

A.T.A. (GRINDING PROCESSES) LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 1999



A.T.A. (GRINDING PROCESSES) LIMITED

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Registered in England No. 00751205

A.T.A. (GRINDING PROCESSES) LIMITED

DIRECTORS AND OTHER INFORMATION

Directors

R Holland
W S Wilson
P R B Agnew

Secretary

L D Grainger

Registered Office

Chain Annealing Works
Shirland Lane
Sheffield
S9 3FG

A.T.A. (GRINDING PROCESSES) LIMITED

DIRECTORS' REPORT

The Directors present herewith, the audited accounts for the year ended 31 December 1999.

Principal Activities

The principal activity of the company during the year was the marketing of machines and tools.

Results and Dividends

The results for the year are set out in the Profit and Loss Account on page 6.

No dividends were paid during the year (1998 - £Nil). A profit of £423,675 has been transferred to reserves (1998 - profit of £563,714 transferred to reserves) .

Development of Business and Future Prospects

The Directors consider the results for the year to be satisfactory and that the company is well placed to continue to trade profitably in its activities in the future.

Directors and their Interests

The names of the present Directors and Secretary of the Company are given on page 2.

None of the Directors held at any time during the year any interest in the share capital of the company.

The interests of W S Wilson and P R B Agnew in the ordinary shares of Oakenash Group Ltd., the ultimate parent company at the year end, are shown in the Directors' report of that Company. None of the other directors had any interest in the shares of Oakenash Group Ltd. at any time during the year.

Payment policy

The policy on payment of creditors is to pay on the due date in accordance with negotiated terms which will vary from supplier to supplier.

Auditors

Deloitte & Touche resigned as auditors of the Company on 6 January 2000.

Grant Thornton were appointed as auditors of the Company on 6 January 2000.

A resolution for the re-appointment of Grant Thornton as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

A.T.A. (GRINDING PROCESSES) LIMITED

DIRECTORS' REPORT (Contd.)

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 at the end of the financial year and of the profit or loss of the Company for the financial year. 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 ;
- 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 ensuring that proper accounting records are kept such that they 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 are also responsible for ensuring that satisfactory arrangements exist to safeguard the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

Director :



P R B Agnew

27 October 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF

A.T.A. (GRINDING PROCESSES) LIMITED

We have audited the financial statements on pages 6 to 14 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's Directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. 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 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 circumstances of the Company and the Group, 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 at 31 December 1999, and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton
Registered Auditors
Chartered Accountants

114 West George Street
Glasgow
G2 1QF

27 October 2000

A.T.A. (GRINDING PROCESSES) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 1999**

	Note	1999 £	1998 £
TURNOVER (continuing operations)	2	3,633,575	4,234,470
Cost of sales		<u>1,741,157</u>	<u>2,214,634</u>
GROSS PROFIT		1,892,418	2,019,836
Distribution costs		831,076	766,247
Administrative costs		<u>464,277</u>	<u>457,766</u>
OPERATING PROFIT (continuing operations)		597,065	795,823
Interest receivable		-	774
Interest payable and similar charges	3	<u>(5,542)</u>	<u>(4,616)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	4	591,523	791,981
Tax charge on profit on ordinary activities	7	<u>167,848</u>	<u>228,267</u>
PROFIT RETAINED AND TRANSFERRED TO RESERVES	14 , 15	<u>423,675</u> =====	<u>563,714</u> =====

There are no recognised gains or losses for the current or preceding year other than the result for the period.

The accompanying accounting policies and notes form an integral part of these account

A.T.A. (GRINDING PROCESSES) LIMITED
BALANCE SHEET AS AT 31 DECEMBER 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Tangible Assets	8	149,895	192,880
CURRENT ASSETS			
Stocks	9	806,123	881,491
Debtors	10	890,374	1,236,905
Cash at bank and in hand		5,004,214	4,204,580
		6,700,711	6,322,976
CREDITORS : : Amounts falling due within one year	11	(724,739)	(1,746,728)
NET CURRENT ASSETS		5,975,972	4,576,248
TOTAL ASSETS LESS CURRENT LIABILITIES		6,125,867	4,769,128
CREDITORS : : Amounts falling due after more than one year	11	(1,489,571)	(556,507)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(420)	(420)
TOTAL NET ASSETS		4,635,876	4,212,201
CAPITAL AND RESERVES			
Called up share capital	13	10,000	10,000
Profit and loss account	14	4,625,876	4,202,201
SHAREHOLDERS' FUNDS (incl. non equity)	15	4,635,876	4,212,201

The accounts were approved by the Board of Directors on 27 October 2000.

Director :

P R B Agnew

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

A.T.A. (GRINDING PROCESSES) LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The particular accounting policies used are described below.

(a) Accounting Convention

The accounts have been prepared under the historical cost convention.

(b) Stock and Work in Progress

Stock is stated at the lower of cost and net realisable value. Cost represents materials purchased and where appropriate direct labour and other costs associated with the assembly of goods for resale.

(c) Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided in equal annual instalments on all fixed assets at rates calculated to write off the cost of each asset over its estimated useful life.

The rates of depreciation provided are as follows :

Plant, Equipment and Fittings	10%
Motor vehicles	25%

(d) Deferred Taxation

Deferred taxation is provided at appropriate tax rates on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the accounts except where the tax reduction is expected to continue for the future.

(e) Foreign Currency

Transactions in foreign currencies are translated into sterling at the actual rates ruling at the times of settlement of the transactions. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the year end rates of exchange. Exchange gains and losses are dealt with in the profit and loss account.

(f) Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

(g) Pension Costs

Retirement benefits to employees of the companies in the Group are provided by defined contribution schemes funded by contributions from group companies and employees. The charge to the profit and loss account represents amounts payable to these schemes during the year.

A.T.A. (GRINDING PROCESSES) LIMITED

NOTES TO THE ACCOUNTS

2. TURNOVER

Turnover represents the value of invoiced sales during the year , net of discounts , and VAT.

The activities of the company are not sufficiently dissimilar that an analysis by activity or market would be meaningful.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1999	1998
	£	£
Interest on :		
Bank loans and overdrafts		
repayable within 5 years	446	-
Hire purchase contracts	5,096	4,616
	<u>5,542</u>	<u>4,616</u>
	=====	=====

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

	1999	1998
	£	£
This is stated after charging :		
Depreciation	57,257	52,762
Auditors' remuneration	10,000	10,000
Rentals under operating leases - property	96,500	96,500
	<u>=====</u>	<u>=====</u>

5. INFORMATION REGARDING DIRECTORS

	1999	1998
	£	£
(a) Directors' Emoluments :		
Emoluments	69,195	65,075
	<u>=====</u>	<u>=====</u>

W S Wilson and P R B Agnew are also directors of PCT Group Ltd. And their emoluments are disclosed in the accounts of that company.

One director was a member of a defined contribution pension scheme during the year (1998 : 1).

(b) Transactions with related parties :

As a wholly-owned subsidiary of PCT Group Ltd. the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Oakenash Group Ltd.

A.T.A. (GRINDING PROCESSES) LIMITED

NOTES TO THE ACCOUNTS

6. EMPLOYEES

	1999	1998
	£	£
Staff costs during the year amounted to :		
Wages and salaries	582,949	698,497
Social security costs	58,786	60,951
Other pension costs	30,482	25,529
	<u>672,217</u>	<u>784,977</u>
	=====	=====

Payments to the Group defined contribution pension scheme are set out above.

The average number of persons employed was :

	Number	Number
Administration and distribution	24	16
Selling	10	10
	<u>34</u>	<u>26</u>
	===	===

7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	1999	1998
	£	£
UK Corporation tax at 31% (1998 : 31%)	-	63,251
Group Relief	182,085	180,974
Transfer of deferred tax from parent company	-	420
Adjustment in respect of prior years	(14,237)	(16,378)
	<u>167,848</u>	<u>228,267</u>
	=====	=====

A.T.A. (GRINDING PROCESSES) LIMITED

NOTES TO THE ACCOUNTS

8. TANGIBLE FIXED ASSETS

	Plant Equipment & fittings £	Motor Vehicles £	Total £
Cost			
At 31st December 1998	305,887	199,182	505,069
Additions	14,272	-	14,272
Disposals	-	(13,146)	(13,146)
	<hr/>	<hr/>	<hr/>
At 31st December 1999	320,159	186,036	506,195
	<hr/>	<hr/>	<hr/>
Depreciation			
At 31st December 1998	217,467	94,722	312,189
Charge for year	17,127	40,130	57,257
Disposals	-	(13,146)	(13,146)
	<hr/>	<hr/>	<hr/>
At 31st December 1999	234,594	121,706	356,300
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31st December 1999	85,565	64,330	149,895
	=====	=====	=====
Net Book Value			
At 31st December 1998	88,420	104,460	192,880
	=====	=====	=====

The figures stated above include assets held under finance leases and similar hire purchase contracts as follows :

	Plant Equipment & fittings £	Motor Vehicles £	Total £
Net book amount at 31st December 1999	-	49,200	49,200
Net book amount at 31st December 1998	15,715	89,050	104,765
Depreciation provided during the year	2,040	19,740	21,780

9. STOCKS

	1999 £	1998 £
Finished goods and goods for resale	806,123	881,491
	=====	=====

A.T.A. (GRINDING PROCESSES) LIMITED

NOTES TO THE ACCOUNTS

10. DEBTORS	1999	1998
	£	£
Trade debtors	828,850	963,006
Prepayments	48,625	43,027
Other debtors	12,899	229,995
Fellow subsidiary companies	-	877
	<u>890,374</u>	<u>1,236,905</u>
	=====	=====

All amounts are due within one year.

11. CREDITORS	1999	1998
	£	£
Amounts falling due within one year		
Trade creditors	182,778	427,721
Corporation tax	24,530	63,251
Other taxes and social security	140,091	121,373
Hire purchase and finance lease liabilities	18,908	38,236
Accruals	19,253	21,841
Other creditors	13,682	44,465
Fellow subsidiary companies	325,497	697,634
Parent company	-	332,207
	<u>724,739</u>	<u>1,746,728</u>
	=====	=====

Amounts falling due after more than one year :

Hire purchase and finance lease liabilities	6,183	25,092
Parent company	1,483,388	531,415
	<u>1,489,571</u>	<u>556,507</u>
	=====	=====

All lease and hire purchase liabilities are secured over the assets to which they relate.

12. HIRE PURCHASE AND LEASE LIABILITIES	1999	1998
	£	£
Obligations under hire purchase and finance lease agreements	25,091	63,328
Less: Amounts falling due within one year	18,908	38,236
	<u>6,183</u>	<u>25,092</u>
	=====	=====

A.T.A. (GRINDING PROCESSES) LIMITED

NOTES TO THE ACCOUNTS

13. CALLED UP SHARE CAPITAL	1999	1998
	£	£
Authorised , allotted and fully paid		
5000 Ordinary Shares of £1 each	5,000	5,000
5000 6% non cumulative preference shares of £1 each	5,000	5,000
	<u>10,000</u>	<u>10,000</u>
	=====	=====
 14. PROFIT AND LOSS ACCOUNT		£
Balance at 31st December 1998		4,202,201
Profit retained for the year		423,675
Balance at 31st December 1999		<u>4,625,876</u>
		=====
 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1999	1998
	£	£
Opening equity shareholders' funds	4,207,201	3,643,487
Profit for the financial year	<u>423,675</u>	<u>563,714</u>
Closing equity shareholders' funds	<u>4,630,876</u>	<u>4,207,201</u>
Opening non equity shareholders' funds	5,000	5,000
Closing non equity shareholders' funds	<u>5,000</u>	<u>5,000</u>
Closing shareholders' funds	<u>4,635,876</u>	<u>4,212,201</u>
	=====	=====

The preference shares totalling £5,000 are non equity. These non equity shares carry differing rights from those attaching to the ordinary shares.

A.T.A. (GRINDING PROCESSES) LIMITED

NOTES TO THE ACCOUNTS

16. PROVISION FOR LIABILITIES AND CHARGES

Deferred Taxation	1999	1998	1999	1998
	Provided		Unprovided	
	£	£	£	£
Accelerated capital allowances	1,164	1,164	-	-
Other timing differences	(744)	(744)	-	-
	<u>420</u>	<u>420</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

17. OPERATING LEASE COMMITMENTS

At 31 December 1999 the company was committed to making the following payments during the next year in respect of operating leases :

	Property 1999 £	Property 1998 £
Leases which expire :		
within 2 to 5 years	96,500	96,500
after 5 years	-	-
	<u>96,500</u>	<u>96,500</u>

18. CONTINGENT LIABILITIES

The company has cross guaranteed bank loans and overdrafts of its parent company and fellow subsidiaries to the extent of £3,572,038 at 31 December 1999 (1998 - £4,090,083).

19. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of PCT Group Ltd. , a company incorporated in Great Britain and registered in Scotland, which was the company's parent company at 31 December 1999, and which prepares consolidated accounts filed with the Registrar.

The ultimate parent company at 31 December 1999 was Oakenash Group Ltd. , a company incorporated in Great Britain and registered in Scotland.

Copies of the accounts of PCT Group Ltd. and Oakenash Group Ltd. can be obtained from 37 Dalsetter Avenue , Glasgow , G15 8TE.