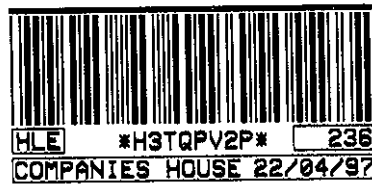


COMPANY NO. 643047

SPOONER INDUSTRIES LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 1996



SPOONER INDUSTRIES LIMITED

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SPOONER INDUSTRIES LIMITED

DIRECTORS

G. Royle (Appointed 3.10.96)
E.V. Bowden
G.N. Dearden
G.B. Haisman
J.M. Southworth (Resigned 30.9.96)
B.M. Barrett
P.E. Blackburn (Resigned 31.1.97)
M.E.R. Dudley (Resigned 7.3.97)

SECRETARY

R. W. Quayle

REGISTERED OFFICE

Moorland Engineering Works
Railway Road
Ilkley
West Yorkshire
LS29 8JB

COMPANY REGISTRATION NO. 643047

AUDITORS

Price Waterhouse
9 Bond Court
Leeds
LS1 2SN

SPOONER INDUSTRIES LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and audited accounts of the company for the year ended 30 June 1996.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company throughout the period continued to be the manufacture of ovens, dryers, coolers and associated equipment for many industries including paper, metals and plastics.

RESULTS AND DIVIDEND

The results for the period are shown on page 5. The Directors propose to pay a final dividend of £359,600, leaving a retained profit of £481,000 which they recommend be transferred to reserves.

FIXED ASSETS

Tangible fixed assets movements are shown in note 9 to the accounts.

DIRECTORS

The directors of the company throughout the period were:

G. Royle	(Appointed 3 October 1996)
E.V. Bowden	
G.N. Dearden	
G.B. Haisman	
J.M. Southworth	(Resigned 30 September 1996)
B.M. Barrett	
P.E. Blackburn	(Resigned 31 January 1997)
M.E.R. Dudley	(Resigned 7 March 1997)

The directors have no interests in the shares of the company.

The interests of Mr. B.M. Barrett in the shares of the ultimate parent company, Brunel Holdings Plc, are shown in that company's accounts.

SPOONER INDUSTRIES LIMITED

REPORT OF THE DIRECTORS

(Continued)

The interest of Mr. P.E. Blackburn in the shares of Brunel Holdings Plc are shown in the accounts of Cameron Equipment Limited, a fellow subsidiary.

The interests of other directors in the shares of Brunel Holdings Plc are:

	<u>30 June 1996</u>	<u>1 July 1995</u>
Ordinary Shares under option:		
E.V. Bowden	21,846	21,846
G.N. Dearden	21,876	21,876
G.B. Haisman	16,000	16,000
J.M. Southworth	45,000	45,000
Ordinary Shares:		
J.M. Southworth	23,300	12,100

AUDITORS

Messrs. Price Waterhouse have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

The Report of the Directors was approved by the Board on 18th April 1997 and signed on its behalf by R.W. Quayle.



.....
Secretary

R.W. Quayle
Moorland Engineering Works
Railway Road
Ilkley
West Yorkshire
LS29 8JB

SPOONER INDUSTRIES LIMITED
DIRECTORS' RESPONSIBILITIES AND REPORT OF THE AUDITORS
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 or Loss of the Company for that period.

In preparing those financial statements, the Directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF SPOONER INDUSTRIES LIMITED

We have audited the financial statements on pages five to sixteen 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 seven and eight.

Respective Responsibilities of Directors and Auditors

As described above, the Company's Directors are responsible for the preparation of the 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 affairs of the Company as at 30th June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Price Waterhouse
Chartered Accountants and Registered Auditors
18 April 1997

9 Bond Court
Leeds
LS1 2SN

SPOONER INDUSTRIES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1996**

	NOTE	1996 £'000	1995 £'000
TURNOVER:	2	9,372	5,438
COST OF SALES		(7,153)	(4,488)
GROSS PROFIT		2,219	950
Distribution costs		(500)	(466)
Administrative expenses		(577)	(617)
OPERATING PROFIT/(LOSS)	3	1,142	(133)
Dividend receivable from subsidiary company		7	176
Other income and interest receivable	6	94	48
Interest payable	7	(8)	(32)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,235	59
Taxation	8	(394)	113
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		841	172
Dividend proposed		(360)	(132)
RETAINED PROFIT FOR THE YEAR	16	481	40
		=====	=====

There are no recognised gains or losses in the year other than those disclosed above with the exception of a £16,000 (1995 £20,400 loss) gain on exchange credited to reserves, as set out in note 16. All operations of the Company are considered to be "continuing" for the purposes of applying Financial Reporting Standard 3.

**STATEMENT OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 1996**

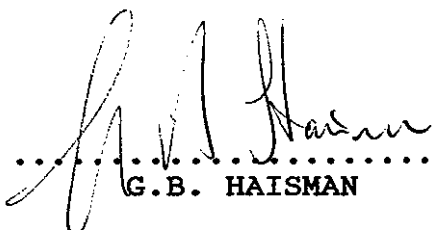
	£'000	£'000
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,235	59
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	16	16
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,251	75
	=====	=====
HISTORICAL COST RETAINED PROFIT FOR THE YEAR	497	56
	=====	=====

SPOONER INDUSTRIES LIMITED

BALANCE SHEET AT 30 JUNE 1996

	NOTE	1996 £'000	1995 £'000
FIXED ASSETS			
Tangible assets	9	2,480	2,392
Investments	10	<u>493</u>	<u>493</u>
		<u>2,973</u>	<u>2,885</u>
CURRENT ASSETS			
Stocks	11	296	178
Debtors	12	2,948	2,991
Cash at bank and in hand		<u>1,881</u>	<u>999</u>
		5,125	4,168
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(<u>3,829</u>)	(<u>3,526</u>)
NET CURRENT ASSETS		<u>1,296</u>	<u>642</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,269	3,527
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(590)	(493)
PROVISION FOR LIABILITIES & CHARGES	17	(<u>148</u>)	<u>-</u>
		<u>3,531</u>	<u>3,034</u>
		=====	=====
SHAREHOLDERS' FUNDS - EQUITY			
INTERESTS			
Called up share capital	15	1,061	1,061
Share premium account	16	141	141
Profit and loss account	16	1,179	682
Revaluation reserve	16	<u>1,150</u>	<u>1,150</u>
TOTAL SHAREHOLDERS' FUNDS		<u>3,531</u>	<u>3,034</u>
		=====	=====

The accounts were approved by the Board on 18th April 1997 and signed on its behalf by:


DIRECTOR
 G.B. HAISMAN

SPOONER INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1996

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention adjusted for the revaluation of freehold land and buildings and certain plant and equipment and in accordance with applicable accounting standards.

Basis of consolidation

Group accounts have not been prepared as the company is itself a wholly owned subsidiary undertaking and is exempt under S.228 of the Companies Act 1985 from the obligation to prepare and submit them to the Registrar of Companies.

Turnover

Turnover represents the invoiced value of goods supplied by the company excluding value added tax.

Depreciation of tangible fixed assets

Depreciation is calculated so as to write off the cost (or valuation) of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Freehold buildings	66 2/3 years
Plant and equipment	6 2/3 years - 10 years
Motor vehicles	5 years
Computer equipment	3 years - 6 2/3 years

Freehold land is not depreciated.

Stocks

Stocks are valued at the lower of cost or net realisable value. Cost comprises the actual cost of raw materials and an appropriate proportion of labour and overheads but excludes selling expenses and any element of profit.

Provision is made for any obsolete or slow moving items.

Long Term Contracts

Long term contracts are those extending in excess of 12 months and any of a shorter duration which are material to the activity of the period.

Once the outcome of a long term contract can be assessed with reasonable certainty, attributable profit is recognised in accordance with the value of work completed. Immediate provision is made for all the foreseeable loss if a contract is assessed as unprofitable.

SPOONER INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1996 (Continued)

Leasing

Assets held under finance leases are capitalised in the balance sheet and are depreciated over their useful lives.

Rentals paid under operating leases are charged to profit and loss account as incurred.

Research and Development Expenditure

Expenditure on research and development is written off as incurred.

Deferred Taxation

Deferred taxation is provided in respect of liabilities expected to arise in the foreseeable future.

Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange 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.

Differences arising on the translation of the opening balance of the long term loan to a fellow overseas subsidiary are taken to reserves.

Pension Scheme

In respect of defined benefit schemes, pension costs are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees who are members of the scheme. In respect of defined contribution schemes, pensions costs are charged to the Profit and Loss Account as incurred.

2. TURNOVER	1996	1995
	£'000	£'000
U.K.	3,972	2,407
Europe	3,277	1,850
Americas	916	529
Asia/Australasia	<u>1,207</u>	<u>652</u>
	9,372	5,438
	=====	=====

The whole of the turnover has been generated by the principal activity of the company.

SPOONER INDUSTRIES LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1996
(Continued)**

3	OPERATING PROFIT/(LOSS)	1996	1995
		£'000	£'000
	This is stated after (crediting)/ charging the following:		
	Foreign exchange (gains)/losses	(22)	32
	Management charge	60	84
	Depreciation	84	88
	Operating lease rentals	89	106
	Auditors' remuneration - audit	12	12
4.	STAFF NUMBERS AND COSTS	No.	No.
	Employees		
	Average weekly number of employees including directors:		
	Management and administration	78	75
	Production	<u>38</u>	<u>33</u>
	Total employees	<u>116</u>	<u>108</u>
	Cost in respect of these employees:	£'000	£'000
	Wages and salaries	2,177	1,730
	Social security costs	201	157
	Other pension costs	<u>113</u>	<u>95</u>
		<u>2,491</u>	<u>1,982</u>
		=====	=====
5.	DIRECTORS' EMOLUMENTS	£'000	£'000
	Management remuneration	320	197
	Pension Contributions	<u>19</u>	<u>15</u>
		<u>339</u>	<u>212</u>
		=====	=====
	Chairman	Nil	Nil
	Highest paid director	82	62
		=====	=====

SPOONER INDUSTRIES LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1996
(Continued)**

	1996	1995
Directors' emoluments fell within the following bands:-	No.	No.
£ Nil - £ 5,000	2	2
£ 5,001 - £10,000	-	1
£55,001 - £60,000	2	1
£60,001 - £65,000	2	2
£80,000 - £85,000	1	-
 6. OTHER INCOME AND INTEREST RECEIVABLE	 £'000	 £'000
Interest receivable	94 =====	48 =====
 7. INTEREST PAYABLE	 £'000	 £'000
Bank interest	8 =====	32 =====
 8. TAXATION	 £'000	 £'000
Deferred tax	(148)	30
Corporation tax (charge)/credit at 33%	(246) (394) =====	83 113 =====

The company's Corporation Tax Charge has been reduced by the availability of losses brought forward from prior years as disclosed in Note 17.

SPOONER INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1996 (Continued)

9. TANGIBLE FIXED ASSETS

(a) Summary of movements	Freehold Property £'000	Plant, Equipment & Vehicles £'000	Total £'000
Cost or valuation			
At 1 July 1995	2,250	1,024	3,274
Additions	-	172	172
Disposals	-	(24)	(24)
At 30 June 1996	<u>2,250</u>	<u>1,172</u>	<u>3,422</u>
Depreciation:			
At 1 July 1995	139	743	882
Charged in year	25	59	84
Disposals	-	(24)	(24)
At 30 June 1996	<u>164</u>	<u>778</u>	<u>942</u>
Net book amount:			
At 30 June 1996	<u>2,086</u>	<u>394</u>	<u>2,480</u>
At 30 June 1995	<u>2,111</u>	<u>281</u>	<u>2,392</u>

The net book value of fixed assets includes assets acquired on a finance lease with an original cost of £148,000 (1995 £30,000) and a written down value of £118,000 (£Nil) at 30 June 1996.

(b) Cost or valuation comprises:	£'000	£'000	£'000
Valuation on an existing use basis in 1990	2,250	-	2,250
in 1992	-	378	378
Cost	-	794	794
At 30 June 1996	<u>2,250</u>	<u>1,172</u>	<u>3,422</u>

The net book amount of land included in freehold property at 30 June 1996 was £58,646 (£58,646).

SPOONER INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1996 (Continued)

Freehold land and buildings and large machine tools and equipment, are stated at valuation. All other tangible fixed assets are stated at cost. If these assets referred to had not been revalued, they would have been carried in the balance sheet at:

	Freehold Property £'000	Plant & Equipment £'000	Total £'000
Cost	1,714	1,691	3,405
Depreciation	(536)	(1,454)	(1,990)
Net book amount at 30 June 1996	1,178 =====	237 =====	1,415 =====

The freehold property was revalued as at 31 December 1990 on the basis of open market value for existing use. Valuations were carried out by members of the Royal Institution of Chartered Surveyors.

The Directors revalued the plant and equipment on 29 February 1992 on the basis of open market value for existing use.

10. INVESTMENTS	1996 £'000	1995 £'000
Shares in group companies at cost	681	681
Provisions	(188)	(188)
Net book amount	493 =====	493 =====

In the opinion of the directors the value of the investments in group companies is not less than the net book amount shown above.

The seven wholly owned subsidiaries of the Company at 30 June 1996, none of which have traded in the year, were:-

	Country of <u>Incorporation</u>	Class of <u>Shares Held</u>
Spooner Espanola Ltd	England & Wales	Ordinary
Spooner Food Machinery Engineering Co. Ltd.	England & Wales	Ordinary
Spooner Robinson Ltd.	England & Wales	Ordinary
Spooner Del Plata Ltd	England & Wales	Ordinary
Spooner Engineering Ltd.	England & Wales	Ordinary
Spooner Industrial Mixers Ltd	England & Wales	Ordinary
SVE (Predecessors) Ltd.	England & Wales	Ordinary

SPOONER INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1996 (Continued)

11. STOCKS	1996 £'000	1995 £'000
Raw materials	138	128
Work in progress	<u>472</u>	<u>680</u>
	610	808
<u>Less</u> Payments on account	(<u>314</u>)	(<u>630</u>)
	<u>296</u>	<u>178</u>
	=====	=====
 12. DEBTORS	 £'000	 £'000
Trade debtors	1,779	2,103
Amounts owed by Group undertakings	1,141	629
Dividend receivable from subsidiary company	7	176
Other debtors	21	9
Prepayments and accrued income	-	16
Amounts recoverable on contracts	<u>-</u>	<u>58</u>
	<u>2,948</u>	<u>2,991</u>
	=====	=====

Included within amounts owed by Group undertakings is an amount of £645,000 (1995 - £630,000) in respect of a fellow subsidiary operating overseas. This balance has no fixed repayment date.

13. CREDITORS: Amounts falling due within one year	£'000	£'000
Bank overdraft	314	80
Payments received on account	891	1,071
Trade creditors	918	1,257
Amounts owed to Group undertakings	386	302
Social security and other taxes	393	198
Other creditors	25	410
Obligations under Finance Leases [note 18(c)]	21	-
Accruals and deferred income	795	208
Bills payable	<u>86</u>	<u>-</u>
	<u>3,829</u>	<u>3,526</u>
	=====	=====

The bank overdraft is secured by way of a fixed charge over the Company's land and buildings.

SPOONER INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1996 (Continued)

14. CREDITORS: Amounts falling due after more than one year	1996 £'000	1995 £'000	
Amounts owed to Group undertakings	493	493	
Finance Leases	<u>97</u>	<u>-</u>	
	590	493	
	=====	=====	
15. CALLED UP SHARE CAPITAL			
Authorised:			
10,000,000 ordinary shares of 25p per share	2,500	2,500	
	=====	=====	
Called up, allotted and fully paid:			
4,243,724 ordinary shares of 25p per share	1,061	1,061	
	=====	=====	
16. RESERVES	Share Premium £'000	Revaluation Reserve £'000	Profit & Loss Account £'000
At 1 July 1995	141	1,150	682
Retained profit for the year	-	-	481
Foreign exchange movement	<u>-</u>	<u>-</u>	<u>16</u>
At 30 June 1996	141	1,150	1,179
	=====	=====	=====

The revaluation reserve relates to a surplus on revaluation of freehold land and buildings and plant and equipment. No deferred tax has been provided in respect of this reserve as, in the opinion of the Directors, no charge is expected to arise in the foreseeable future because any gains in the future are likely to be covered by roll-over relief.

The foreign exchange movement arises from the gain on retranslation of a US dollar denominated long term funding balance, included within debtors, which is owed by a fellow subsidiary located in the United States. This subsidiary's main source of funding is the balance owed to Spooner Industries Ltd.

There are no movements in shareholders' funds other than the result, dividend and foreign exchange movement for the year.

SPOONER INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1996 (Continued)

17. PROVISION FOR LIABILITIES AND CHARGES

	PROVIDED		UNPROVIDED	
<u>Deferred Taxation</u>	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Accelerated capital allowances	156	162		-
Other timing differences (8)	(8)	(29)	-	-
Tax losses ()	()	(133)	-	(17)
Amount provided	148	-	-	(17)
	=====	=====	=====	=====

18. COMMITMENTS

(a) Capital Commitments

The Company had commitments in respect of capital expenditure at 30 June 1996 of:

	1996	1995
	£'000	£'000
Amount contracted but not provided for in the accounts	2	2
Amount authorised by directors but not contracted for	4	2

(b) Commitments under Operating Lease.

At 30 June 1996 the company had annual commitments under Operating Leases as set out below:

	£'000	£'000
Other leases which expire:		
Within one year	12	29
Within one to two years	22	38
Within two to five years	<u>62</u>	<u>-</u>
	96	67
	===	===

(c) Liabilities under Finance Lease

At 30 June 1996 the company had obligations under Finance Leases which are set out below.

	£'000	£'000
Gross amounts payable		
Within one year	29	-
Within two years	29	-
Within two to five years	87	
Deduct: Finance charges allocated to future periods (27)	(27)	-
	118	-
	===	===

SPOONER INDUSTRIES LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1996
(Continued)**

(d) Pension Commitments

The Company does not operate its own independent pension fund but is a member of the Brunel Holdings PLC Scheme. This is a defined benefit scheme where pension contributions for individual companies are based on pension costs across the Group. Additional details of the Scheme as required to be disclosed under SSAP24 are given in the notes to the Financial Statements of Brunel Holdings Plc.

19. CONTINGENT LIABILITIES

(i) Fellow Subsidiary Borrowings

The Company has given unlimited guarantees in respect of bank liabilities of certain other Group companies. At 30 June 1996 the contingent liabilities in respect of bank borrowing amounted to £31,180,000 (1995: £35,495,000).

(ii) Guarantees and Bonds

The Company had at 30 June 1996 outstanding bank guarantees in respect of advance payments, performance and other bonds totalling £1,338,027.

20. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is Brunel Holdings Plc which is registered in England and Wales. Copies of the Group's financial statements are available from the Company Secretary, Brunel Holdings Plc, Brunel House, Avon Reach, Chippenham, Wiltshire, SN15 1EE.