreciation</u>					
At 1 January 1989	83	-	890	556	1,529
Charge for the year	12	-	216	136	364
Disposals	(29)	-	(11)	-	(40)
	<u>66</u>	<u>-</u>	<u>1,095</u>	<u>692</u>	<u>1,853</u>
At 31 December 1989					
Net book value at 31 December 1989	908	794	1,676	786	4,164
	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>
Net book value at 31 December 1988	1,139	-	1,480	637	3,256
	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>

(a) The amount of freehold land and buildings and plant and machinery reflects certain revaluations (see note (c)). The historical cost and related accumulated depreciation of tangible fixed assets are set out below:-

	Freehold land and buildings £'000	Plant and machinery £'000	Leased plant £'000	Total £'000
Cost	1,015	4,331	1,478	6,824
Less: Accumulated depreciation	(134)	(2,641)	(692)	(3,467)
	<u>881</u>	<u>1,690</u>	<u>786</u>	<u>3,357</u>
Net book value at 31 December 1989				
	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>
Net book value at 31 December 1988	87	1,495	637	2,219
	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>

WEYBURN-BARTEL LIMITED

Notes to the accounts - 31 December 1989 continued

- (b) Depreciation has not been charged on freehold land, which is stated at its revalued amount of £698,000.
- (c) The value of the freehold properties of Weyburn-Bartel Limited resulted from a valuation in May 1982 based upon depreciated replacement cost. The value of plant, machinery and equipment resulted from a valuation in March 1983 based upon prevailing conditions in the engineering industry.

Stocks

9	<u>1989</u> £'000	<u>1988</u> £'000
Raw materials and consumables	415	384
Work in progress	626	543
Finished goods and goods for resale	239	192
	<u>1,280</u>	<u>1,119</u>

Debtors

10	<u>1989</u> £'000	<u>1988</u> £'000
Trade debtors	1,639	1,333
Amounts owed by group companies (holding company and fellow subsidiaries)	1,648	1,610
Prepayments and accrued income	1,025	54
	<u>4,312</u>	<u>2,997</u>

Creditors: amounts falling due within one year

11	<u>1989</u> £'000	<u>1988</u> £'000
Obligations under finance leases (see note 17)	29	67
Trade creditors	812	658
Amounts owed to group companies (holding company and fellow subsidiaries)	7	11
Other creditors including taxation and social security (see below)	455	612
Accruals and deferred income	475	145
	<u>1,778</u>	<u>1,493</u>

WEYBURN-BARTEL LIMITEDNotes to the accounts - 31 December 1989 continued

(a) Other creditors, including taxation and social security, comprise:-

	<u>1989</u> £'000	<u>1988</u> £'000
Group relief payable (note 7(a))	44	51
UK Corporation tax payable	272	397
VAT, social security taxes and PAYE withheld	139	164
	<u>455</u>	<u>612</u>

Creditors: amounts falling due after more than one year

	<u>1989</u> £'000	<u>1988</u> £'000
12		
Amounts owed to subsidiary company	12	12
Obligations under finance leases (see note 17)	244	-
	<u>256</u>	<u>12</u>

Deferred taxation

13 The full potential liability and provision for deferred taxation is analysed as follows:-

	<u>1989</u> £'000	<u>1988</u> £'000
Excess of capital allowances over depreciation	512	273
Other timing differences	(94)	196
	<u>418</u>	<u>469</u>

As disclosed in notes 3(c) and 7(b) the company realised a capital gain during the year on the sale of its factory in Eashing. This gain will be rolled-over against the base cost of replacement premises. No provision for deferred taxation has been made in respect of the rolled-over gain as it is not expected to crystallise in the foreseeable future. The full potential liability is estimated to be approximately £100,000.

WEYBURN-BARTEL LIMITED

Notes to the accounts - 31 December 1989 continued

Called up share capital

14	<u>1989 and 1988</u>	
	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>
	<u>£'000</u>	<u>£'000</u>
4,875 ordinary shares of 50p each	2	2
4,995,000 deferred shares of 50p each	2,498	2,498
	<u>2,500</u>	<u>2,500</u>

Reserves

15	<u>Revaluation reserve</u>		<u>Profit and loss account</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1 October 1989	484	491	3,060	2,130
Retained profit for the financial period	-	-	1,393	923
Revaluation surplus realised	(195)	(7)	195	7
At 31 December 1989	<u>289</u>	<u>484</u>	<u>4,648</u>	<u>3,060</u>

Capital commitments

16	<u>1989</u>	<u>1988</u>
	<u>£'000</u>	<u>£'000</u>
Contracted for, but not provided in these accounts	930	274
Authorised but not contracted for	1,805	729
	<u>2,735</u>	<u>1,003</u>

WEYBURN-BARTEL LIMITEDNotes to the accounts - 31 December 1989 continuedLeasing commitments

17 The future minimum lease payments to which the company is committed as at 31 December 1989 under finance leases and non-cancellable operating leases are as follows:-

	<u>Finance leases</u> £'000	<u>Operating leases</u> £'000
Less than one year	58	9
2 - 5 years	228	61
Greater than 5 years	87	-
	<u>373</u>	<u>70</u>
Less: finance charges allocated to future periods	(100)	-
	<u>273</u>	<u>70</u>
	<u>273</u>	<u>70</u>

Ultimate holding company

18 The company's ultimate holding company at 31 December 1989 was J F Industries Inc, located in Ann Arbor, Michigan, United States of America.

Reservation of title

19 Part of the amounts owing to trade creditors may be secured by the reservation by the supplier of legal title to the goods supplied and to the proceeds of their sale. The amount secured in this way depends on the legal interpretation of individual contracts and cannot readily be determined.