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A.J. MIDDLETON & CO. LIMITED

Company No. 594813

FINANCIAL STATEMENTS

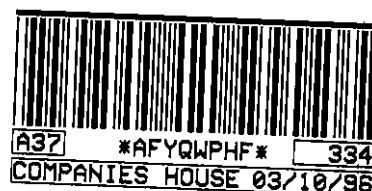
FOR THE YEAR ENDED

31ST DECEMBER 1995



KINGSTON
SMITH

Chartered Accountants



A.J. Middleton & Co. Limited

Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 31st December 1995.

Principal activity and business review

The principal activity of the company throughout the year was that of engineering agents and tool merchants.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividend

The results of the company for the year are set out on page 3.

The directors do not recommend the payment of a dividend as the funds of the company are fully employed.

It is recommended that the whole of the retained profit be set aside to reserves.

Fixed assets

The movements in fixed assets are shown in the notes to the financial statements.

Directors and their interests

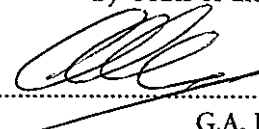
The directors who served the company throughout the year together with their interests in the shares of the company, at the beginning and end of the year, were as follows:

	Ordinary shares of £1 each	
	31st December 1995	1st January 1995
R.G. Phillips (deceased)	-	-
G.A. Phillips	50	50
S.W. Phillips	50	50

Auditors

The directors have decided to take advantage of the provisions of S249 Companies Act 1985 and therefore an audit has not been carried out for the year under review, however Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors to the company for the ensuing year.

By Order of the Board



G.A. Phillips
Secretary

45 York Road
Ilford
Essex
IG1 3AD

Date: 22/9/96

Accountants' Report to the Shareholders on the Unaudited Accounts of A.J. Middleton & Co. Limited

We report on the accounts for the year ended 31st December 1995 set out on pages 3 to 9.

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 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; and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 enable them to ensure that the financial statements comply with the Companies Act 1985.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Respective responsibilities of directors and reporting accountants

As described above, the company's directors are responsible for the preparation of the accounts, and they believe that the company is exempt from an audit. It is our responsibility to examine the accounts and, based on our examination, to report our opinion, as set out below, to the shareholders.

Basis of opinion

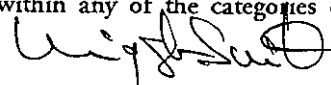
We conducted our examination in accordance with the appropriate standards for reporting accountants. This examination consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the company's officers as we considered necessary for the purposes of this report.

The examination was not an audit conducted in accordance with Auditing Standards. Accordingly, we do not express an audit opinion on the accounts.

Opinion

In our opinion:

- a) the accounts are in agreement with those accounting records kept by the company under section 221 of the Companies Act 1985;
- b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the accounts have been drawn up in a manner consistent with the provisions specified in section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1)(a)-(f).



Kingston Smith
Reporting Accountants

Exchange House
180-182 St. Mary's Lane
Upminster
Essex
RM14 3BT

Date: 23 September 1996

A.J. Middleton & Co. Limited
Profit and Loss Account
For the year ended 31st December 1995

	Note	1995 £	1994 £
Turnover	2	163,234	134,473
Cost of sales		(123,479)	(100,958)
Gross profit		39,755	33,515
Administrative expenses		(38,603)	(35,998)
Other operating income		2,880	5,530
Operating profit	3	4,032	3,047
Interest receivable and similar income	4	513	3
Interest payable and similar charges	5	(902)	(1,489)
Profit on ordinary activities before taxation		3,643	1,561
Taxation	8	(334)	(2,522)
Retained profit/(loss) transferred to/from reserves	14	3,309	(961)

There are no recognised gains or losses in the year other than the profit for the year.

A.J. Middleton & Co. Limited

Balance Sheet at 31st December 1995

	Notes	1995	1994
		£	£
Fixed Assets			
Tangible Fixed Assets	9	7,499	3,757
Current Assets			
Stock	10	11,500	12,000
Debtors	11	30,853	27,490
Cash at bank and in-hand		1,676	2,718
		<u>44,029</u>	<u>42,208</u>
Creditors:			
Amounts falling due within one year	12	(30,464)	(32,346)
Net Current Assets		<u>13,565</u>	<u>9,862</u>
Total Assets less Current Liabilities		<u>21,064</u>	<u>13,619</u>
Creditors:			
Amounts falling due after more than one year	13	(4,136)	-
		<u>16,928</u>	<u>13,619</u>
Capital and Reserves			
Called up share capital - equity interests	14	100	100
Profit and loss account	14	16,828	13,519
Shareholders' Funds		<u>16,928</u>	<u>13,619</u>

The Directors confirm that:

- (a) for the year in question the company was entitled to exemption under subsection (2) of Section 249 A.
- (b) no notice has been deposited under Section 249B(2) in relation to its accounts for the financial year, and
- (c) they acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221, and
 - (ii) preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

Approved by the board on 22/9/96

G.A. Phillips

S.W. Phillips Directors

A.J. Middleton & Co. Limited
Notes to the Financial Statements
For the year ended 31st December 1995

1 Principal Accounting Policies

Accounting basis and standards

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

Turnover

Turnover represents the invoiced value of goods sold and services provided net of value added tax.

Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset, over its expected useful life as follows:

Leasehold improvements	straight line over the period of the lease
Plant and machinery	20% reducing balance
Motor vehicles	25% reducing balance
Fixtures and fittings	15% reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition, including where appropriate, a proportion of manufacturing overheads.

Deferred taxation

Deferred tax is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Pension scheme arrangements

The company makes contributions to a defined contribution scheme, the assets of the scheme being held separately from the assets of the company. The pension cost charge represents contributions payable to the scheme.

Leases Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their useful lives. The interest element of the rental obligation is charged to the Profit and Loss Account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals under operating leases are charged to income on a straight line basis over the lease term.

2 Turnover

Turnover is attributable to the one principal activity of the company which arose wholly in the United Kingdom.

A.J. Middleton & Co. Limited
Notes to the Financial Statements
For the year ended 31st December 1995

3	Operating Profit	1995 £	1994 £
	The operating profit is stated after charging:		
	Depreciation - owned tangible fixed assets	348	790
	Depreciation - assets held under finance leases and hire purchase contracts	2,200	-
	Operating lease rentals- Other assets	8,500	7,936
	Loss on sale of fixed assets	255	-
		<hr/>	<hr/>
	and after crediting:		
	Rent receivable	2,880	5,530
		<hr/>	<hr/>
4	Interest Receivable and Similar Income	1995 £	1994 £
	Bank interest received	21	3
	Other interest received	492	-
		<hr/>	<hr/>
		513	3
		<hr/>	<hr/>
5	Interest Payable and Similar Charges	1995 £	1994 £
	Bank overdraft and loan interest on loans wholly repayable within five years	93	152
	Other interest payable	809	1,337
		<hr/>	<hr/>
		902	1,489
		<hr/>	<hr/>
6	Directors and Employees	1995 £	1994 £
	Staff costs during the year were as follows:		
	Wages and salaries	11,104	10,306
	Social security costs	871	2,266
	Other pension costs - defined contributions scheme	2,160	2,080
		<hr/>	<hr/>
		14,135	14,652
		<hr/>	<hr/>
		£	£
	Directors' Emoluments:		
	As executives	12,844	12,386
		<hr/>	<hr/>
7	Pensions - Defined Contribution Scheme		

The company operates a defined contribution pension scheme. The assets of the scheme are administered by trustees in a fund independent from those of the company. Contributions paid by the company amounted to £2,160 (1994 - £ 2,080). All contributions were paid in the year.

A.J. Middleton & Co. Limited
Notes to the Financial Statements
For the year ended 31st December 1995

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Taxation		1995	1994
		£	£
U.K. Corporation tax based on the results for the year at the rate of 25% (1994 - 25%)		1,128	232
		1,128	232
Prior year adjustments - corporation tax		(794)	2,290
		334	2,522

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Tangible Assets	Short Leasehold Land and Buildings	Plant and Machinery	Motor Vehicles	Fixtures and Fittings	Total
Cost	£	£	£	£	£
At 1st January 1995	2,584	334	7,983	4,999	15,900
Additions	-	-	7,445	-	7,445
Disposals	-	-	(6,610)	-	(6,610)
At 31st December 1995	2,584	334	8,818	4,999	16,735
Depreciation					
At 1st January 1995	1,749	323	6,828	3,243	12,143
Charge for the year	83	2	2,200	263	2,548
Eliminated on disposal	-	-	(5,455)	-	(5,455)
At 31st December 1995	1,832	325	3,573	3,506	9,236
Net Book Value					
At 31st December 1995	752	9	5,245	1,493	7,499
At 31st December 1994	835	11	1,155	1,756	3,757

The net book value of fixed assets of £7,499 (1994 - £3,757) includes an amount of £5,245 (1994 - £Nil) in respect of assets held under finance leases and hire purchase contracts.

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Stocks	1995	1994
	£	£
Finished goods	11,500	12,000

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Debtors	1995	1994
	£	£
Trade debtors	27,319	18,719
Other debtors	382	5,714
Prepayments and accrued income	3,152	3,057
	30,853	27,490

A.J. Middleton & Co. Limited
Notes to the Financial Statements
For the year ended 31st December 1995

12	Creditors: Amounts Falling Due Within One Year	1995	1994
		£	£
	Bank loans and overdrafts	2,796	1,204
	Trade creditors	9,576	5,820
	Corporation tax	1,128	232
	Social security and other taxes	1,049	7,626
	Other creditors	9,680	7,970
	Obligations under hire purchase and finance lease contracts	2,067	-
	Accruals and deferred income	4,168	9,494
		<u>30,464</u>	<u>32,346</u>
13	Creditors: Amounts Falling Due After More Than One Year	1995	1994
		£	£
	Obligations under finance leases and hire purchase contracts	<u>4,136</u>	<u>-</u>
14	Shareholders' Funds		
	1995	Profit and Loss Account	Share Capital
		£	£
	At 1st January 1995	13,519	100
	Profit for the year	3,309	-
	At 31st December 1995	<u>16,828</u>	<u>100</u>
	1994	Profit and Loss Account	Share Capital
		£	£
	At 1st January 1994	14,480	100
	Loss for the year	(961)	-
	At 31st December 1994	<u>13,519</u>	<u>100</u>
		1995	1994
		£	£
	The share capital comprises:		
	Authorised:		
	2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
	Called up, allotted and fully paid:		
	100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

A.J. Middleton & Co. Limited
Notes to the Financial Statements
For the year ended 31st December 1995

15 Future Financial Commitments

(a) Operating leases

At 31st December 1995 the company had annual commitments under operating leases as set out below:

	1995 Land and buildings £	1994 Land and buildings £
Operating leases which expire:		
in the second to fifth year	-	7,936
after five years	8,500	-
	<u>8,500</u>	<u>7,936</u>

(b) Finance leases

At 31st December 1995 the company had obligations under finance leases and hire purchase contracts which are set out below:

	1995 £	1994 £
within one year	2,067	-
in the second to fifth years	4,136	-
	<u>6,203</u>	<u>-</u>