

E. HARDING & SONS LIMITED
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001



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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

Report of the Directors

for the year ended 31 March 2001

The directors submit their annual report and financial statements for the year ended 31 March 2001.

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 £99,942, 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 directors are sorry to report that the group is showing a trading loss for the financial year ended March 2001.

The Conveyor & Elevator Company Limited had a successful year with increased turnover and profit, however this was insufficient to cover the losses sustained by E Harding & sons Limited.

The main problems are the continuing downturn in engineering in general and the falling value of stainless steel on which E Harding & Sons Limited core business is based.

The directors are again looking to make further savings in the coming year. By improving efficiency and good housekeeping they trust that it will not be necessary to reduce staffing levels any further.

Report of the Directors

for the year ended 31 March 2001

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.

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 2001	At 1 April 2000
R. J. Bassham	999	999
J. M. Fitzgerald	1	1
R. Hutchinson	-	-

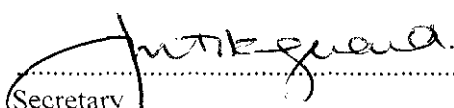
Included in the above shareholding of R J Bassham are 500 ordinary shares now held beneficially by the trustees of the R J Bassham Life Interest Settlement as a result of a transfer on 4 December 1998.

4.2% Cumulative Preference Shares		
	At 31 March 2001	At 1 April 2000
R. J. Bassham	6,000	6,000
J. M. Fitzgerald	-	-
R. Hutchinson	-	-

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 : 1st August 2001

**Auditors' Report to the Shareholders
for the year ended 31 March 2001**

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.

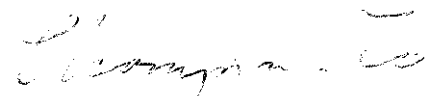
Basis of Opinion

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 2001 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 : 1st August 2001

E. HARDING & SONS LIMITED**Group Profit and Loss Account****for the year ended 31 March 2001**

	Notes	2001 £	2000 £
TURNOVER	2	3,529,021	3,528,811
Cost of Sales		<u>(2,645,578)</u>	<u>(2,385,028)</u>
GROSS PROFIT		883,443	1,143,783
Net operating expenses		<u>(959,525)</u>	<u>(1,069,761)</u>
OPERATING (LOSS) PROFIT	3	(76,082)	74,022
Interest payable	6	<u>(22,734)</u>	<u>(23,440)</u>
(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(98,816)	50,582
Tax on (Loss) profit on ordinary activities	7	<u>(126)</u>	-
(LOSS) PROFIT ATTRIBUTABLE TO THE MEMBERS OF E. HARDING & SONS LTD		(98,942)	50,582
Dividends	9	<u>(252)</u>	<u>(252)</u>
RETAINED (LOSS) PROFIT FOR THE FINANCIAL YEAR		(99,194)	50,330
RETAINED PROFIT BROUGHT FORWARD		<u>908,693</u>	<u>858,363</u>
Retained profit carried forward		<u>809,499</u>	<u>908,693</u>

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 2001

	Notes	2001 £	2000 £
Fixed Assets			
Tangible assets	10	565,476	595,422
Current Assets			
Stocks	12	254,720	370,186
Debtors due within one year	13	900,707	873,860
Cash at bank and in hand		52,369	32,974
		<u>1,207,796</u>	<u>1,277,020</u>
Creditors :			
Amounts falling due within one year	14	<u>(956,773)</u>	<u>(956,749)</u>
Net Current Assets		<u>251,023</u>	<u>320,271</u>
Total assets less current liabilities		<u>816,499</u>	<u>915,693</u>
Capital and Reserves			
Called-up share capital	16	7,000	7,000
Profit and Loss account		809,499	908,693
Shareholders' Funds	17	<u>816,499</u>	<u>915,693</u>
Analysis of shareholders funds:			
Equity interests		810,499	909,693
Non-equity interests		6,000	6,000
		<u>816,499</u>	<u>915,693</u>

Approved by the Board on 1 August 2001

Director 

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

Balance Sheet

31 March 2001

	Notes	2001 £	2000 £
Fixed Assets			
Tangible assets	10	508,006	548,630
Investments	11	100	100
		<u>508,106</u>	<u>548,730</u>
Current Assets			
Stocks	12	225,921	346,556
Debtors due within one year	13	822,093	780,991
		<u>1,048,014</u>	<u>1,127,547</u>
Creditors :			
Amounts falling due within one year	14	<u>(881,412)</u>	<u>(857,268)</u>
Net Current Assets		<u>166,602</u>	<u>270,279</u>
Total assets less current liabilities		<u>674,708</u>	<u>819,009</u>
Capital and Reserves			
Called-up share capital	16	7,000	7,000
Profit and Loss account		667,708	812,009
Shareholders' Funds	17	<u>674,708</u>	<u>819,009</u>
Analysis of shareholders funds:			
Equity interests		668,708	813,009
Non-equity interests		6,000	6,000
		<u>674,708</u>	<u>819,009</u>

Approved by the Board on :- 1 August 2001

Director

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

E. HARDING & SONS LIMITED

Group Cash Flow Statement

for the year ended 31 March 2001

	Notes	2001 £	2000 £
Cash Flow from Operating Activities	22	(63,793)	220,519
Returns on Investments and Servicing of Finance	23	(22,986)	(23,692)
Taxation		(126)	-
Capital Expenditure and Financial Investment	23	(14,494)	2,846
Cash (outflow)/inflow before use of liquid resources and financing		(101,399)	199,673
Financing	22	-	-
(Decrease) Increase in Cash in the Year	24	(101,399)	199,673
Reconciliation of Net Cash Flow to Movement in Net Debt			
(Decrease)/Increase in Cash in the Year		(101,399)	199,673
Cash Outflow from decrease in debt and lease financing		-	-
Change in net debt resulting from cashflows		(101,399)	199,673
Net Debt at 1 April 2000		(156,621)	(356,294)
Net Debt at 31 March 2001	24	(258,020)	(156,621)

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 2001. 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)/Profit

	2001	2000
	£	£
Operating (Loss)/Profit is stated after charging:		
Administrative expenses including:		
Operating lease rentals - land & buildings	91,500	91,500
- other	32,472	32,381
Depreciation	45,424	50,225
Loss(Profit) on disposal of fixed assets	984	(2,841)
Auditors' remuneration for audit services	12,950	14,292

4 Staff Costs

	2001	2000
	£	£
The cost of employing staff including Directors, was:		
Wages and salaries	854,171	872,850
Social security costs	85,012	94,345
Pension to a former director	11,460	11,460
Pension costs	12,483	14,650
	963,126	993,305

Notes to the Financial Statements

for the year ended 31 March 2001

The average monthly number of employees during the year was:	2001	2000
Production	33	36
Office and administration	16	13
Selling and distribution	5	5
	<u>54</u>	<u>54</u>

5 *Directors' Emoluments*

	2001	2000
	£	£
Management remuneration	90,332	134,495
Pension contributions	2,307	2,226
Benefits in kind	22,579	22,812
	<u>115,218</u>	<u>159,533</u>

6 *Interest Payable*

On bank loans, overdrafts and other loans wholly repayable within five years:	2001	2000
	£	£
Bank overdraft interest	15,751	16,129
Other interest	6,983	7,311
	<u>22,734</u>	<u>23,440</u>

7 *Tax on Profit (Loss) on Ordinary Activities*

	2001	2000
	£	£
UK corporation tax at 20% on the profit adjusted for tax purposes	-	-
Irrecoverable ACT	126	-
	<u>126</u>	<u>-</u>

8 *Loss Attributable to Members of the Parent Company*

The loss dealt within the accounts of the parent company was £144,049 (2000 – profit £42,433).

Notes to the Financial Statements

for the year ended 31 March 2001

9 Dividends

	2001	2000
Paid:	£	£
4.2% Cumulative preference shares of £1 each	252	252

10 Tangible Fixed Assets

The Company	Freehold land & buildings	Long leasehold property	Plant & machinery	Motor Vehicles	Fixtures & Fittings	Total
Cost	£	£	£	£	£	£
At 1 April 2000	210,590	25,687	598,074	149,828	6,237	990,416
Additions	-	-	-	-	1,700	1,700
Disposals	-	-	-	(23,225)	-	(23,225)
At 31 March 2001	210,590	25,687	598,074	126,603	7,937	968,891
Depreciation						
At 1 April 2000	-	2,689	333,251	104,036	1,811	441,787
Charge for the year	-	257	26,482	10,312	729	37,780
On disposals	-	-	-	(18,682)	-	(18,682)
At 31 March 2001	-	2,946	359,733	95,666	2,540	460,885
Net Book Value						
At 31 March 2001	210,590	22,741	238,341	30,937	5,397	508,006
At 1 April 2000	210,590	22,998	264,823	45,792	4,426	548,629

Notes to the Financial Statements

for the year ended 31 March 2001

10 *Tangible Fixed Assets*

The Group	Freehold land & buildings	Long leasehold property	Plant & machinery	Motor Vehicles	Fixtures & Fittings	Total
Cost	£	£	£	£	£	£
At 1 April 2000	210,590	25,686	658,298	166,828	27,300	1,088,702
Additions at cost	-	-	-	10,326	10,508	20,834
Disposals	-	-	-	(30,025)	-	(30,025)
At 31 March 2001	210,590	25,686	658,298	147,129	37,808	1,079,511
Depreciation						
At 1 April 2000	-	2,689	364,256	117,131	9,204	493,280
Charge for the year	-	257	29,404	13,667	2,096	45,424
On disposals	-	-	-	(24,669)	-	(24,669)
At 31 March 2001	-	2,946	393,660	106,129	11,300	514,035
Net Book Value						
At 31 March 2001	210,590	22,740	264,638	41,000	26,508	565,476
At 31 March 2000	210,590	22,997	294,042	49,697	18,096	595,422

11 *Investments*

	2001	2000
The Company	£	£
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
England	Ordinary	100%	Manufacturer of screw conveyors and bucket elevators

Notes to the Financial Statements

for the year ended 31 March 2001

12 Stocks

	2001	2000
	£	£
The Company		
Raw materials and consumables	218,995	324,735
Work in progress	6,926	21,821
	<u>225,921</u>	<u>346,556</u>
	2001	2000
	£	£
The Group		
Raw materials and consumables	231,688	342,090
Work in progress	23,032	28,096
	<u>254,720</u>	<u>370,186</u>

13 Debtors

	2001	2000
	£	£
The Company		
Trade debtors	756,972	734,687
Amounts owed by other group undertakings	36,965	23,387
Corporation tax recoverable	-	126
Other debtors	400	350
Prepayments and accrued income	27,756	22,441
	<u>822,093</u>	<u>780,991</u>
	2001	2000
	£	£
The Group		
Trade debtors	866,496	845,128
Corporation tax recoverable	-	126
Other debtors	400	350
Prepayments and accrued income	33,811	28,256
	<u>900,707</u>	<u>873,860</u>

Notes to the Financial Statements

for the year ended 31 March 2001

14 Creditors : Amounts falling due within one year

	2001	2000
The Company	£	£
Bank overdrafts	310,389	189,595
Trade creditors	383,578	453,669
Other taxes and social security costs	63,889	70,378
Other creditors	83,795	87,414
Accruals and deferred income	39,761	56,212
	<u>881,412</u>	<u>857,268</u>

	2001	2000
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	<u>310,389</u>	<u>189,595</u>

	2001	2000
The Group	£	£
Bank overdrafts	310,389	189,595
Trade creditors	425,235	515,546
Other taxes and social security costs	87,972	85,464
Other creditors	83,814	106,821
Accruals and deferred income	49,363	59,323
	<u>956,773</u>	<u>956,749</u>

	2001	2000
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	<u>310,389</u>	<u>189,595</u>

15 Provisions for Liabilities and Charges

The Company	Provided 2001 £	Provided 2000 £	Not Provided 2001 £	Not Provided 2000 £
Deferred Taxation				
Corporation tax calculated in accordance with note 1 relating to:				
Tax Allowances	-	-	36,095	37,890
The Group	Provided 2001 £	Provided 2000 £	Not Provided 2001 £	Not provided 2000 £
Deferred Taxation				
Corporation tax calculated in accordance with note 1 relating to:				
Tax Allowances	-	-	43,982	44,435

16 Share Capital

Equity Interests	Number 2001	Value 2001 £	Number 2000	Value 2000 £
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 2001	Value 2001 £	Number 2000	Value 2000 £
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

E. HARDING & SONS LIMITED**Notes to the Financial Statements****for the year ended 31 March 2001****17 Reconciliation of movements in Shareholders' Funds**

	2001	2000
The Company	£	£
(Loss)/Profit for the financial year	(144,049)	42,433
Dividends	(252)	(252)
Net addition to shareholders' funds	(144,301)	42,181
Opening shareholders' funds	819,009	776,828
Closing shareholders' funds	674,708	819,009
The Group	2001	2000
	£	£
(Loss)/Profit for the financial year	(98,942)	50,582
Dividends	(252)	(252)
Net addition to shareholders' funds	(99,194)	50,330
Opening shareholders' funds	915,693	865,363
Closing shareholders' funds	816,499	915,693

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	2001		2000	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Expiring:				
within one year	-	-	-	-
between two & five years	-	32,500	-	32,381
after five years	69,500	-	69,500	-
	<u>69,500</u>	<u>32,500</u>	<u>69,500</u>	<u>32,381</u>

The Group	2001		2000	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Expiring:				
within one year	-	-	-	-
between two & five years	-	32,500	-	32,381
after five years	91,500	-	91,500	-
	<u>91,500</u>	<u>32,500</u>	<u>91,500</u>	<u>32,381</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 £7,515 (2000 - £8,615).

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 2001, the amount due to the Royal Bank of Scotland by the subsidiary company was nil.

21 Related Party Transactions

The company was controlled by R J Bassham by virtue of his ownership of the whole of the issued share capital of the company.

The Group	Nature of Relationship £	Transaction details £	Amount £	Balance £
E Harding & Sons Ltd -	Directors	Rental		
Directors Pension Fund	Pension Fund	payments	91,500	-

22 Reconciliation of Operating (Loss) to Operating Cash Flow

	2001 £	2000 £
Operating (loss)profit	(76,082)	74,022
Depreciation charges	45,424	50,225
Loss(profit) on disposal of fixed assets	(984)	2,841
Decrease /(Increase) in stocks	115,466	(25,762)
(Increase) in debtors	(26,847)	(77,539)
(Decrease) /Increase in creditors	(120,770)	196,732
Net Cash (Outflow)/Inflow from Operating Activities	<u>(63,793)</u>	<u>220,519</u>

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

i) Returns on Investments and Servicing of Finance	2001 £	2000 £
Interest paid	(22,734)	(23,440)
Dividends paid	<u>(252)</u>	<u>(252)</u>
Net Cash (Outflow) for Returns on Investments and Servicing of Finance	<u>(22,986)</u>	<u>(23,692)</u>

E. HARDING & SONS LIMITED**Notes to the Financial Statements****for the year ended 31 March 2001**

ii) Capital Expenditure and Financial Investment	2001	2000
	£	£
Purchase of tangible fixed assets	(20,834)	(6,179)
Proceeds from the sale of fixed assets	6,340	9,025
Net Cash (Outflow)/Inflow for Capital Expenditure and Financial Investment	(14,494)	2,846

24 Analysis of Changes in Net Debt

	At 1 April 2000	Cash Flows	At 31 March 2001
	£	£	£
Cash in hand and at bank	32,974	19,395	52,369
Overdrafts	(189,595)	(120,794)	(310,389)
Total	(156,621)	(101,399)	(258,020)
