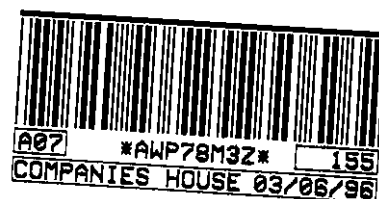


Midland Tool and Design Limited

Directors' report and financial statements

31 December 1995

Registered number 0962501



Midland Tool and Design Limited

Directors' report and financial statements

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Midland Tool and Design Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

Results and dividends

The profit for the year after taxation was £213,289 (1994 : £249,701). Dividends amounting to £416,252, representing £4.16252 (1994: £8.50) per share, have been declared and paid in the year.

The directors do not recommend the payment of a final dividend.

Activities

The principal activity of the company continues to be that of manufacturers of precision press tools.

Review of the business

The results for the year are set out in the profit and loss account on page 5.

Future developments

The company expects to maintain its present activity levels.

Elective resolution

By written resolution the sole member of the company passed an Elective Resolution dated 29 November 1994 to dispense with the holding of an Annual General Meeting.

Change of ownership

The whole of the issued share capital of the company's parent, Linton and Hirst Group Limited, was acquired by TTG Manufacturing Limited on 2 October 1995. The ultimate parent company is TT Group PLC.

Midland Tool and Design Limited

Directors' report

Directors and directors' interests

The directors who held office during the year were as follows:

H Hirst
PH Evans
T Hirst
RH Hockey
JA Ryan

A Doyle (appointed 9 January 1996)
T Blackshaw (appointed 9 January 1996)
MR Atkins (appointed 9 January 1996)

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

Fixed assets

Details of movements in fixed assets are given in note 8.

Statement of directors' responsibilities for preparing the financial statements

The directors are required by UK company law to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profits 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 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping 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

Auditors

By written resolution the sole member of the company passed an Elective Resolution dated 29 November 1994 to dispense with the need to reappoint the auditors annually.

KPMG are the appointed auditors of the company.

By order of the board



MG Leigh
Secretary

Parsonage Road
Stratton St Margaret
Swindon
Wilts
SN3 4RN

Date :
14 March 1996

Midland Tool and Design Limited

1 Cricklade Court
Cricklade Street
Old Town
Swindon SN1 3EY

Report of the auditors to the members of Midland Tool and Design Limited

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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 the company's affairs as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors
16 March 1996

KPMG

Midland Tool and Design Limited

Profit and loss account

for the year ended 31 December 1995

	Note	1995 £	1994 £
Turnover	2	2,999,995	2,627,825
Cost of sales		(1,580,454)	(1,439,647)
Gross profit		<u>1,419,541</u>	<u>1,188,178</u>
Distribution costs		(7,095)	(14,988)
Administrative expenses		(993,170)	(824,420)
Other operating income		<u>10,151</u>	<u>6,333</u>
Operating profit		<u>429,427</u>	<u>355,103</u>
Interest payable and similar charges	6	(7,024)	(1,807)
Profit on ordinary activities before taxation	3	<u>422,403</u>	<u>353,296</u>
Tax on profit on ordinary activities	7	(209,114)	(103,595)
Profit on ordinary activities after taxation		<u>213,289</u>	<u>249,701</u>
Reserves brought forward		204,195	804,494
Dividends			
Interim of £4.16252 (1994 : £8.50) per ordinary share		(416,252)	(850,000)
Closing reserves		<u>1,232</u>	<u>204,195</u>

The above results all arise from continuing activities.

No other gains or losses have been recognised during the year.

There is no material difference between the company's results as reported and on an unmodified historical cost basis. Accordingly no note of historical cost profits and losses has been included.

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

Midland Tool and Design Limited

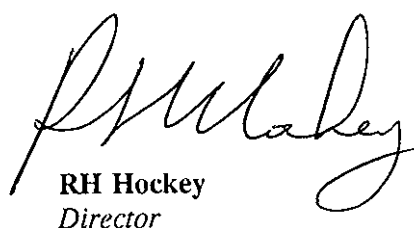
Balance sheet
at 31 December 1995

	Note	1995		1994	
		£	£	£	£
Fixed assets					
Tangible assets	8		738,384		372,166
Current assets					
Stocks	9	317,541		297,926	
Debtors	10	778,633		1,042,412	
Cash at bank and in hand		260		662	
		<u>1,096,434</u>		<u>1,341,000</u>	
Creditors: amounts falling due within one year	11	<u>(1,507,074)</u>		<u>(1,389,969)</u>	
Net current liabilities			<u>(410,640)</u>		<u>(48,969)</u>
Total assets less current liabilities			<u>327,744</u>		<u>323,197</u>
Creditors: amounts falling due after more than one year	12		(123,571)		(19,002)
Provisions for liabilities and charges	13		<u>(102,941)</u>		<u>-</u>
Net assets			<u>101,232</u>		<u>304,195</u>
Capital and reserves					
Called up share capital	14	100,000		100,000	
Profit and loss account		1,232		204,195	
Shareholders' funds			<u>101,232</u>		<u>304,195</u>

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

These financial statements were approved by the board of directors on 14 March 1996 and were signed on its behalf by:


A Doyle
Director


RH Hockey
Director

Midland Tool and Design Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cash flow statement

The company is exempt from Financial Reporting Standard 1 "Cash Flow Statements", being a wholly owned subsidiary undertaking of TT Group PLC, which prepares a consolidated cash flow statement dealing with the cash flows of the group.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Plant and machinery	-	straight line basis over 10 years
Fixtures and fittings	-	straight line basis over 10 years
Jigs and development	-	straight line basis over 10 years
Computer equipment	-	straight line basis over 5 years

Government grants

Amounts received as government grants are deferred and released to the profit and loss account over the expected useful life of the assets acquired.

Leases and hire purchase finance agreements

Where the company enters into a lease or hire purchase finance agreement which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension costs

The company is a member of the Linton and Hirst Group Limited defined contribution scheme. The pension cost charged to the profit and loss account represents contributions payable by the company to the fund during the year.

Midland Tool and Design Limited

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Research and development expenditure

All research expenditure is written off as it is incurred. Development expenditure is also written off as it is incurred, unless it relates to projects which are to go into production and are expected to be commercially viable. Such expenditure is amortised over the periods in which the benefits will accrue, commencing in the period in which related sales are first made.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. For these purposes, cost is defined as being the expenditure incurred in bringing the various items to their present location and condition and will, thus, include direct costs of labour and material and, where appropriate, overhead. Net realisable value is defined as being the estimated net sales value of the various items in their present location and condition.

Cash received on account is deducted from work in progress.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

The amount of unprovided deferred tax is disclosed in a note to the financial statements, calculated at the best estimate of corporation tax rates in the longer term and analysed into its major components.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year, together with the movement in the work in progress valuation for the year.

Midland Tool and Design Limited

Notes (continued)

2 Analysis of turnover

	1995	1994
	£	£
<i>By geographical market</i>		
United Kingdom	2,239,876	2,052,587
Europe	328,128	146,361
USA	379	-
Rest of the World	426,564	329,103
Movements in work in progress	5,048	99,774
	<u>2,999,995</u>	<u>2,627,825</u>

Turnover and profit before taxation arise solely from the manufacture of precision tools.

3 Profit on ordinary activities before taxation

	1995	1994
	£	£
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	2,750	2,750
Other	250	250
Depreciation:		
Tangible owned fixed assets	46,615	45,283
Operating leases:		
Plant and machinery	23,624	18,070
Land and buildings	51,898	46,500
<i>after crediting:</i>		
Government grants	6,333	6,333

Midland Tool and Design Limited

Notes (continued)

4 Remuneration of directors

	1995	1994
	£	£
Directors' emoluments:		
Remuneration as executives	<u>Nil</u>	<u>5,929</u>

The emoluments, excluding pension contributions, of the chairman were £Nil (1994 : £Nil) and those of the highest paid director were £Nil (1994 : £5,489).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

	Number of directors	
	1995	1994
£0 - £5,000	5	5
£5,001 - £10,000	-	1

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1995	1994
Sales and distribution	2	2
Administration	4	4
Production	56	53
	<u>62</u>	<u>59</u>

Midland Tool and Design Limited

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	1995 £	1994 £
Wages and salaries	1,283,632	1,177,026
Social security costs	107,905	104,839
Other pension costs	60,788	50,573
	<u>1,452,325</u>	<u>1,332,438</u>

6 Interest payable and similar charges

	1995 £	1994 £
Bank mortgage loan	7,024	-
Hire purchase finance agreements	-	1,807
	<u>7,024</u>	<u>1,807</u>

7 Taxation

	1995 £	1994 £
UK corporation tax at 33% (1994 : 25%) on the profit for the year on ordinary activities	106,173	113,595
Prior year adjustment	-	(10,000)
Deferred taxation	102,941	-
	<u>209,114</u>	<u>103,595</u>

Midland Tool and Design Limited

Notes (continued)

8 Tangible fixed assets

	Computer equipment	Plant and machinery	Fixtures and fittings	Jigs	Total
	£	£	£	£	£
<i>Cost</i>					
At 1 January 1995	159,823	1,200,771	110,333	140,559	1,611,486
Additions	2,034	394,626	3,339	12,834	412,833
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 1995	161,857	1,595,397	113,672	153,393	2,024,319
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Depreciation</i>					
At 1 January 1995	156,244	897,153	77,065	108,858	1,239,320
Charge for the year	1,500	28,231	10,517	6,367	46,615
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 1995	157,744	925,384	87,582	115,225	1,285,935
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>					
At 31 December 1995	<u>4,113</u>	<u>670,013</u>	<u>26,090</u>	<u>38,168</u>	<u>738,384</u>
At 31 December 1994	<u>3,579</u>	<u>303,618</u>	<u>33,268</u>	<u>31,701</u>	<u>372,166</u>

9 Stocks

	1995 £	1994 £
Raw materials and consumables	30,908	31,341
Work in progress	390,968	419,299
Less: payments on account	(104,335)	(152,714)
	<u>317,541</u>	<u>297,926</u>

Midland Tool and Design Limited

Notes (continued)

10 Debtors

	1995 £	1994 £
Trade debtors	407,075	377,891
Amounts owed by group undertakings: parent undertaking and fellow subsidiary undertakings	350,095	586,496
Prepayments and accrued income	13,245	15,525
Advance corporation tax recoverable	-	62,500
Other debtors	8,218	-
	<u>778,633</u>	<u>1,042,412</u>

11 Creditors: amounts falling due within one year

	1995 £	1994 £
Bank overdraft (see note 15)	940,306	7,090
Trade creditors	205,288	149,421
Amounts owed to group undertakings: parent undertaking and fellow subsidiary undertakings	-	941,950
Corporation tax	191,960	106,925
Social security and taxation	-	74,429
Accruals and deferred income	99,814	103,821
Bank mortgage loan	63,373	-
Other creditors	6,333	6,333
	<u>1,507,074</u>	<u>1,389,969</u>

The bank mortgage loan is secured on certain items of plant and machinery owned by the company.

Midland Tool and Design Limited

Notes (continued)

12 Creditors: amounts falling due after more than one year

	1995 £	1994 £
Bank mortgage loan	110,902	-
Accruals and deferred income	12,669	19,002
	<u>123,571</u>	<u>19,002</u>

All creditors falling due after one year are due within five years.

The bank mortgage loan is secured on certain items of plant and machinery owned by the company.

Accruals and deferred income consist of a development grant which will be wholly released to the profit and loss account within five years.

13 Provisions for liabilities and charges

Deferred taxation

The provision for deferred taxation calculated on the liability method is set out as follows:

	Accelerated capital allowances £	Other timing differences £	Total £
At beginning of year	-	-	-
Charge to profit and loss account	104,591	(1,650)	102,941
At end of year	<u>104,591</u>	<u>(1,650)</u>	<u>102,941</u>
<i>Potential amounts not provided</i>			
At beginning of year	65,301	-	65,301
At end of year	<u>-</u>	<u>-</u>	<u>-</u>

Midland Tool and Design Limited

Notes (continued)

14 Called up share capital

	1995	1994
	£	£
<i>Authorised, issued and fully paid</i>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

15 Contingent liabilities

The company is included in a group banking facility, and has given cross guarantees to its bankers, secured on the company's assets.

16 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	1995		1994	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within one year	-	3,338	-	-
In the second to fifth years inclusive	45,000	13,005	46,500	21,277
After five years	<u>5,250</u>	-	-	-
	<u>50,250</u>	<u>16,343</u>	<u>46,500</u>	<u>21,277</u>

17 Reconciliation of movement in shareholders' funds

	1995	1994
	£	£
Retained profit for the financial year	213,289	249,701
Dividend	(416,252)	(850,000)
Opening shareholders' funds	<u>304,195</u>	<u>904,494</u>
Closing shareholders' funds	<u>101,232</u>	<u>304,195</u>

Midland Tool and Design Limited

Notes (continued)

18 Pension scheme

The company contributes to the Linton and Hirst Group Limited group money purchase defined contribution scheme. The pension charge for the year was £60,788 (1994 : £50,573). No contributions were outstanding or prepaid at the year end (1994 : £Nil).

The group's defined benefit scheme is in the process of being wound up. Actuarial valuations confirm that there is no remaining unaccrued potential liability relating to this scheme.

19 Ultimate parent undertaking

The whole of the issued share capital of the company's immediate parent, Linton and Hirst Group Limited, was acquired by TTG Manufacturing Limited on 2 October 1995. The company's ultimate parent undertaking is TT Group PLC, a company registered in England and Wales. Accounts of TT Group PLC can be obtained from:

Clive House
12 - 18 Queens Road
Weybridge
SURREY
KT13 9XB