


COMPANIES HOUSE

Grant Thornton 



**MIDLAND TOOL AND DESIGN
LIMITED**

COMPANY NUMBER 962501

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2001

MIDLAND TOOL AND DESIGN LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Results and dividends

The profit for the year after taxation was £3,000 (2000: £243,000).

The directors do not recommend the payment of a dividend and the profit has therefore been transferred to reserves.

Activities

The principal activity of the company is the manufacturing of precision tools.

Review of the business

The results for the year are shown in the profit and loss account on page 7.

Future developments

The directors have taken appropriate measures to improve the company's profitability.

Directors

The directors of the company, all of whom served throughout the year except where stated, were:

B G Hickman
A K Griffiths (resigned 27 April 2001)
R A Evans (resigned 31 October 2001)
R Harrop (resigned 27 April 2001)
A J Marsh (appointed 22 June 2001)
L M Eccleshall (appointed 30 October 2001)
S W A Comonte (appointed 22 June 2001)

A J Marsh, L M Eccleshall and S W A Comonte having been appointed since the last Annual General Meeting, retire in accordance with the Articles of Association and being eligible offer themselves for re-appointment.

None of the directors had any interest in the shares of the company.

MIDLAND TOOL AND DESIGN LIMITED

REPORT OF THE DIRECTORS

The beneficial interests of each director in the shares and the share options of the ultimate parent undertaking are noted below.

	31 December 2001		25p ordinary shares 1 January 2001 (or date of appointment)	
	Shares	Options	Shares	Options
B G Hickman	-	13,746	-	10,371
A J Marsh	-	-	-	-
L M Eccleshall	-	22,953	-	22,953
	-	36,699	-	33,324

Share options are exercisable on or after	Number of options
15 April 1999 at 319.000 pence	2,750
22 April 2000 at 359.000 pence	2,159
24 March 2001 at 300.000 pence	4,277
31 March 2002 at 177.500 pence	5,914
28 March 2003 at 91.500 pence	11,474
18 April 2004 at 163.000 pence	10,125
	36,699

The beneficial interests of S W A Comonte are disclosed in the financial statements of TT electronics plc since he is also a director of that company.

Statement of directors' responsibilities for preparing the financial statements

The directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31 December 2001. The directors also confirm that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and that the financial statements have been prepared on the going concern basis.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

MIDLAND TOOL AND DESIGN LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton, who were appointed as auditors during the year, have expressed their willingness to continue in office and in accordance with section 385 of the Companies Act 1985 a resolution proposing their re-appointment will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



M G Leigh
SECRETARY

25 March 2002

Registered office:

Parsonage Road
Stratton St Margaret
Swindon
Wiltshire
SN3 4RN

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**MIDLAND TOOL AND DESIGN LIMITED**

We have audited the financial statements of Midland Tool and Design Limited for the year ended 31 December 2001 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

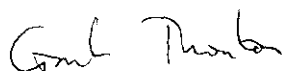
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
SHEFFIELD**

25 March 2002

MIDLAND TOOL AND DESIGN LIMITED

PRINCIPAL ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and under the historical cost convention. The group has implemented FRS 18 "Accounting Policies".

The company is a wholly owned subsidiary of TT electronics plc and the cash flows of the company are included in the consolidated group cash flow statement of TT electronics plc. Consequently, the company is exempt under the terms of FRS 1 (Revised 1996) from publishing a cash flow statement.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the invoice value of goods and services supplied excluding VAT. Transactions are recorded as sales when the delivery of products or performance of services takes place in accordance with the contract terms of sale.

DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible assets by equal annual instalments over their expected useful lives. The periods generally applicable are:

Plant, equipment and vehicles	Between 3 years and 10 years on cost according to type of asset
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FIXED ASSETS

Following the implementation of FRS 15 "Tangible Fixed Assets" the Group has adopted a policy of not revaluing fixed assets. The carrying amount of tangible fixed assets previously revalued have been retained at their book amount in accordance with the transitional provisions of FRS 15.

GOVERNMENT GRANTS

Government grants relating to tangible fixed assets are treated as deferred income and credited to the profit and loss account by equal instalments over the expected useful lives of the assets to which the grants relate. Other grants are credited to profit and loss account over the period of the project to which they relate.

STOCKS

Stocks and work in progress are stated at the lower of cost, including related overheads, and net realisable value.

DEFERRED TAXATION

Deferred taxation is the taxation attributable to timing differences between results computed for taxation purposes and the results as stated in the financial statements. Provision for deferred taxation is made where it is probable that a liability will crystallise at the rates estimated to be effective in the future.

Unprovided deferred taxation is disclosed as a contingent liability.

FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies are translated at the rates ruling at the balance sheet date. Transactions during the year are translated at rates ruling at the time of transactions. Exchange differences which arise from normal trading activities are dealt with through the profit and loss account.

MIDLAND TOOL AND DESIGN LIMITED

PRINCIPAL ACCOUNTING POLICIES

RETIREMENT BENEFITS

The company operates a Defined Contribution Pension Scheme.

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting year.

LEASES

Assets acquired under finance leases which confer substantially all the risks and rewards of ownership of an asset, are capitalised and outstanding instalments, net of interest, are shown in creditors.

Payments on operating leases are charged to the profit and loss account on a straight line basis over the lease term.

MIDLAND TOOL AND DESIGN LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Turnover	1	2,821	3,295
Cost of sales		(2,204)	(2,403)
Gross profit		617	892
Distribution costs		(106)	(128)
Administrative expenses		(517)	(402)
Operating loss		(6)	362
Net interest	2	(6)	(19)
Loss on ordinary activities before taxation	1	(12)	343
Taxation	3	15	(100)
Profit on ordinary activities after taxation	14	3	243
Dividends			
Interim of £nil per share (2000: £5)		-	(500)
Profit retained	13	3	(257)

The above results all arise from continuing activities.

The company has no recognised gains or losses other than those included in the profit above and therefore no separate statement of total recognised gains and losses has been presented.

The accompanying accounting policies and notes form an integral part of these financial statements.

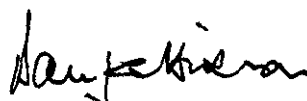
MIDLAND TOOL AND DESIGN LIMITED

BALANCE SHEET AT 31 DECEMBER 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	5	<u>784</u>	<u>879</u>
Current assets			
Stocks	6	237	205
Debtors	7	<u>571</u>	<u>656</u>
		808	861
Creditors: amounts falling due within one year	8	<u>(450)</u>	<u>(648)</u>
Net current assets		<u>358</u>	<u>213</u>
Total assets less current liabilities		1,142	1,092
Creditors: amounts falling due after more than one year	9	(566)	(523)
Provisions for liabilities and charges	10	<u>(123)</u>	<u>(119)</u>
		<u>453</u>	<u>450</u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account	13	<u>353</u>	<u>350</u>
Shareholders' funds	14	<u>453</u>	<u>450</u>

The financial statements were approved by the Board of Directors on 25 March 2002.

B G Hickman



Directors

A J Marsh



The accompanying accounting policies and notes form an integral part of these financial statements.

MIDLAND TOOL AND DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is derived from the manufacturing of precision tools as analysed below:

	2001 £'000	2000 £'000
By destination:		
United Kingdom	1,953	2,364
Rest of Europe	454	696
Rest of the World	414	235
	<u>2,821</u>	<u>3,295</u>

The whole of the turnover and loss on ordinary activities before taxation originated in the United Kingdom.

Operating loss is stated after:

	2001 £'000	2000 £'000
Fees to auditors:		
- audit services	5	7
Depreciation:		
- tangible fixed assets, owned	124	120
Operating lease rentals:		
- plant and machinery	3	7
- other	6	6
Government grants	(9)	(8)
	<u></u>	<u></u>

2 NET INTEREST

	2001 £'000	2000 £'000
Interest payable:		
To group undertakings	<u>6</u>	<u>19</u>

3 TAXATION

	2001 £'000	2000 £'000
United Kingdom corporation tax (credit)/charge at 30% (2000: 30%)	(3)	101
Deferred taxation	4	8
Adjustments in respect of prior years - corporation tax	(16)	(9)
	<u>(15)</u>	<u>100</u>

MIDLAND TOOL AND DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

4 DIRECTORS AND EMPLOYEES

The aggregate emoluments, including directors, for the year were:

	2001 £'000	2000 £'000
Wages and salaries	1,257	1,318
Social security costs	128	139
Other pension costs	70	79
	<u>1,455</u>	<u>1,536</u>

The average number of employees of the company, including directors, during the year was:

	2001 Number	2000 Number
Production	49	49
Sales and distribution	3	2
Administration	4	4
	<u>56</u>	<u>55</u>

Remuneration in respect of directors was:

	2001 £'000	2000 £'000
Emoluments	63	59
Pension contributions to money purchase pension schemes	3	3
	<u>66</u>	<u>62</u>

During the year 1 director (2000: 1 director) participated in a money purchase pension scheme.

MIDLAND TOOL AND DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

5 TANGIBLE FIXED ASSETS

	Plant, equipment and vehicles £'000
Cost	
At 1 January 2001	2,640
Additions	29
At 31 December 2001	2,669
Depreciation	
At 1 January 2001	1,761
Charge for the year	124
At 31 December 2001	1,885
Net book amount at 31 December 2001	784
Net book amount at 31 December 2000	879

6 STOCKS

	2001 £'000	2000 £'000
Raw materials and consumables	71	23
Work in progress	166	182
	237	205

MIDLAND TOOL AND DESIGN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2001

7 DEBTORS

	2001 £'000	2000 £'000
Amounts falling due within one year:		
Trade debtors	351	613
Amounts owed by group undertakings	83	18
Other debtors	107	-
Prepayments	30	25
	<u>571</u>	<u>656</u>
Included in the above are the following amounts which are due after more than one year:		
Amounts owed by group undertakings	<u>1</u>	<u>1</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £'000	2000 £'000
Bank overdraft	216	231
Trade creditors	164	233
Amounts owed to group undertakings	55	41
Corporation tax	-	75
Taxation and social security	-	1
Accruals and deferred income	15	67
	<u>450</u>	<u>648</u>

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £'000	2000 £'000
Amounts owed to group undertakings	566	521
Deferred income: government grants	-	2
	<u>566</u>	<u>523</u>

MIDLAND TOOL AND DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

10 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000
At 1 January 2001	119
Profit and loss account	4
At 31 December 2001	<u>123</u>

11 DEFERRED TAXATION

Deferred taxation is analysed as follows:

	Amount provided		Amount unprovided	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Accelerated capital allowances	127	122	-	-
Other short term timing differences	(4)	(3)	-	-
	<u>123</u>	<u>119</u>	<u>-</u>	<u>-</u>

12 SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised 100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued and fully paid 100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>

13 RESERVES

	Profit and loss account £'000
At 1 January 2001	350
Profit for the year	3
At 31 December 2001	<u>353</u>

MIDLAND TOOL AND DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £'000	2000 £'000
Profit for the year	3	243
Dividends	-	(500)
Net movement in shareholders' funds	3	(257)
Shareholders' funds at 1 January 2001	450	707
Shareholders' funds at 31 December 2001	453	450

15 LEASING COMMITMENTS

At 31 December 2001 commitments due within one year in respect of operating leases were:

	2001 Land and buildings £'000	2001 Other £'000	2000 Land and buildings £'000	2000 Other £'000
Operating payments due to terminate:				
Between one and five years	-	3	-	2
In more than five years	7	-	7	-
	7	3	7	2

16 CONTINGENT LIABILITIES

There was a cross guarantee between certain companies in the group on all bank overdrafts with the National Westminster Bank plc. At 31 December 2001 the amount thus guaranteed by the company was £2,676,000 (2000: £10,084,000).

17 RETIREMENT BENEFITS

The company operates a defined contribution pension scheme for the benefit of directors and employees. The scheme is set up under trust and its assets are therefore independent of those of the company.

The total contributions charged by the company in respect of the year ended 31 December 2001 were £70,000 (2000: £79,000). The difference between the accumulated charge and the payments made to the scheme is dealt with in debtors and creditors as appropriate.

18 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption available under FRS 8 and has not disclosed transactions with companies that are part of the TT electronics group of companies.

MIDLAND TOOL AND DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

19 CONTROLLING RELATED PARTIES

Linton and Hirst Group Limited is the company's controlling related party by virtue of its 100 per cent interest in the company.

The company's ultimate controlling related party and ultimate parent undertaking is TT electronics plc which is registered in England and Wales.

Copies of TT electronics plc financial statements can be obtained from the registered office at Clive House, 12-18 Queens Road, Weybridge, Surrey, KT13 9XB.