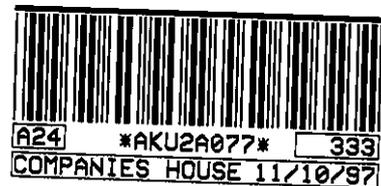


A E Goetze Automotive Limited

Directors' report and accounts

31 December 1996

Registered number 106848



A E Goetze Automotive Limited

Directors' report and financial statements

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A E Goetze Automotive Limited

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 1996.

Principal activities

The company's principal activity is the manufacture and sale of piston products as an agent for its ultimate parent company T & N plc. The company did not trade during the year.

The only administrative expense charged in the company's financial statements is the depreciation against the land and buildings. Other incidental administrative expenses are borne by T & N plc.

Profit, dividends and reserves

The profit for the year was £53,000 (1995: £14,000).

No final dividend (1995: £Nil) is proposed.

The movement on reserves is shown in Note 10 to the accounts.

Directors and directors' interests

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

D G Carruthers	(deceased 31 August 1997)
A C McWilliam	(resigned 1 September 1997)
R R Bates	(resigned 6 April 1996)
N B Casson	
R P Holden	(resigned 31 March 1997)
A Beckwith	
B Moncur	
A Page	
T A Welsh	(appointed 1 October 1996)

Messrs Carruthers, McWilliam and Welsh are also directors of T & N plc.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company or any other subsidiary of its parent company.

A E Goetze Automotive Limited

Directors' report *(continued)*

Directors' interest in shares

The beneficial interests in the parent company T & N plc of those who were directors at 31 December 1996, were as follows:

	31 December 1996			31 December 1995 or date of appointment		
	Held Beneficially	Executive Share Option Scheme	Savings Related Share Option Scheme	Held Beneficially	Executive Share Option Scheme	Savings Related Share Option Scheme
D G Carruthers	67,414	277,040	20,568	67,414	277,040	20,568
A C McWilliam	2,326	293,224	-	2,326	273,224	-
N B Casson	-	53,047	4,753	-	63,504	2,538
R P Holden	-	69,479	14,348	-	69,479	14,348
A Beckwith	-	-	-	-	-	-
B Moncur	-	-	-	-	-	-
A Page	-	-	-	-	-	-
T A Welsh	5,914	213,826	17,171	5,914	193,826	16,660
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

A E Goetze Automotive Limited

Directors' report (continued)

The cumulative outstanding options granted to directors in the ordinary shares of the parent company, T & N plc, together with those options granted and exercised during the year are as follows:

	31 December 1996	Granted during the year	Exercised during the year	Lapsed during the year	31 December 1995 or date of appointment
D G Carruthers	297,608	-	-	-	297,608
A C McWilliam	293,224	20,000	-	-	273,224
N B Casson	57,800	2,215	(10,457)	-	66,042
R P Holden	83,827	-	-	-	83,827
A Beckwith	-	-	-	-	-
B Moncur	-	-	-	-	-
A Page	-	-	-	-	-
T A Welsh	230,997	22,882	(2,371)	-	210,486

The options granted during the year under the Executive Share Option Scheme are exercisable between 2 October 1999 and 1 October 2006 at a price of 134.5p per share.

The options granted during the year under the Savings Related Share Option Scheme are exercisable between 1 July 2001 and 31 December 2001 at a price of 155.7p per share.

The options outstanding are exercisable at prices per share between 101.70p and 226.23p. There have been no changes in the interests of the directors between 31 December 1996 and 10 September 1997.

No contracts significant to the company's business, in which the directors had any material interest, were entered into during the financial year.

Employees

It is the company's policy to endeavour to provide employment for disabled persons (including those who become disabled whilst in its employ), commensurate with their skills, and where appropriate, to make available training facilities to enable them to better use their skills.

A E Goetze Automotive Limited

Directors' report *(continued)*

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

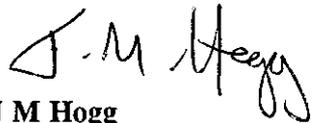
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors confirm that the financial statements comply with the above requirements.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be prepared at the forthcoming Annual General meeting.

By order of the board


J M Hogg
Secretary

St John's Works
Neville Road
Bradford
BD4 8TU

10 September 1997



1 The Embankment
Neville Street
LEEDS
LS1 4DW

Report of the auditors to the members of A E Goetze Automotive Limited

We have audited the financial statements on pages 6 to 12.

Respective responsibilities of directors and auditors

As described on page 4 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 financial 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditors

10 September 1997

A E Goetze Automotive Limited

Profit and loss account for the year ended 31 December 1996

	<i>Note</i>	1996 £'000	1995 £'000
Turnover		-	-
Administrative expenses		(3)	(3)
		<hr/>	<hr/>
Operating loss		(3)	(3)
Profit on sale of fixed assets	2	56	-
Interest receivable	4	-	3
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2-4	53	-
Tax on profit on ordinary activities	5	-	14
		<hr/>	<hr/>
Profit on ordinary activities after taxation		53	14
Dividends		-	-
		<hr/>	<hr/>
Retained profit for the financial year	11	53	14
		<hr/>	<hr/>

The company has no recognised gains or losses other than the profit for the year in both the current and preceding financial year.

A reconciliation of movement in shareholders' funds is given in note 11 to the accounts.

Note of historical cost profits and losses for the year ended 31 December 1996

	1996 £000	1995 £000
Reported profit on ordinary activities before taxation	53	-
Difference between historical cost profit on property disposal and actual profit calculated on the revalued amount	14	-
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	67	-
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation and dividends	67	-
	<hr/>	<hr/>

A E Goetze Automotive Limited

Balance sheet
at 31 December 1996

	Note	1996		1995	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	6		-		102
Current assets					
Debtors	7	332		182	
Creditors: amounts falling due within one year	8	-		(5)	
Net current assets			332		177
Total assets less current liabilities			332		279
Creditors: amounts falling due after more than one year			-		-
Net assets			332		279
Capital and reserves					
Called up share capital	9		250		250
Revaluation reserve	10		-		14
Profit and loss account	10		82		15
Equity shareholders' funds			332		279

These accounts were approved by the board of directors on 10 September 1997 and were signed on its behalf by:



T A Welsh
Director

A E Goetze Automotive 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 under the historical cost convention, modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards.

Fixed assets and depreciation

It is the policy of the company to revalue freehold and long leasehold properties from time to time on a going concern basis as determined by independent valuers to reflect major changes in the value of such assets.

Depreciation of the cost or valuation of fixed assets is calculated on a straight line basis at the following rates:

Land	Nil
Buildings	2.5% per annum

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.

Cash flow

Under Financial Reporting Standard 1 (revised 1996), 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

	1996	1995
	£'000	£'000
The profit on ordinary activities before taxation is after charging:		
Depreciation of tangible fixed assets	3	3
and after crediting:		
Profit on sale of tangible fixed assets	56	-
	<hr/>	<hr/>

A E Goetze Automotive Limited

Notes (continued)

3 Directors' emoluments

The directors have not received, or waived entitlement to, remuneration from the company.

4 Interest receivable

	1996	1995
	£000	£000
Repayment supplement on tax refund in respect of prior years	-	3
	<u> </u>	<u> </u>

5 Taxation

The taxation credit based on the results for the year is made up as follows:

	1996	1995
	£000	£000
UK Corporation tax at 33%	-	-
Prior year adjustment	-	14
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	-	14
	<u> </u>	<u> </u>

The charge for the year has been reduced as a result of Group Relief received for which no consideration will pass.

A E Goetze Automotive Limited

Notes (continued)

6 Fixed assets

	Freehold land £'000	Freehold buildings £'000	Total £'000
<i>Valuation</i>			
At 1 January 1996	3	116	119
Disposals	(3)	(116)	(119)
	<hr/>	<hr/>	<hr/>
At 31 December 1996	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 1996	-	17	17
Charge for the year	-	3	3
Disposals	-	(20)	(20)
	<hr/>	<hr/>	<hr/>
At 31 December 1996	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Net book amounts:</i>			
31 December 1996	<hr/>	<hr/>	<hr/>
	-	-	-
	<hr/>	<hr/>	<hr/>
31 December 1995	3	99	102
	<hr/>	<hr/>	<hr/>

The company's land and buildings were revalued at 31 December 1989 by independent valuers Colliers Stewart Newiss.

On 13 December 1996, the company entered into a contract to sell the land and buildings to the trustees of the Hepworth & Grandage (Sunderland) Sports & Social Club. Under the contract, a deposit of £5,000 was received prior to the year end and the balance of £145,000 received on the completion date of 28 February 1997. The trustees of the Club had previously undertaken to repay the remaining £5,000 outstanding non-interest bearing loans used to fund property improvements in the past.

A E Goetze Automotive Limited

Notes (continued)

7	Debtors	1996 £'000	1995 £'000
	Amounts owed by group undertakings	187	182
	Other debtors	145	-
		332	182
8	Creditors: amounts falling due within one year	1996 £'000	1995 £'000
	Non interest bearing loans	-	5
		-	5
9	Called up share capital	1996 £'000	1995 £'000
	<i>Authorised</i>		
	500,000 ordinary shares of 50p each	250	250
		250	250
	<i>Allotted, called up and fully paid</i>		
	500,000 ordinary shares of 50p each	250	250
		250	250

A E Goetze Automotive Limited

Notes (continued)

10 Reserves

	Profit and loss account £'000	Revaluation reserve £'000
At 1 January 1996	15	14
Profit for year	53	-
Transfer to profit and loss account	14	(14)
	<hr/>	<hr/>
At 31 December 1996	82	-
	<hr/>	<hr/>

11 Reconciliation of movement in shareholders' funds

	1996 £'000	1995 £'000
Profit for the financial year	53	14
Opening shareholders' funds	279	265
	<hr/>	<hr/>
Closing shareholders' funds	332	279
	<hr/>	<hr/>

12 Parent company

The ultimate parent company is T & N plc, a company incorporated in Great Britain, and registered in England and Wales.