

METALLIFACTURE LIMITED

REPORT AND ACCOUNTS

31 OCTOBER 1992

Company Registration Number: 341841

METALLIFACTURE LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1992

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METALLIFACTURE LIMITED

Company Registration No: 341841

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 OCTOBER 1992

The Directors present the audited accounts for the year ended 31 October 1992.

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 is 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 transfers to reserves

The Directors recommend that a dividend of £400,000 (1991: nil) be paid in respect of the year ended 31 October 1992.

Research and development

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

Changes in fixed asset

The movements in tangible fixed assets during the year are set out in note 9 to the accounts.

Market value of land and buildings

A professional valuation of the Company's freehold land and buildings at current open market value on an existing use basis was carried out as at 31st October 1988. The results of this valuation have been incorporated in the accounts.

METALLIFACTURE LIMITED

Directors

The Directors of the Company who served throughout the year were:

Mr N V Turnbull
Mr J T Clifford
Mr D B Battle
Mr J M Swindells
Mr K W Walters
Mr R D Blunt
Mr R J Steel
Mr K F Williams

Mr N V Turnbull resigned on 11 November 1992.

Directors' interests in shares

At 31 October 1992 and at 31 October 1991, 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 57,000 Bullough plc 20p ordinary shares exercisable between 30 July 1994 and 30 July 2001.

Mr N V Turnbull's interests in the shares of Bullough plc are disclosed in the accounts of Bullough Electric Limited.

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

No other Director at 31 October 1992 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 £675 (1991: £719).

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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.

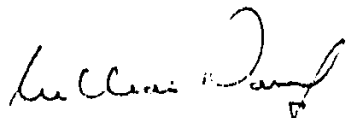
Research and development

The company policy on research and development is to maintain expenditure at a level to ensure that all products retain their competitive position in the market place.

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. Until 1 June 1992, Coopers & Lybrand practised in the name Coopers & Lybrand Deloitte.

By order of the Board



W Parry
Secretary

METALLIFACTURE LIMITED

REPORT OF THE AUDITOR TO THE MEMBERS OF METALLIFACTURE LIMITED

We have audited the financial statements on pages 5 to 15 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 October 1992 and of its results 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 Auditor
Nottingham

19 January 1993

METALLIFACTURE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1992

	Notes	1992 £000	1991 £000
Turnover	2	12769	11477
Cost of sales		10445	9228
Gross profit		<u>2324</u>	<u>2249</u>
Net operating expenses	3	1725	1829
Profit on ordinary activities before taxation	4	<u>599</u>	<u>420</u>
Taxation	5	177	129
		<u> </u>	<u> </u>
Profit on ordinary activities after taxation		422	291
Dividends		400	-
		<u> </u>	<u> </u>
Retained profit		22	291
		<u> </u>	<u> </u>
Statement of retained profit			
Retained profit at 1 November 1991		2717	2426
Retained profit for the year		22	291
		<u> </u>	<u> </u>
Retained profit at 31 October 1992		2739	2717
		<u> </u>	<u> </u>

Notes to the accounts are on pages 7 to 15

Report of the auditor is on page 4

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BALANCE SHEET AT 31 OCTOBER 1992

	Notes	1992 £000	1991 £000
Fixed assets			
Tangible assets	9	3356	2986
		-----	-----
		3356	2986
		-----	-----
Current assets			
Stocks	11	1076	911
Debtors	12	2791	2677
Cash at bank and in hand		357	380
		-----	-----
		4224	3968
		-----	-----
Creditors: amounts falling due within one year	13	3784	3180
		-----	-----
Net current assets		440	788
		-----	-----
Total assets less current liabilities		3796	3774
		-----	-----
Provisions for liabilities and charges	15	97	97
		-----	-----
Net assets		3699	3677
		-----	-----
Capital and reserves			
Called-up share capital	16	105	105
Revaluation reserve	17	855	855
Profit and loss account	17	2739	2717
		-----	-----
		3699	3677
		-----	-----

The accounts on pages 5 to 15 were approved by the Board of Directors on 19th January 1993 and were signed on its behalf by:

J T Clifford

J T Clifford
Director

Notes to the accounts are on pages 7 - 15
Report of the auditor is on page 4

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1992

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been consistently applied, 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 a revaluation.

(b) Turnover

Turnover represents sales to third parties excluding value added tax.

(c) Depreciation

Depreciation is calculated so as to write off the cost or valuation 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 last year, are:

- (i) Freehold buildings and long leasehold land and buildings - 2%
- (ii) Short leasehold land and buildings - over the terms 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.

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(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) Stocks and work in progress

Stocks 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 accounting for as following:

- (a) Customer-financed tooling is carried forward until production commences when the cost of tooling is written off against customer revenues;
- (b) Other tooling is written off in the year in which expenditure is incurred.

Tooling costs carried forward are included in debtors, after deducting payments on account received from customers, in the balance sheet.

2 Turnover

The geographical analysis of turnover was:-

	1992 £000	1991 £000
United Kingdom	8606	8208
Rest of Europe	4163	3269
	<hr/>	<hr/>
	12769	11477
	<hr/>	<hr/>

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3 Net operating expenses

	1992	1991
	£000	£000
Distribution costs	336	351
Administrative expenses	1428	1513
	<u>1764</u>	<u>1864</u>
Less: other operating income	(39)	(35)
	<u>1725</u>	<u>1829</u>

4 Profit on ordinary activities before taxation

	1992	1991
	£000	£000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	404	370
Research and development expenditure:		
Current year expenditure	353	102
Auditor's remuneration	11	12
Hire of plant and machinery - operating leases	11	18
Hire of other assets - operating leases	46	46
Directors' emoluments including pension contributions	197	195

5 Taxation

	1992	1991
	£000	£000
United Kingdom corporation tax at 33% (1991:33.4%)		
Current	174	132
Adjustment in respect of prior years		
Current	3	(3)
Deferred		
	<u>177</u>	<u>129</u>

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6 Directors' emoluments

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

	1992 £000	1991 £000
The Chairman	15	15
The highest-paid director	48	60

The emoluments of all directors fall within the following bands:-

	1992 Number	1991 Number
£0 to £5,000	2	2
£10,000 to £15,000	1	1
£30,001 to £35,000	3	4
£35,001 to £40,000	1	-
£45,001 to £50,000	1	-
£55,001 to £60,000	-	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 received from this company.

7 Employee information

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

	1992 Number	1991 Number
By product group		
Production	269	271
Selling and distribution	2	2
Administration	37	38
	<hr/>	<hr/>
	308	311
	<hr/>	<hr/>

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7 Employee information (continued)

	1992 £000	1991 £000
Staff costs (for the above persons):		
Wages and salaries	3878	3697
Social security costs	365	356
Other pension costs (see note 8)	49	58
	<hr/>	<hr/>
	4292	4111
	<hr/>	<hr/>

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 costs for the company was £17385 (1991: £ 18756). 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 market value of the assets of the scheme at the last valuation date (22 July 1992) was £313,500 and the actuarial value of the assets were sufficient to cover approximately 110% of the benefits which had accrued to members after allowing for future increases in earnings. The contribution of the company and of the employees will remain at 3.75% and 4% of earnings respectively.

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 £ 35443 (1991: £36801).

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9 Tangible fixed assets

	Freehold land and buildings £000	Short leasehold land and buildings £000	Plant, machinery and vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 November 1991	1185	15	3811	438	5449
Additions	90	-	679	32	801
Disposals	-	-	(175)	-	(175)
At 31 October 1992	1275	15	4315	470	6075
Depreciation					
At 1 November 1991	39	11	2132	281	2463
Charge for year	13	1	330	60	404
Eliminated in respect of disposals	-	-	(148)	-	(148)
At 31 October 1992	52	12	2314	341	2719
Net book value					
At 31 October 1992	1223	3	2001	129	3356
Net book value					
At 31 October 1991	1146	4	1679	157	2986

- (i) No depreciation has been provided on land at cost £90,000 (1991: £nil).
(ii) Freehold land and buildings were revalued on the basis of open market value for the existing use at 31 October 1988. The historical cost and related depreciation of revalued assets are as follows:-

	1992 £000	1991 £000
Historical cost at 31 October	403	403
Accumulated depreciation at 31 October	93	87
Net book value at 31 October	310	316

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10 Capital Commitments

Outstanding commitments of the company for capital expenditure amounted to £ 126,000 (1991: £nil). Further sanctions by the board not yet committed amounted to £ 24,000 (1991: £ nil).

11 Stocks

	1992	1991
	£000	£000
Raw materials and consumables	365	366
Work in progress	435	381
Finished goods	276	164
	<hr/>	<hr/>
	1076	911
	<hr/>	<hr/>

12 Debtors

	1992	1991
	£000	£000
Trade debtors	1968	1978
Amounts owed by other group companies	433	496
Prepayments and accrued income	112	66
Tooling costs	278	137
	<hr/>	<hr/>
	2791	2677
	<hr/>	<hr/>

13 Creditors: amounts falling due within one year

	1992	1991
	£000	£000
Trade creditors	2015	1942
Amounts owed to group companies	953	220
Corporation tax	174	129
Other taxation and social security payable	103	110
Accruals and deferred income	139	179
Proposed dividend	400	-
	<hr/>	<hr/>
	3784	3180
	<hr/>	<hr/>

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14 Financial commitments

At 31 October 1992 the company had annual commitments under non-cancellable operating leases as follows:

	1992		1991	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Expiring in over five years	46	-	46	-
	<hr/>	<hr/>	<hr/>	<hr/>
	46	-	46	-
	<hr/>	<hr/>	<hr/>	<hr/>

15 Provisions for liabilities and charges

Deferred taxation

	Amount provided		Total potential liability	
	1992	1991	1992	1991
	£000	£000	£000	£000
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	97	97	346	316
Tax effect of timing differences on revaluation of Land and buildings	-	-	15	30
	<hr/>	<hr/>	<hr/>	<hr/>
	97	97	361	346
	<hr/>	<hr/>	<hr/>	<hr/>

16 Called-up share capital

	1992	1991
	£000	£000
Authorised		
105,000 ordinary shares of £1 each	105	105
	<hr/>	<hr/>
	105	105
	<hr/>	<hr/>
Allotted, called up and fully paid		
105,000 ordinary shares of £1 each	105	105
	<hr/>	<hr/>
	105	105
	<hr/>	<hr/>

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17 Reserves

	Revaluation Reserve	Profit and Loss Account
	£000	£000
At 1 November 1991	855	2717
Retained profit for the year	-	22
At 31 October 1992	<u>855</u>	<u>2739</u>

18 Ultimate parent company

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