

METALLIFACTURE LIMITED

REPORT AND ACCOUNTS

31 OCTOBER 1995

Company Registration Number : 341841



METALLIFACTURE LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1995

Report of the directors	1 - 3
Directors' responsibilities for the accounts	4
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Note of historical cost profit and losses	7
Reconciliation of movement in shareholders' funds	7
Statement of total recognised gains and losses	7
Notes to the accounts	8 - 15

METALLIFACTURE LIMITED

Company Registration Number : 341841

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 OCTOBER 1995

The directors present the audited accounts for the year ended 31 October 1995.

Principal activities

The results for the year are set out in the profit and loss account on page 5. The main activity of the company is unchanged since last year and remains the manufacture of components for the automotive industry.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory and the directors expect the present level of activity will be sustained for the foreseeable future.

Dividends and transfer to reserves

The directors recommend that a dividend of £625,000 (1994:£800,000) be paid in respect of the year ended 31 October 1995 and that £94,000 be transferred to reserves.

Research and Development

The company is committed to research and development activities to maintain its position as a market leader.

Changes in fixed assets

The movement in tangible fixed assets during the year is set out in note 9 to the accounts.

Directors

The directors of the company who, unless otherwise stated, served throughout the year were:

Mr J Benjamin	Chairman	Appointed	20 July 1995
Mr N A Penny		Resigned	15 June 1995
Mr J T Clifford			
Mr D B Battle			

Mr J M Swindells
Mr K W Walters
Mr R D Blunt
Mr G Bond
Mr S Broadstock

Appointed 20 July 1995

Directors' interest in shares

At 31 October 1995 and at 31 October 1994, Mr J T Clifford held an option under the Bullough Executive Share Option Scheme to acquire 61,200 Bullough 20p ordinary shares exercisable between 22 August 1991 and 22 August 1998 and also an option to acquire 68,000 Bullough 20p ordinary shares exercisable between 26 July 1997 and 26 July 2004.

On 30 January 1995 Mr J Benjamin was granted an option under the Bullough Executive Share Option Scheme to acquire 90,000 20p ordinary shares in Bullough plc exercisable between 30 January 1998 and 30 January 2005.

Mr D B Battle's and Mr G Bond's interests in the shares of Bullough plc are disclosed in that company's accounts.

No other director at 31 October 1995 held shares or options to acquire shares in Bullough plc and its subsidiaries.

Directors' interests in contracts

Apart from contracts of employment, none of the directors had a beneficial interest in any contract to which the company was a party during the financial year.

Charitable and political contributions

The contributions made by the company during the year for charitable purposes were £591 (1994: £500)

Employees

The company provides employees with information on matters of concern to them by the issue of periodic newsletters. Representatives of employees are consulted on a regular basis so that views of the employees are taken into consideration.

Disabled persons

The company's policy on disabled persons is to recruit disabled and non-disabled workers on the same basis wherever possible. If any employee becomes disabled during employment every practical effort is made to retain their services and to provide retraining if necessary. All employees are eligible for promotion and disabled people are not treated any differently in this respect

Auditors

On 15 February 1991 the company passed an Elective Resolution to dispense with the obligation to appoint auditors annually. Coopers & Lybrand have expressed their willingness to continue in office.

By the order of the Board

A handwritten signature in cursive script, appearing to read 'W Parry'.

**W Parry
Company Secretary**

METALLIFACTURE LIMITED

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at 31 October and of the profit or loss for the period then ended. It is also the directors' responsibility to:

- maintain adequate accounting records
- safeguard the assets of the company
- prevent and detect fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the accounts and that applicable accounting standards have been followed. The directors confirm that the accounts have been prepared on the going concern basis.

REPORT OF THE AUDITORS TO THE MEMBERS OF METALLIFACTURE LIMITED

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 October 1995 and of its profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Nottingham

19 January 1996

METALLIFACTURE LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1995

	Notes	1995 £'000	1994 £'000
Turnover	2	13494	12383
Cost of Sales		10669	9248
Gross Profit		<u>2825</u>	<u>3135</u>
Net Operating Expenses	3	1783	1791
Profit on ordinary activities before taxation	4	<u>1042</u>	<u>1344</u>
Taxation	5	323	441
Profit on ordinary activities after taxation		<u>719</u>	<u>903</u>
Dividends		625	800
Retained Profit for the Year		<u><u>94</u></u>	<u><u>103</u></u>

All amounts above relate to continuing operations.

The effect of the property revaluation on shareholders' funds is shown on page 7.

The difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and the historical cost equivalent is shown on page 7.

Notes to the accounts are on pages 8 - 15

Report of the auditors is on page 4

METALLIFACTURE LIMITED

BALANCE SHEET AS AT 31 OCTOBER 1995

	Notes	1995 £'000	1994 £'000
Fixed Assets			
Tangible Assets	9	2871	2667
		<u>2871</u>	<u>2667</u>
Current Assets			
Stock	11	1016	916
Debtors	12	4614	4578
Cash at bank and in hand	13	54	480
		<u>5684</u>	<u>5974</u>
Creditors: Amounts falling due within one year	14	<u>4659</u>	<u>4837</u>
Net Current Assets		1025	1137
Total Assets less current liabilities		<u>3896</u>	<u>3804</u>
Provisions for liabilities and charges	16	138	140
Net Assets		<u>3758</u>	<u>3664</u>
Capital and reserves			
Called - up share capital	17	105	105
Revaluation Reserve	18	581	588
Profit and Loss Account	18	3072	2971
		<u>3758</u>	<u>3664</u>

The accounts on pages 5 -15 were approved by the Board of Directors on 19 January 1996 and were signed on its behalf by:



J T Clifford
Director

Notes to the Accounts are on pages 8 - 15
Report of the Auditors is on page 4

METALLIFACTURE LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	1995 £'000	1994 £'000
Reported profit on ordinary activities before taxation	1042	1344
Difference between historical cost depreciation and depreciation calculated on revalued amounts	7	7
Historical cost profit on ordinary activities before taxation	<u>1049</u>	<u>1351</u>
Historical cost retained profit for the year	<u>101</u>	<u>110</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1995 £'000	1994 £'000
Profit on ordinary activities after taxation	719	903
Dividends	<u>625</u>	<u>800</u>
Net (reduction) / addition to shareholders' funds	94	103
Release on revaluation	-	(222)
Opening shareholders' funds	3664	3783
Closing shareholders' funds	<u>3758</u>	<u>3664</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1995 £'000	1994 £'000
Profit for the financial year	719	903
Unrealised deficit on revaluation of properties	-	(222)
Total recognised gains relating to the year	<u>719</u>	<u>681</u>

METALLIFACTURE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1995

1. Principal accounting policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently, is set out below.

(a) Basis of accounts

The accounts are drawn up in accordance with the historical cost convention which permits the inclusion of properties at revaluation.

(b) Turnover

Turnover represents sales to third parties excluding valued added tax.

(c) Depreciation

Depreciation is calculated so as to write off the cost of fixed assets over their expected useful lives on a straight line basis. The principal annual rates used for this purpose, which are consistent with those of the previous year are as follows :-

- (i) Freehold buildings and long leasehold land and buildings - 2%
- (ii) Short leasehold land and buildings - over the term of the leases.
- (iii) Plant and Equipment - 10 to 15%
- (iv) Motor Vehicles - 25%
- (v) Computers - 20%

No depreciation has been provided on freehold land.

(d) Deferred taxation

Taxation deferred as a result of material timing differences is provided at the rate of taxation ruling when the liabilities are expected to crystallise except to the extent that such taxation is not expected to become payable in the foreseeable future.

(e) Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis and comprises direct material cost, direct labour cost and attributable production overheads.

(f) Tooling

Tooling costs are accounted for as follows:

- (i) Customer financed tooling is carried forward until production commences when the cost of tooling is written off over the production life of the product (2 - 5 years).

METALLIFACTURE LIMITED

(ii) Other tooling costs are written off in the year in which the expenditure is incurred.

(g) Cash flow

The company is a wholly owned subsidiary of Bullough plc and as such is exempt under FRS1 from producing a cash flow statement.

2. Turnover

The geographical analysis of turnover was:

	1995	1994
	£'000	£'000
United Kingdom	8365	7900
Rest of Europe	5122	4483
Rest of the World	7	-
	<u>13494</u>	<u>12383</u>

3. Net operating expenses

	1995	1994
	£'000	£'000
Distribution costs	352	348
Administrative expenses	1536	1499
	<u>1888</u>	<u>1847</u>
Less: other operating income	(105)	(56)
	<u>1783</u>	<u>1791</u>

4. Profit on ordinary activities before taxation is stated after charging:

	1995	1994
	£'000	£'000
Depreciation charge for the year	399	407
Research and development expenditure	274	241
Auditors' remuneration for audit	9	9
Hire of plant and machinery - operating leases	10	10
Hire of other assets - operating leases	56	60
Directors' emoluments including pension contributions	233	236

METALLIFACTURE LIMITED

5. Taxation

	1995 £'000	1994 £'000
United Kingdom corporation tax at 33% (1994:33%)	324	466
Adjustments in respect of prior years		
Current	1	(1)
Deferred	(2)	(24)
	<u>323</u>	<u>441</u>

6. Directors' emoluments

Particulars of the emoluments (excluding pension contributions) of the company's directors are:

	1995 £'000	1994 £'000
The Chairman	4	15
The highest paid director	48	63

In addition the former chairman received £16,000 compensation for loss of office.

The emoluments of all directors fall within the following bands:

	1995 Number	1994 Number
£0 to £5,000	3	3
£10,001 to £15,000	-	1
£25,001 to £30,000	1	-
£30,001 to £35,000	1	1
£35,001 to £40,000	1	1
£40,001 to £45,000	2	2
£45,001 to £50,000	1	-
£60,001 to £65,000	-	1

The directors who are employed as directors of Bullough plc are remunerated by that company in respect of their services to the Bullough group as a whole. Their emoluments are dealt with in the accounts of Bullough plc, no emoluments are paid by this company.

METALLIFACTURE LIMITED

7. Employee information

The average weekly number of persons (including executive directors) employed during the year was:

	1995 Number	1994 Number
Production	209	209
Administration	35	34
	<u>244</u>	<u>243</u>

Staff costs for the above persons were:

	1995 £'000	1994 £'000
Wages and salaries	3471	3068
Social security costs	315	279
Other pension costs (See note 8)	53	52
	<u>3839</u>	<u>3399</u>

8. Pension Costs

The company operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the company, being invested with an insurance company's managed fund.

The pension cost for the company was £22,000 (1994 :£21000). Actuarial assessments of the scheme are made every three years by an independent actuary using the projected unit method. Reasonable assumptions have been made by the actuary for the rate of return of investments (9.5%) and the rate of increase in salaries (8.5%) and take into account increases in pensions (3%).

The assessed value of the assets of the scheme at the last valuation date (22 July 1995) was £366,100 and the actuarial value of the assets were sufficient to cover approximately 115% of the benefits which have accrued to active members after allowing for future increases in earnings. The contribution of the company and of the employees are 6.25% and 4% respectively.

METALLIFACTURE LIMITED

The company also operates a defined contribution pension scheme. The assets of the fund are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £34,000 (1994: £27,000)

9. Tangible fixed assets

	Freehold Land & Buildings	Short Leasehold Land & Buildings	Plant, Machinery, & Vehicles	Fixtures and Fittings	Total
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 November 1994	975	15	4394	429	5813
Additions	-	-	604	-	604
Disposals	-	-	(78)	-	(78)
At 31 October 1995	975	15	4920	429	6339
Depreciation					
At 1 November 1994	0	14	2751	381	3146
Charge for the Year	13	1	372	13	399
Disposals	-	-	(77)	-	(77)
At 31 October 1995	13	15	3046	394	3468
Net book value at 31 October 1995	962	0	1874	35	2871
Net book value at 31 October 1994	975	1	1643	48	2667

- (i) No depreciation has been provided on land at valuation of £296,500 (1994: £296,500)
- (ii) Freehold land and buildings were revalued on the basis of open market value for the existing use at 31 October 1994 by Richard Ellis, Chartered Surveyors. The historical cost and related depreciation of revalued assets are as follows:

	1995 £'000	1994 £'000
Historical cost at 31 October	493	493
Accumulated depreciation	(113)	(106)
Net book value at 31 October	380	387

METALLIFACTURE LIMITED

10. Capital Commitments

Outstanding commitments of the company for capital expenditure amounted to £528,000 (1994: £140,000). Further sanctions by the board not yet committed amounted to £nil (1994: £45,000).

11. Stocks

	1995 £'000	1994 £'000
Raw materials and consumables	440	393
Work in progress	367	334
Finished goods	209	189
	<u>1016</u>	<u>916</u>

12. Debtors

	1995 £'000	1994 £'000
Trade debtors	2149	2195
Amounts owed by group undertakings	1721	1631
Prepayments and accrued income	744	752
	<u>4614</u>	<u>4578</u>

Debtors include accrued income which falls due after more than one year totalling £ 274,000 (1994: £141,000).

13. Cash and Bank

The bank balance is subject to a right of set off with certain borrowings of other companies under the Group banking arrangements.

14. Creditors: amounts falling due within one year

	1995 £'000	1994 £'000
Trade creditors	2103	2039
Amounts owed to group undertakings	1349	1235
Corporation tax payable	322	460
Other taxation and social security payable	80	99
Accruals and deferred income	180	204
Proposed dividend	625	800
	<u>4659</u>	<u>4837</u>

METALLIFACTURE LIMITED

15. Financial commitments

At 31 October 1995 the company had annual commitments under non cancellable operating leases as follows:

	1995		1994	
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Expiring in two to five years	43	-	43	-
Expiring in over five years	13	-	13	-
	<u>56</u>	<u>-</u>	<u>56</u>	<u>-</u>

16. Provisions for liabilities and charges

Deferred taxation

	Amount Provided		Total potential liability	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	142	142	361	337
Provisions arising from pension holidays	(4)	(2)	(4)	(3)
	<u>138</u>	<u>140</u>	<u>357</u>	<u>334</u>

17. Called - up share capital

	1995	1994
	£'000	£'000
Authorised, allotted , called up and fully paid		
105,000 ordinary shares of £1 each	105	105
	<u>105</u>	<u>105</u>

METALLIFACTURE LIMITED

18. Reserves

	Revaluation Reserve	Profit and Loss Account
	£'000	£'000
At 1 November 1994	588	2971
Retained profit for the year	-	94
Transfers	(7)	7
At 31 October 1995	<u>581</u>	<u>3072</u>

19. Contingent Liability

The company participates in a cross guarantee arrangement with some other group companies whereby the company has guaranteed, to the limit of the aggregate of any cash balances of the company at the relevant bank, certain borrowings of those companies.

20. Ultimate parent company

The Directors regard Bullough plc, a company registered in England and Wales, as the ultimate parent company. Copies of the ultimate parent company's consolidated accounts may be obtained from The Secretary, Bullough plc, 21 The Crescent, Leatherhead, Surrey KT22 8DY.