

CONFIDENTIAL

E Harding & Sons Limited

Financial Statements

For the Year Ended

31 March 2003

Company Registration Number 144277



CHAMPLION

Chartered Accountants & Registered Auditors

1 Worsley Court

High Street

Worsley, Manchester

M28 3NJ

E Harding & Sons Limited

Financial Statements

Year Ended 31 March 2003

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E Harding & Sons Limited

Officers and Professional Advisers

The Board of Directors

R J Bassham
J M Fitzgerald
R Hutchinson

Company Secretary

J M Fitzgerald

Registered Office

RJB House
Brookshaw Street
Manchester
M11 4AB

Auditors

Champion
Chartered Accountants
& Registered Auditors
1 Worsley Court
High Street
Worsley, Manchester
M28 3NJ

Bankers

The Royal Bank of Scotland Plc
46/48 Deansgate
Bolton
Lancashire
BL1 1BH

E Harding & Sons Limited

The Directors' Report

Year Ended 31 March 2003

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 March 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of stainless steel plate processing. The subsidiary company was principally engaged in the manufacture of screw conveyors and bucket elevators.

RESULTS AND DIVIDENDS

The trading results for the year, and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2003 £	2002 £
Proposed dividend on ordinary shares	—	25,000
Dividend paid on preference shares	252	252
	<u>252</u>	<u>25,252</u>

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 March 2003	At 1 April 2002
R J Bassham	Ordinary	999	999
	4.2% Cumulative Preference	6,000	6,000
J M Fitzgerald	Ordinary	1	1
R Hutchinson		—	—
		<u>—</u>	<u>—</u>

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 group at the end of the year and of the group's profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 11 to 12, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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

E Harding & Sons Limited

The Directors' Report *(continued)*

Year Ended 31 March 2003

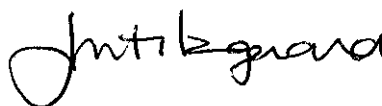
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Champion as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
RJB House
Brookshaw Street
Manchester
M11 4AB

Signed by order of the directors



J M Fitzgerald
Company Secretary

Approved by the directors on 18 July 2003

E Harding & Sons Limited

Independent Auditors' Report to the Shareholders

Year Ended 31 March 2003

We have audited the financial statements on pages 6 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 12.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on pages 2 to 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT 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 group'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.

E Harding & Sons Limited

Independent Auditors' Report to the Shareholders *(continued)*

Year Ended 31 March 2003

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs and of the group as at 31 March 2003 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



1 Worsley Court
High Street
Worsley, Manchester
M28 3NJ

CHAMPI:ON
Chartered Accountants
& Registered Auditors

18 July 2003

E Harding & Sons Limited

Group Profit and Loss Account

Year Ended 31 March 2003

	Note	2003 £	2002 £
Group Turnover	2	3,114,310	3,382,604
Cost of sales		(2,206,090)	(2,376,384)
Gross Profit		908,220	1,006,220
Administrative expenses		(856,110)	(907,120)
Operating Profit	3	52,110	99,100
Interest receivable		392	—
Interest payable	6	(5,621)	(8,587)
Profit on Ordinary Activities Before Taxation		46,881	90,513
Tax on profit on ordinary activities	7	59,044	(7,199)
Profit on Ordinary Activities after Taxation	8	105,925	83,314
Dividends (including non-equity)	9	(252)	(25,252)
Retained Profit for the Financial Year		<u>105,673</u>	<u>58,062</u>

All of the activities of the group are classed as continuing.
The group has no recognised gains or losses other than the results for the
year as set out above.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish
its own Profit and Loss Account.

The notes on pages 11 to 19 form part of these financial statements.

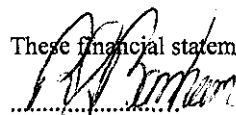
E Harding & Sons Limited

Group Balance Sheet

31 March 2003

	Note	2003 £	£	2002 £	£
Fixed Assets					
Tangible assets	10		346,747		475,229
Current Assets					
Stocks	12	297,334		269,642	
Debtors	13	956,237		775,590	
Cash at bank and in hand		7,750		84,426	
		<u>1,261,321</u>		<u>1,129,658</u>	
Creditors: Amounts Falling due Within One Year	15	<u>671,815</u>		<u>722,680</u>	
Net Current Assets			<u>589,506</u>		<u>406,978</u>
Total Assets Less Current Liabilities			<u>936,253</u>		<u>882,207</u>
Provisions for Liabilities and Charges					
Deferred taxation	14		—		51,627
			<u>936,253</u>		<u>830,580</u>
Capital and Reserves					
Called-up share capital	19		7,000		7,000
Profit and loss account	20		929,253		823,580
Shareholders' Funds (including non-equity interests)	21		<u>936,253</u>		<u>830,580</u>

These financial statements were approved by the directors on the 18 July 2003 and are signed on their behalf by:


R J Bassham

The notes on pages 11 to 19 form part of these financial statements.

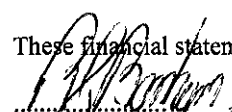
E Harding & Sons Limited

Balance Sheet

31 March 2003

	Note	2003 £	£	2002 £	£
Fixed Assets					
Tangible assets	10		296,838		419,637
Investments	11		100		100
			<u>296,938</u>		<u>419,737</u>
Current Assets					
Stocks	12	256,447		252,437	
Debtors	13	833,110		713,765	
		<u>1,089,557</u>		<u>966,202</u>	
Creditors: Amounts Falling due Within One Year	15	<u>584,777</u>		<u>641,612</u>	
Net Current Assets			<u>504,780</u>		<u>324,590</u>
Total Assets Less Current Liabilities			<u>801,718</u>		<u>744,327</u>
Provisions for Liabilities and Charges					
Deferred taxation	14		-		39,331
			<u>801,718</u>		<u>704,996</u>
Capital and Reserves					
Called-up share capital	19		7,000		7,000
Profit and loss account	20		794,718		697,996
Shareholders' Funds (including non-equity interests)			<u>801,718</u>		<u>704,996</u>

These financial statements were approved by the directors on the 18 July 2003 and are signed on their behalf by:



 R J Bassham

The notes on pages 11 to 19 form part of these financial statements.

E Harding & Sons Limited

Group Cash Flow

Year Ended 31 March 2003

	2003		2002
	£	£	£
Net Cash (Outflow)/Inflow From Operating Activities		(101,679)	103,738
Returns on Investments and Servicing of Finance			
Interest received	392		—
Interest paid	(5,621)		(8,587)
Non-equity dividends paid	(252)		(252)
Net Cash Outflow From Returns on Investments and Servicing of Finance		(5,481)	(8,839)
Taxation		2,742	(2,742)
Capital Expenditure			
Payments to acquire tangible fixed assets	(74,136)		(26,611)
Receipts from sale of fixed assets	273,401		130,380
Net Cash Inflow From Capital Expenditure		199,265	103,769
Equity Dividends Paid		(25,000)	—
Increase in Cash		69,847	195,926

RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating profit	52,110	99,100
Depreciation	48,111	44,044
Profit on disposal of fixed assets	(118,891)	(57,566)
Increase in stocks	(27,692)	(14,922)
(Increase)/decrease in debtors	(175,972)	128,305
Increase/(decrease) in creditors	120,655	(95,223)
Net cash (outflow)/inflow from operating activities	(101,679)	103,738

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003	2002
	£	£
Increase in cash in the period	69,847	195,926
Movement in net funds in the period	69,847	195,926
Net debt at 1 April 2002	(62,094)	(258,020)
Net funds at 31 March 2003	7,750	(62,094)

The notes on pages 11 to 19 form part of these financial statements.

E Harding & Sons Limited

Group Cash Flow *(continued)*

Year Ended 31 March 2003

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2002 £	Cash flows £	At 31 Mar 2003 £
Net cash:			
Cash in hand and at bank	84,426	(76,676)	7,750
Overdrafts	(146,520)	146,520	-
Net funds	<u>(62,094)</u>	<u>69,844</u>	<u>7,750</u>

The notes on pages 11 to 19 form part of these financial statements.

E Harding & Sons Limited

Notes to the Financial Statements

Year Ended 31 March 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of section 230 of the Companies Act 1985.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 10% reducing balance
Fixtures and fittings	- 10% reducing balance
Motor Vehicles	- 25% reducing balance
Leasehold improvements	- 10% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

E Harding & Sons Limited

Notes to the Financial Statements

Year Ended 31 March 2003

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	<u>3,114,310</u>	<u>3,382,604</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Depreciation	48,111	44,044
Profit on disposal of fixed assets	(118,891)	(57,566)
Auditors' remuneration		
- as auditors	11,115	10,176
Operating lease costs:		
Vehicles	<u>17,644</u>	<u>29,156</u>

E Harding & Sons Limited

Notes to the Financial Statements

Year Ended 31 March 2003

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2003	2002
	No	No
Number of production staff	30	30
Number of distribution staff	4	5
Number of administrative staff	13	16
	<u>47</u>	<u>51</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	824,408	832,229
Social security costs	76,717	76,756
Other pension costs	12,844	12,436
	<u>913,969</u>	<u>921,421</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Emoluments receivable	100,689	96,994
Value of company pension contributions to money purchase schemes	2,719	2,479
	<u>103,408</u>	<u>99,473</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2003	2002
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

6. INTEREST PAYABLE

	2003	2002
	£	£
Interest payable on bank borrowing	922	3,602
Other similar charges payable	4,699	4,985
	<u>5,621</u>	<u>8,587</u>

E Harding & Sons Limited

Notes to the Financial Statements

Year Ended 31 March 2003

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
UK Corporation tax based on the results for the year	—	(446)
Total current tax	—	(446)
Deferred tax:		
(Decrease)/increase in deferred tax provision	(59,044)	7,645
Tax on profit on ordinary activities	<u>(59,044)</u>	<u>7,199</u>

(b) Factors affecting current tax charge

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>46,881</u>	<u>90,513</u>
Profit on ordinary activities by rate of tax	14,065	27,154
Disallowable expenses	2,866	1,858
Surplus/deficit of capital allowances and depreciation	(34,646)	(6,157)
Small companies rate relief	(1,500)	—
Loss utilisation	<u>19,215</u>	<u>(23,301)</u>
Total current tax (note 7(a))	<u>—</u>	<u>(446)</u>

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £96,974 (2002 - £91,635).

9. DIVIDENDS

The following dividends have been paid or proposed in respect of the year:

	2003 £	2002 £
Proposed dividend on ordinary shares	—	25,000
Dividend paid on preference shares	<u>252</u>	<u>252</u>
	<u>252</u>	<u>25,252</u>

E Harding & Sons Limited

Notes to the Financial Statements

Year Ended 31 March 2003

10. TANGIBLE FIXED ASSETS

Group	Improvements to Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost						
At 1 Apr 2002	172,248	658,298	31,004	139,949	7,937	1,009,436
Additions	58,826	3,385	255	11,670	—	74,136
Disposals	(155,282)	(2,550)	—	(29,232)	—	(187,064)
At 31 Mar 2003	<u>75,792</u>	<u>659,133</u>	<u>31,259</u>	<u>122,387</u>	<u>7,937</u>	<u>896,508</u>
Depreciation						
At 1 Apr 2002	3,202	420,124	10,881	96,677	3,320	534,204
Charge for the year	7,579	24,035	2,039	13,765	693	48,111
On disposals	(3,202)	—	—	(29,352)	—	(32,554)
At 31 Mar 2003	<u>7,579</u>	<u>444,159</u>	<u>12,920</u>	<u>81,090</u>	<u>4,013</u>	<u>549,761</u>
Net Book Value						
At 31 Mar 2003	<u>68,213</u>	<u>214,974</u>	<u>18,339</u>	<u>41,297</u>	<u>3,924</u>	<u>346,747</u>
At 31 Mar 2002	<u>169,046</u>	<u>238,174</u>	<u>20,123</u>	<u>43,272</u>	<u>4,617</u>	<u>475,232</u>
Company	Improvements to Property £	Plant & Machinery £	Motor Vehicles £	Equipment £	Total £	
Cost						
At 1 April 2002	172,248	598,075	121,628	7,937	899,888	
Additions	58,826	1,810	11,670	—	72,306	
Disposals	(155,282)	(2,550)	(29,232)	—	(187,064)	
At 31 March 2003	<u>75,792</u>	<u>597,335</u>	<u>104,066</u>	<u>7,937</u>	<u>785,130</u>	
Depreciation						
At 1 April 2002	3,202	383,567	90,160	3,320	480,249	
Charge for the year	7,579	21,511	10,814	693	40,597	
On disposals	(3,202)	—	(29,352)	—	(32,554)	
At 31 March 2003	<u>7,579</u>	<u>405,078</u>	<u>71,622</u>	<u>4,013</u>	<u>488,292</u>	
Net Book Value						
At 31 March 2003	<u>68,213</u>	<u>192,257</u>	<u>32,444</u>	<u>3,924</u>	<u>296,838</u>	
At 31 March 2002	<u>169,046</u>	<u>214,508</u>	<u>31,468</u>	<u>4,617</u>	<u>419,639</u>	

E Harding & Sons Limited

Notes to the Financial Statements

Year Ended 31 March 2003

11. INVESTMENTS

Company

The company holds 100% of the share capital of The Conveyor and Elevator Company Limited. The Conveyor and Elevator Company Limited is incorporated in England and is a manufacturer of screw conveyors and bucket elevators.

	£
Cost	
At 1 April 2002 and 31 March 2003	<u>100</u>
Net Book Value	
At 31 March 2003	<u>100</u>
At 31 March 2002	<u>100</u>

12. STOCKS

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Raw materials	243,199	252,742	230,512	242,748
Work in progress	54,135	16,900	25,935	9,689
	<u>297,334</u>	<u>269,642</u>	<u>256,447</u>	<u>252,437</u>

13. DEBTORS

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	892,273	732,955	696,595	605,134
Other debtors	—	3,220	76,872	78,270
Deferred tax (Note 14)	36,739	—	36,739	—
Prepayments and accrued income	56,101	39,415	44,986	30,361
	<u>985,113</u>	<u>775,590</u>	<u>855,192</u>	<u>713,765</u>

15. CREDITORS: Amounts Falling due Within One Year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	—	146,520	12,120	146,520
Trade creditors	461,925	349,882	393,077	297,731
Dividends payable	—	25,000	—	25,000
Other creditors	173,441	153,588	148,032	134,836
Accruals and deferred income	36,449	47,690	31,548	37,525
	<u>671,815</u>	<u>722,680</u>	<u>584,777</u>	<u>641,612</u>

E Harding & Sons Limited

Notes to the Financial Statements

Year Ended 31 March 2003

15. CREDITORS: Amounts Falling due Within One Year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	<u>12,120</u>	<u>146,520</u>	<u>12,120</u>	<u>146,520</u>

The bank overdraft is secured by a debenture dated 4 April 1984, over all the assets of the company apart from those secured under finance leases and hire purchase contracts.

14. DEFERRED TAXATION

The movement in the deferred taxation asset during the year was:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Provision brought forward	(51,627)	(43,982)	(39,331)	(36,095)
Increase/(Decrease) in asset	<u>59,490</u>	<u>(7,645)</u>	<u>53,988</u>	<u>(3,236)</u>
Asset/Provision carried forward	<u>7,863</u>	<u>(51,627)</u>	<u>14,657</u>	<u>(39,331)</u>

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	(28,876)	(51,627)	(22,082)	(39,331)
Tax losses available	<u>36,739</u>	<u>-</u>	<u>36,739</u>	<u>-</u>
	<u>7,863</u>	<u>(51,627)</u>	<u>14,657</u>	<u>(39,331)</u>

16. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2003 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2003		2002	
	Land and buildings £	Other items £	Land and Buildings £	Other items £
Operating leases which expire:				
Within 2 to 5 years	91,500	12,804	-	12,804
After more than 5 years	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
	<u>91,500</u>	<u>12,804</u>	<u>100,000</u>	<u>12,804</u>

E Harding & Sons Limited

Notes to the Financial Statements

Year Ended 31 March 2003

16. COMMITMENTS UNDER OPERATING LEASES *(continued)*

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as set out below.

Company	2003		2002	
	Land and buildings £	Other items £	Land and Buildings £	Other items £
Operating leases which expire:				
Within 2 to 5 years	69,500	12,804	-	12,804
After more than 5 years	-	-	78,000	-
	<u>69,500</u>	<u>12,804</u>	<u>78,000</u>	<u>12,804</u>

17. CONTINGENCIES

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 March 2002, the amount due to the Royal Bank of Scotland by the subsidiary company was nil.

18. RELATED PARTY TRANSACTIONS

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

The company paid rent in the sum of £95,750 in respect of properties owned by E Harding & Sons Limited - Directors Pension Fund.

19. SHARE CAPITAL

Authorised share capital:

	2003 £	2002 £
44,000 Ordinary Shares shares of £1 each	44,000	44,000
6,000 10% Preference Shares shares of £1 each	6,000	6,000
	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary Shares shares of £1 each	1,000	1,000	1,000	1,000
10% Preference Shares shares of £1 each	6,000	6,000	6,000	6,000
	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>

20. RESERVES

Group	Profit and loss account £
Balance brought forward	823,580
Retained profit for the year	105,673
Balance carried forward	<u>929,253</u>

E Harding & Sons Limited

Notes to the Financial Statements

Year Ended 31 March 2003

20. RESERVES

Company	Profit and loss account £
Balance brought forward	697,996
Retained profit for the year	<u>96,722</u>
Balance carried forward	<u>794,718</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

EQUITY SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	105,925	83,314
Dividends	<u>(252)</u>	<u>(25,252)</u>
	105,673	58,062
Opening shareholders' equity funds	<u>824,580</u>	<u>766,518</u>
Closing shareholders' equity funds	<u>930,253</u>	<u>824,580</u>

NON-EQUITY SHAREHOLDERS' FUNDS

Opening and closing shareholders' non-equity funds	<u>6,000</u>	<u>6,000</u>
TOTAL SHAREHOLDERS' FUNDS	<u>936,253</u>	<u>830,580</u>