

## T&N International Limited

Company Number 1073619



### Directors' Report for the Year Ended 31st December 1994

#### Activities

The principal activity of the Company is that of an investment holding company and it is not envisaged that this will change in the foreseeable future.

#### Directors

The following served as Directors during (and, unless otherwise indicated, throughout) the year:-

M A Bell  
D G Carruthers  
W H Everitt  
C F N Hope  
I F R Much  
Dr A J P Sabberwal

#### Directors' Interests

The interests, all beneficial, of the Directors in the share capital of T&N plc comprise:-

	<u>T&amp;N plc £1 ordinary shares</u>			
	<u>31 December 1994</u>		<u>1 January 1994</u> (or on appointment)	
	Shares	Options	Shares	Options
M A Bell	14236	149080	12500	167570
D G Carruthers	65951	194739	45536	316540
W H Everitt	37604	317052	35657	291636
C F N Hope	105562	539786	109096	488953
I F R Much	24102	218127	2855	344420
Dr A J P Sabberwal	58485	187527	55457	162111

During the year M A Bell was granted options over 25,416 shares and exercised options on 43,906 shares. D G Carruthers was granted options over 25,416 shares and exercised options on 147,217 shares. W H Everitt was granted options over 25,416 shares. C F N Hope was granted options over 50,833 shares. I F R Much was granted options over 25,416 shares and exercised options on 151,709. Dr A J P Sabberwal was granted options on 25,416 shares.

None of the directors have any other registered interests in the shares of the Company or any other company in the T&N Group.

#### Results & Dividends

The result for the year after taxation was a profit of £1,914,288 (1993: £2,395,406). The directors have not paid a dividend in the year (1993: £5,000,000).

#### Significant changes in fixed assets

During the year, the Company transferred its holdings in T&N Industries Inc, THZ Holdings Ltd and SMM Holdings Ltd to T&N Holdings Ltd as part of a reorganisation exercise.

T&N International Limited

Directors' Report for the Year Ended 31st December 1994 (continued)

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

Pursuant to Section 386 of the Companies Act 1985, it has been resolved that the Company is no longer obliged to re-appoint its auditors KPMG on an annual basis.

*By Order of the Board*



C F N Hope  
Director

6th September 1995

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires directors to prepare 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;
- \* state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- \* make judgements and estimates that are reasonable and prudent;
- \* prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

T&N INTERNATIONAL LIMITED

AUDITORS' REPORT TO THE MEMBERS OF T&N INTERNATIONAL LIMITED

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 3 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 affairs of the Company as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG 12 September 1995*

KPMG  
Chartered Accountants  
Registered Auditors  
LONDON

T&N INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1994

	Notes	Continuing Operations 1994 £	Continuing Operations 1993 £
Administrative expenses		(150,624)	(808)
Profit on sale of investment		31,961,634	-
Income from shares in group undertakings		3,402,183	1,427,802
Income from shares in participating interests		48,138	45,076
Income from other fixed assets investments		25,470	27,789
Interest received from group undertakings		523,834	1,550,080
Other interest receivable and similar income		1,167,391	31,016
Interest payable and similar charges		-	(269,587)
Write down of investments		(34,936,794)	-
Profit on ordinary activities before taxation	2	2,041,232	2,811,368
Tax on profit on ordinary activities	4	(126,944)	(415,962)
Profit on ordinary activities after taxation		1,914,288	2,395,406
Dividends paid		-	(5,000,000)
Retained profit/(loss) for the financial year	10	<u>1,914,288</u>	<u>(2,604,594)</u>

A reconciliation in movements in shareholders' funds is given in note 10 of the financial statements.

T&N INTERNATIONAL LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1994

	Notes	1994 £	1993 £
<u>Fixed Assets</u>			
Investments	5	202,773,590	297,243,911
<u>Current Assets</u>			
Debtors	6	1,935,767	-
Creditors: amounts falling due within one year	7	297,434	13,028,259
Net current assets/(liabilities)		1,638,333	(13,028,259)
Total assets less current liabilities		204,411,923	284,215,652
Creditors: amounts falling due after more than one year	8	56,334,098	242,363,092
Net assets		148,077,825	41,852,560
<u>Capital and Reserves</u>			
Called up share capital	9	110	110
Share Premium	10	9,577,260	9,577,260
Revaluation reserve	10	116,988,810	23,324,278
Profit & Loss Account	10	21,511,645	8,950,912
		148,077,825	41,852,560

The financial statements on pages 5 to 14 were approved by the Board on  
6th September 1995 and were signed on its behalf by:-

  
C.F.N. Hope - Director

T&N INTERNATIONAL LIMITED  
FOR THE YEAR ENDED 31ST DECEMBER 1994

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1994 £	1993 £
Profit on ordinary activities after taxation (see page 5)	1,914,288	2,395,406
Other recognised gains and losses		
Unrealised profit on revaluation of fixed assets	102,983,742	-
Currency translation differences on foreign currency net investments	3,866	369,648
Other recognised gains	1,323,369	-
Total gains and losses since the last annual report	<u>106,225,265</u>	<u>2,765,054</u>

HISTORICAL COST PROFITS AND LOSSES

	1994 £	1993 £
Reported profit on ordinary activities before taxation	2,041,232	2,811,368
Realisation of investment revaluation surplus	9,319,210	-
Historical cost profit on ordinary activities before taxation	<u>11,360,442</u>	<u>2,811,368</u>
Historical cost profit on ordinary activities after taxation	<u>11,233,498</u>	<u>2,395,406</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared in accordance with Applicable Accounting Standards.

(b) Fixed asset investment

These have been included in the financial statements at valuation less provisions for permanent diminution in value. The valuation is a directors' estimate based on a multiple of earnings.

(c) Translation of foreign currencies

Assets and liabilities are translated at the rate of exchange ruling at the end of the year. Exchange differences arising in the ordinary course of business are included in profit on ordinary activities before taxation.

(d) Deferred taxation

Deferred tax is recognised in the Company's accounts only to the extent that it is probable it will be payable in the foreseeable future.

(e) Cash flow statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

There were no audit fees charged in the year (1993: £Nil). Included in interest receivable and similar income is £1,167,391 relating to foreign exchange gains. (1993: £(268,994) included in interest payable and similar charges).



T&N INTERNATIONAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. DIRECTORS AND EMPLOYEES

None of the directors of the Company received any emoluments in respect of his services as a director of the Company (1993: £NIL).

There are no employees of the Company.

4. TAXATION

The taxation charge based on the results for the period is made up as follows:-

	1994 £	1993 £
UK corporation tax at 33% (1993 33%)	1,090,728	479,318
Relief for overseas taxation	(1,090,728)	(307,478)
	<hr/>	<hr/>
	-	171,840
Overseas taxation	134,763	49,446
Prior period adjustments	(7,819)	194,676
	<hr/>	<hr/>
	126,944	415,962
	<hr/> <hr/>	<hr/> <hr/>

The charge for the year has been reduced by £340,913 (1993: £nil) as a result of group relief and by £217,358 (1993: £616,287) as a result of ACT surrenders received for which no consideration will pass.

T&N INTERNATIONAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5. FIXED ASSET INVESTMENTS

<u>Valuation/Cost</u>	Group Companies Equity £	Loans £	Associated Undertakings £	Trade Investments £	Total £
At 1st January 1994	252,098,000	38,111,355	9,613,440	4,026,193	303,848,988
Disposals & Repayments	(265,591,863)	(43,333,312)	-	-	(308,925,175)
Additions	128,259,549	12,603,833	4,243,401	82,685	145,189,468
Valuation adjustments	81,718,124		21,265,618		102,983,742
Exchange movements	-	34,564	-	-	34,564
At 31st December 1994	196,483,810	7,416,440	35,122,459	4,108,878	243,131,587
<u>Provisions</u>					
At 1st January 1994	(2,739,173)	(1,183,874)	(2,682,030)	-	(6,605,077)
Disposals	-	1,183,874	-	-	1,183,874
Increase in provisions	(37,572,414)	-	(46,410)	-	(37,618,824)
Reduction in provisions	-	-	2,682,030	-	2,682,030
At 31st December 1994	(40,311,587)	-	(46,410)	-	(40,357,997)
<u>Net book value</u>					
At 31st December 1994	156,172,223	7,416,440	35,076,049	4,108,878	202,773,590
At 31st December 1993	249,358,827	36,927,481	6,931,410	4,026,193	297,243,911

Listed investments are included in the above figures at the following amounts: Group Companies listed on the South African Stock Exchange £17,428,000 (1993: £8,844,000). Market Value: £23.6m (1993: £12.4m). Income from these investments during the year was £695,568 (1993: £743,061).

On a historical cost basis the above investments would have been included at:-

Original cost

At 31st December 1994	100,760,618	7,416,440	13,856,841	4,108,878	126,142,777
At 31st December 1993	233,422,412	53,559,862	9,613,440	4,026,194	300,621,908

Provision for  
diminution in value

At 31st December 1994	(40,311,587)	-	(46,410)	-	(40,357,997)
At 31st December 1993	(2,739,173)	(1,183,874)	(2,682,030)	-	(6,605,077)

The principal subsidiaries and associated undertakings are set out in notes 11 and 12.

T&N INTERNATIONAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5. FIXED ASSET INVESTMENTS cont.d

<u>Valuation/Cost</u>	Subsidiary Undertakings Equity £	Loans £	Parent Undertakings or Fellow Subsidiary Undertakings Loans £
At 1st January 1994	252,098,000	37,861,355	250,000
Disposals & Repayments	(265,591,863)	(43,333,312)	-
Additions	(128,259,549)	12,603,833	-
Valuation adjustments	81,718,124	-	-
Exchange movements	-	34,564	-
	<u>196,483,810</u>	<u>7,166,440</u>	<u>250,000</u>
<u>Provisions</u>			
At 1st January 1994	(2,739,173)	(1,183,874)	-
Disposals	-	1,183,874	-
Increase in provisions	(37,572,414)	-	-
At 31st December 1994	<u>(40,311,587)</u>	<u>-</u>	<u>-</u>
<u>Net book value</u>			
At 31st December 1994	<u>156,172,223</u>	<u>7,166,440</u>	<u>250,000</u>
At 31st December 1993	<u>249,358,827</u>	<u>36,677,481</u>	<u>250,000</u>

On a historical cost basis the above investments would have been included at:-

Original cost

At 31st December 1994	<u>100,760,618</u>	<u>7,166,440</u>	<u>250,000</u>
At 31st December 1993	<u>233,422,412</u>	<u>53,309,862</u>	<u>250,000</u>

Provision for  
diminution in value

At 31st December 1994	<u>(40,311,587)</u>	<u>-</u>	<u>-</u>
At 31st December 1993	<u>(2,739,173)</u>	<u>(1,183,874)</u>	<u>-</u>

6. DEBTORS

	<u>1994</u> £	<u>1993</u> £
Amounts owed by subsidiary undertakings	1,705,155	-
UK taxation recoverable	29,112	-
Other Debtors	201,500	-
	<u>1,935,767</u>	<u>-</u>
	<u>=====</u>	<u>=====</u>

T&N INTERNATIONAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

7. <u>CREDITORS: Amounts falling due within one year</u>					
			<u>1994</u>		<u>1993</u>
			£		£
Bank loans & overdrafts			10,676		9,139,962
Amounts owed to fellow subsidiaries			201,500		-
UK Taxation			-		352,850
Overseas Taxation			85,258		-
Other Creditors			-		3,535,447
			<u>297,434</u>		<u>13,028,259</u>
8. <u>CREDITORS: Amounts falling due after more than one year</u>					
			<u>1994</u>		<u>1993</u>
			£		£
Amounts owed to parent undertaking or fellow subsidiary undertakings			56,204,098		242,363,092
Provision for subsidiaries net liabilities			130,000		-
			<u>56,334,098</u>		<u>242,363,092</u>
9. <u>SHARE CAPITAL</u>					
			<u>1994</u>		<u>1993</u>
			£		£
Authorised, allotted, called up and fully paid 110 shares of £1 each			110		110
10. <u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>					
	Share Capital	Share Premium Account	Revaluation Reserve	Profit and loss Account	Total
	£	£	£	£	£
Opening Shareholders' Funds	110	9,577,260	23,324,278	8,950,912	41,852,560
Currency translation	-	-	-	3,866	3,866
Profit for year	-	-	-	1,914,288	1,914,288
Fixed asset revaluation adjustment	-	-	102,983,742	-	102,983,742
Transfer on disposal of subsidiary	-	-	(9,319,210)	9,319,210	-
Writeback loan provision	-	-	-	1,323,369	1,323,369
Closing Shareholders' Funds	110	9,577,260	116,988,810	21,511,645	148,077,825

T&N INTERNATIONAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

11. GROUP COMPANIES

The following information is given regarding the Company's principal subsidiaries as at 31st December 1994. The companies are incorporated in the countries indicated; the share capital of these companies is wholly-owned by T&N International Limited either directly or indirectly and consists of ordinary shares or stock, except as otherwise indicated. Where the share capital is held by a subsidiary, this is indicated by an asterisk.

	<u>Country of incorporation</u>	<u>Principal products or activity</u>
AE Goetze SpA*	Italy	Piston Products
Bentley-Harris SA	France	Speciality resins, plastics and composites
Ferodo Beral GmbH*	Germany	Friction products
Glacier Vandervell Srl	Italy	Bearings
Tako Payen SpA*	Italy	Gaskets
Ferodo Italiana SpA*	Italy	Friction products
Asseng Ltd (51%)*	S. Africa	Piston products
Ferodo (Pty) Ltd (51%)*	S. Africa	Friction products
Silverton Engineering (Pty) Ltd (51%)*	S. Africa	Engineering and industrial
British Industrial Plastics (Pty) Ltd(51%)*	S. Africa	Speciality resins, plastics and composites
TAP Building Products Ltd	Zambia	Construction materials
Components (Eastern) Ltd	Hong Kong	Gaskets
BIP Mexico*	Mexico	Speciality resins, plastics and composites

The Company is exempt (under section 228 of the Companies Act 1985) from the obligation to prepare group accounts as it is a wholly owned subsidiary of T&N plc, which is registered in England and Wales, and is included in T&N plc's consolidated accounts. These accounts present information about T&N International Ltd as an individual undertaking and not about its group.

12. ASSOCIATED UNDERTAKINGS

The following information is given regarding principal associated undertakings:-

<u>NAME OF COMPANY</u>	<u>COUNTRY OF INCORPORATION</u>	<u>PROPORTION HELD %</u>	<u>ACTIVITY</u>
T&N France S.A.	France	33.77	Holding Co for Group's French interest

Issued share capital

1,671,833 ordinary shares of FF100 each, fully paid.

T&N INTERNATIONAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

13. ULTIMATE PARENT COMPANY

The Company's immediate parent company is T&N Holdings Ltd and the ultimate parent company is T&N plc. Both are registered in England and Wales. Copies of the Annual Report and Accounts can be obtained from the Company Secretary at Bowdon House, Ashburton Road West, Trafford Park, Manchester, M17 1RA.

14. ASSETS SECURED

All assets of the Company are charged, by way of a floating charge, in favour of the Trustee of the mortgage debenture stocks of T&N plc.

15. COMPOSITE CROSS-GUARANTEE

The Company, its ultimate parent company, and certain of its fellow subsidiaries in the UK have entered into a composite cross-guarantee in relation to the facilities provided by its principal UK banker.