

COMPANIES HOUSE

E. HARDING & SONS LIMITED

GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

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The following does not form part of the statutory accounts:

21	Trading Profit and Loss Account
22	Schedules Accompanying Detailed Profit and Loss Account

Directors

R.J. Bassham
J.M. Fitzgerald
R Hutchinson

Company Secretary

J.M. Fitzgerald

Registered Office

456 Ashton New Road
Bradford, Manchester
M11 4AH

Auditors

Champion & Co., Chartered Accountants
1 Worsley Court, High Street
Worsley, Manchester, M28 3NJ

Bankers

The Royal Bank of Scotland plc
46-48 Deansgate
Bolton
Lancs
BL1 1BH

The directors submit their annual report and financial statements for the year ended 31 March 1999.

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 the affairs of the company and of the profit or loss of the company for that period. In preparing these 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;
- 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 to 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.

Results and Dividends

The group loss after tax for the year amounted to £164,470, as shown on page 5. A dividend of £252 was paid during the year.

Transfers taken to reserve are shown on page 5.

Review of the Business

The company is principally engaged in stainless steel plate processing. The subsidiary company is principally engaged in the manufacture of screw conveyors and bucket elevators.

The continuing recession in the manufacturing industry and a 30% plus collapse in the price of stainless steel between 1998 and 1999, has again, had a dramatic effect on the company's turnover and profitability in the year to March 1999.

The directors have undertaken a restructuring policy involving a redundancy programme and new working practices in order to maintain the company's market share and reduce the losses sustained.

Fixed Assets

Movements in fixed assets are shown in the notes to the financial statements.

Market Value of Land and Buildings

In the opinion of the directors, the market value of the group's properties was not materially different from their net book value.

Report of the Directors

for the year ended 31 March 1999

Directors

The Directors during the year under review and the shares in the company in which they were interested at the beginning and the end of the year were:

Ordinary Shares of £1 each		
	At 31 March 1999	At 1 April 1998
R. J. Bassham	999	999
J. M. Fitzgerald	1	1

Included in the above shareholding of R J Bassham are 500 ordinary shares now held beneficially by the trustees of the R J Bassham Life Interest Settlement as a result of a transfer on 4 December 1998.

4.2% Cumulative Preference Shares		
	At 31 March 1999	At 1 April 1998
R. J. Bassham	6,000	6,000
J. M. Fitzgerald	-	-

R Hutchinson was appointed a director on 17 May 1999.

Year 2000

The year 2000 issue refers to potential problems in the processing of data or operation of electronic equipment affected by the transition from 1999 to 2000.

The directors fully recognise the potential risks associated with the issue and have taken reasonable steps to ensure that the group and company are prepared for the transition. The costs associated with the transition are not considered significant.

Auditors

The Auditors, Messrs. Champion & Co., Chartered Accountants, are willing to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Signed on behalf of the Board

.....
Secretary

Date : 17 November 1999

Auditors' Report to the Shareholders

for the year ended 31 March 1999

We have audited the financial statements on pages 5 to 20, which have been prepared under the historical cost convention and the accounting policies set out on page 9.

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 the 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 affairs of the company and the group as at 31 March 1999 and of the loss, total recognised gains and cash flow of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Champion & Co.
Chartered Accountants
Registered Auditor
1 Worsley Court
High Street
Worsley
Manchester
M28 3NJ

Date : 17 November 1999

E. HARDING & SONS LIMITED**Group Profit and Loss Account****for the year ended 31 March 1999**

	Notes	Total 1999 £	Total 1998 £
TURNOVER	2	3,265,688	4,074,676
Cost of Sales		(2,254,760)	(3,023,034)
GROSS PROFIT		1,010,928	1,051,642
Net operating expenses		(1,152,201)	(1,122,480)
OPERATING (LOSS)	3	(141,273)	(70,838)
Interest receivable		102	2,052
		(141,171)	(68,786)
Interest payable	6	(32,999)	(26,733)
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(174,170)	(95,519)
Tax on (loss) on ordinary activities	7	9,700	25,454
LOSS ATTRIBUTABLE TO THE MEMBERS OF E. HARDING & SONS LTD		(164,470)	(70,065)
Dividends	8	252	(252)
RETAINED (LOSS) FOR THE FINANCIAL YEAR		(164,722)	(70,317)
RETAINED PROFIT BROUGHT FORWARD		1,023,085	1,093,402
Retained profit carried forward		858,363	1,023,085

The Group has neither acquired nor commenced any new business activities in the year, and has no recognised gains or losses other than the loss for the year.

The notes set out on pages 9 - 20 form part of these financial statements.

Group Balance Sheet

31 March 1999

	Notes	1999 £	1998 £
Fixed Assets			
Tangible assets	9	651,334	765,953
Current Assets			
Stocks	11	344,424	489,680
Debtors due within one year	12	796,321	1,131,920
Cash at bank and in hand		844	46,978
		<u>1,141,589</u>	<u>1,668,578</u>
Creditors :			
Amounts falling due within one year	13	<u>(927,560)</u>	<u>(1,404,446)</u>
Net Current Assets		<u>214,029</u>	<u>264,132</u>
Total assets less current liabilities		<u>865,363</u>	<u>1,030,085</u>
Capital and Reserves			
Called-up share capital	15	7,000	7,000
Profit and Loss account		858,363	1,023,085
Shareholders' Funds	16	<u>865,363</u>	<u>1,030,085</u>
Analysis of shareholders funds:			
Equity interests		859,363	1,024,085
Non-equity interests		6,000	6,000
		<u>865,363</u>	<u>1,030,085</u>

Approved by the Board on



Director


Date : 17 November 1999

The notes set out on pages 9 - 20 form part of these financial statements.

Balance Sheet

31 March 1999

	Notes	1999 £	1998 £
Fixed Assets			
Tangible assets	9	598,474	706,061
Investments	10	100	100
		<u>598,574</u>	<u>706,161</u>
Current Assets			
Stocks	11	292,911	461,926
Debtors due within one year	12	685,172	1,045,049
Cash at bank and in hand		575	1,817
		<u>978,658</u>	<u>1,508,792</u>
Creditors :			
Amounts falling due within one year	13	<u>(800,404)</u>	<u>(1,309,875)</u>
Net Current Assets		<u>178,254</u>	<u>198,917</u>
Total assets less current liabilities		<u>776,828</u>	<u>905,078</u>
Capital and Reserves			
Called-up share capital	15	7,000	7,000
Profit and Loss account		769,828	898,078
Shareholders' Funds	16	<u>776,828</u>	<u>905,078</u>
Analysis of shareholders funds:			
Equity interests		770,828	899,078
Non-equity interests		6,000	6,000
		<u>776,828</u>	<u>905,078</u>

Approved by the Board on 

Director

Date : 17 November 1999

The notes set out on pages 9 - 20 form part of these financial statements.

Group Cash Flow Statement

for the year ended 31 March 1999

	Notes	Total 1999 £	Total 1998 £
Cash Flow from Operating Activities	21	(244,083)	126,891
Returns on Investments and Servicing of Finance	22	(33,149)	(24,933)
Taxation		35,087	(37,145)
Capital Expenditure and Financial Investment	22	56,934	(26,061)
Cash (outflow)/inflow before use of liquid resources and financing		(185,211)	38,752
Financing	22	(2,264)	(5,526)
(Decrease)/Increase in Cash in the Year	23	(187,475)	33,226
Reconciliation of Net Cash Flow to Movement in Net Debt			
(Decrease)/Increase in Cash in the Year		(187,475)	33,226
Cash Outflow from decrease in debt and lease financing	23	2,264	5,526
Change in net debt resulting from cashflows		(185,211)	38,752
Net Debt at 1 April 1998		(171,083)	(209,835)
Net Debt at 31 March 1999	23	(356,294)	(171,083)

The notes set out on pages 9 - 20 form part of these financial statements.

1 Accounting Policies**(a) Basis of Accounting**

These financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

(b) Basis of Consolidation

The group accounts consolidate the accounts of the company and its subsidiary for the year ended 31 March 1999. All inter-group transactions are eliminated from the group accounts. No profit and loss account is presented for E. Harding & Sons Limited as permitted by Section 230 of the Companies Act 1985.

(c) Depreciation

Depreciation is calculated to write off the cost or valuation, less estimated residual values, of tangible fixed assets over their estimated useful lives to the business. The annual depreciation rates and methods are as follows:

Freehold land and buildings	-	Nil
Long leasehold property	-	over the period of the lease on a straight line basis
Plant and machinery	-	10% Reducing balance
Motor vehicles	-	25% Reducing balance

Freehold land and buildings are not depreciated. The freehold property, which is subject to an annual impairment test, is maintained in a state of good repair and it is considered that the residual value is such that any depreciation is not significant.

(d) Stock and Work in Progress

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on estimated selling price, less any further costs of realisation.

Work in progress is valued at the lower of cost and net realisable value. Cost consists of direct materials, labour and attributable overheads. Net realisable value is based on estimated selling price, less any further costs of realisation.

(e) Deferred taxation

Provisions are made so that the deferred taxation account represents corporation tax, calculated on the liability method, in respect of the excess of tax allowances given for fixed assets over the depreciation provided, except to the extent that the directors are able to foresee that no liability is likely to arise from a reversal of the above timing differences for some considerable period.

(f) Leased Assets

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

All other leases are regarded as operating leases and the payments made under them are charged to the profit and Loss Account on a straight-line basis over the lease term.

(g) Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2 Turnover

Turnover is the total amount, excluding value added tax, receivable by the group in the ordinary course of business for goods supplied and for services provided as a principal.

3 Operating (Loss)

	1999	1998
	£	£
Operating profit is stated after charging:		
Administrative expenses including:		
Operating lease rentals - land & buildings	91,500	71,500
- other	31,469	28,630
Depreciation	60,936	66,317
Government Grants	-	(2,800)
(Profit) on disposal of fixed assets	(3,250)	(4,629)
Auditors' remuneration for audit services	18,883	15,930

4 Staff Costs

	1999	1998
	£	£
The cost of employing staff including Directors, was:		
Wages and salaries	967,853	1,036,161
Social security costs	103,199	105,832
Pension to a former director	13,659	11,460
Pension costs	17,397	24,586
Redundancy	4,877	-
	<u>1,106,985</u>	<u>1,178,039</u>

Notes to the Financial Statements

for the year ended 31 March 1999

The average monthly number of employees during the year was:	1999	1998
Production	38	46
Office and administration	14	14
Selling and distribution	5	8
	<u>57</u>	<u>68</u>

5 *Directors' Emoluments*

	1999	1998
	£	£
Management remuneration	134,190	133,800
Pension contributions	2,199	750
Benefits in kind	21,622	21,326
	<u>158,011</u>	<u>155,876</u>

6 *Interest Payable*

On bank loans, overdrafts and other loans wholly repayable within five years:	1999	1998
	£	£
Bank overdraft interest	16,740	8,146
Finance lease and hire purchase contracts payable by instalments	338	821
Other interest	15,921	17,766
	<u>32,999</u>	<u>26,733</u>

7 *Tax on (Loss) on Ordinary Activities*

	1999	1998
	£	£
UK corporation tax at 21% on the profit adjusted for tax purposes	-	-
Under provided in previous years	(9,700)	-
UK corporation tax recoverable by utilisation of losses	-	(25,454)
	<u>(9,700)</u>	<u>(25,454)</u>

8 *Dividends*

	1999	1998
Paid:	£	£
4.2% Cumulative preference shares of £1 each	252	252

9 *Tangible Fixed Assets*

The Company	Freehold land & buildings	Long leasehold property	Plant & machinery	Motor Vehicles	Fixtures & Fittings	Total
Cost	£	£	£	£	£	£
At 1 April 1998	290,590	25,686	579,519	174,543	2,848	1,073,186
Additions	-	-	23,607	-	2,710	26,317
Disposals	(80,000)	-	(3,250)	-	-	(83,250)
At 31 March 1999	210,590	25,686	599,876	174,543	5,558	1,016,253
Depreciation						
At 1 April 1998	-	2,175	276,600	87,923	427	367,125
Charge for the year	-	257	31,373	21,655	619	53,904
On disposals	-	-	(3,250)	-	-	(3,250)
At 31 March 1999	-	2,432	304,723	109,578	1,046	417,779
Net Book Value						
At 31 March 1999	210,590	23,254	295,153	64,965	4,512	598,474
At 1 April 1998	290,590	23,511	302,919	86,620	2,421	706,061

Notes to the Financial Statements

for the year ended 31 March 1999

10 Tangible Fixed Assets

The Group	Freehold land & buildings	Long leasehold property	Plant & machinery	Motor Vehicles	Fixtures & Fittings	Total
Cost	£	£	£	£	£	£
At 1 April 1998	290,590	25,686	639,742	191,543	23,911	1,171,472
Additions at cost	-	-	23,606	-	2,710	26,316
Disposals	(80,000)	-	(3,250)	-	-	(83,250)
At 31 March 1999	210,590	25,686	660,098	191,543	26,621	1,114,538
Depreciation						
At 1 April 1998	-	2,175	300,752	97,979	4,613	405,519
Charge for the year	-	257	34,980	23,391	2,307	60,935
On disposals	-	-	(3,250)	-	-	(3,250)
At 31 March 1999	-	2,432	332,482	121,370	6,920	463,204
Net Book Value						
Owned	210,590	23,254	327,616	70,173	19,701	651,334
At 31 March 1999	210,590	23,254	327,616	70,173	19,701	651,334
Owned	290,590	23,511	338,990	88,066	19,298	760,455
Leased	-	-	-	5,498	-	5,498
At 1 April 1998	290,590	23,511	338,990	93,564	19,298	765,953

11 Investments

The Company	1999 £	1998 £
Shares held in subsidiary undertaking	100	100

The company holds more than 20% of the share capital of the following:

The Conveyor and Elevator Company Limited

Country of Incorporation	Class of Shares	Proportion held	Nature of Business	Total reserves £	Net loss for the year £
England	Ord	100%	Manufacture of screw conveyors and bucket elevators	88,636	(36,470)

12 Stocks

	1999 £	1998 £
The Company		
Raw materials and consumables	262,438	445,739
Work in progress	30,473	16,187
	<u>292,911</u>	<u>461,926</u>
	1999	1998
The Group	£	£
Raw materials and consumables	277,514	457,666
Work in progress	66,910	32,014
	<u>344,424</u>	<u>489,680</u>

13 Debtors

	1999 £	1998 £
The Company		
Trade debtors	647,247	919,756
Amounts owed by other group undertakings	14,091	3,787
Corporation tax recoverable	126	17,694
Other debtors	525	79,118
Prepayments and accrued income	23,183	24,694
	<u>685,172</u>	<u>1,045,049</u>
	1999	1998
The Group	£	£
Trade debtors	766,331	997,254
Corporation tax recoverable	126	25,452
Other debtors	525	84,520
Prepayments and accrued income	29,339	24,694
	<u>796,321</u>	<u>1,131,920</u>

14 Creditors : Amounts falling due within one year

	1999	1998
The Company	£	£
Bank overdrafts	292,560	215,797
Trade creditors	333,056	710,732
Advance corporation tax	63	-
Other taxes and social security costs	95,326	119,957
Other creditors	3,333	188,837
Accruals and deferred income	76,066	74,552
	<u>800,404</u>	<u>1,309,875</u>

	1999	1998
Secured creditors included above are as follows:	£	£
Bank overdrafts:		
secured by a debenture dated 4th April 1984, over all the assets of the company apart from those secured under finance leases and hire purchase contracts	292,560	215,797
	<u>292,560</u>	<u>215,797</u>

	1999	1998
The Group	£	£
Bank overdrafts	357,138	215,797
Net obligations under finance leases and hire purchase contracts	-	2,266
Trade creditors	376,071	780,394
Advanced corporation tax	63	-
Other taxes and social security costs	103,256	125,851
Other creditors	9,814	195,318
Accruals and deferred income	81,218	84,820
	<u>927,560</u>	<u>1,404,446</u>

	1999	1998
Secured creditors included above are as follows:	£	£
Bank overdrafts:		
secured by various debentures given by the group companies over all the assets of the group apart from those secured under finance leases and hire purchase contracts	357,138	215,797
Net obligations under finance leases and hire purchase contracts:		
secured on the assets concerned	-	2,266
	<u>357,138</u>	<u>218,063</u>

15 Provisions for Liabilities and Charges

The Company	Provided 1999 £	Provided 1998 £	Not Provided 1999 £	Not Provided 1998 £
Deferred Taxation				
Corporation tax calculated in accordance with note 1 relating to:				
Tax Allowances	-	-	40,625	38,475
The Group	Provided 1998 £	Provided 1998 £	Not Provided 1997 £	Not provided 1997 £
Deferred Taxation				
Corporation tax calculated in accordance with note 1 relating to:				
Tax Allowances	-	-	47,789	45,531

16 Share Capital

Equity Interests	Number 1999	Value 1999 £	Number 1998	Value 1998 £
Authorised:				
Ordinary shares of £1 each	44,000	44,000	44,000	44,000
Issued and fully paid:				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
Non-equity interests:	Number 1999	Value 1999 £	Number 1998	Value 1998 £
Authorised:				
4.2% cumulative preference shares of £1 each	6,000	6,000	6,000	6,000
Issued and fully paid:				
4.2% cumulative preference shares of £1 each	6,000	6,000	6,000	6,000

17 *Reconciliation of movements in Shareholders' Funds*

	1999	1998
The Company	£	£
(Loss) for the financial year	(127,998)	(49,746)
Dividends	(252)	(252)
Net addition to shareholders' funds	(128,250)	(49,998)
Opening shareholders' funds	905,078	955,076
Closing shareholders' funds	776,828	905,078
	<u>1999</u>	<u>1998</u>
The Group	£	£
(Loss) for the financial year	(164,470)	(70,065)
Dividends	(252)	(252)
Net addition to shareholders' funds	(164,722)	(70,317)
Opening shareholders' funds	1,030,085	1,100,402
Closing shareholders' funds	865,363	1,030,085

18 Operating Lease Commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year.

The Company	1999		1998	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Expiring:				
within one year	-	-	-	-
between two & five years	-	31,469	-	28,630
after five years	69,500	-	49,500	-
	<u>69,500</u>	<u>31,469</u>	<u>49,500</u>	<u>28,630</u>

The Group	1999		1998	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Expiring:				
within one year	-	-	-	-
between two & five years	-	31,469	-	28,630
after five years	91,500	-	71,500	-
	<u>91,500</u>	<u>31,469</u>	<u>71,500</u>	<u>28,630</u>

19 Pension Costs

The company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £12,080 (1998 - £8,801).

20 Contingent Liabilities

The company has given an unlimited guarantee dated 1 February 1993 in favour of its subsidiary undertakings to the Royal Bank of Scotland plc. At 31 March 1999, the amount due to the Royal Bank of Scotland by the subsidiary company was £64,578.

21 Related Party Transactions

Details of related party transactions occurring during the year are as follows:

Name of Related Party	Nature of Relationship	Transaction details	Amount	Balance
	£	£	£	£
E Harding & Sons Ltd - Directors Pension Fund	Directors Pension Fund	Rental payments	69,500	-
		Sale of assets	80,000	-
		Repayment of loan	170,000	-
		Interest on loan	15,921	15,921

22 Reconciliation of Operating (Loss) to Operating Cash Flow

	1999	1998
	£	£
Operating (loss)	(141,273)	(70,838)
Depreciation charges	60,935	66,317
Government grants transferred from deferred income	-	(2,800)
(Profit) on disposal of fixed assets	(3,250)	(4,629)
(Increase)/Decrease in stocks	145,256	(161,339)
(Increase)/Decrease in debtors	310,273	(9,851)
Increase/(Decrease) in creditors	(616,024)	310,031
Net Cash (Outflow)/Inflow from Operating Activities	<u>(244,083)</u>	<u>126,891</u>

23 Analysis of Cash Flows for Headings Netted in the Cash Flow Statement

i) Returns on Investments and Servicing of Finance	1999	1998
	£	£
Interest received	102	2,052
Interest paid	(32,661)	(25,912)
Dividends paid	(252)	(252)
Interest element of finance lease rental payments	(338)	(821)
Net Cash (Outflow) for Returns on Investments and Servicing of Finance	<u>(33,149)</u>	<u>(24,933)</u>

Notes to the Financial Statements

for the year ended 31 March 1999

ii) Capital Expenditure and Financial Investment	1999	1998
	£	£
Purchase of tangible fixed assets	(26,316)	(33,690)
Proceeds from the sale of fixed assets	83,250	-
Proceeds from the sale of fixed asset investments	-	7,629
Net Cash Inflow/(Outflow) for Capital Expenditure and Financial Investment	56,934	(26,061)
iii) Financing	1999	1998
	£	£
Capital elements of finance lease rental payments	(2,264)	(5,526)
Net Cash Inflow/(Outflow) from Financing	(2,264)	(5,526)

24 Analysis of Changes in Net Debt

	At 1 April 1998	Cash Flows	At 31 March 1999
	£	£	£
Cash in hand and at bank	46,978	(46,134)	844
Overdrafts	(215,797)	(141,341)	(357,138)
	(168,819)	(187,475)	(356,294)
Finance leases	(2,264)	2,264	-
Total	(171,083)	(185,211)	(356,294)