

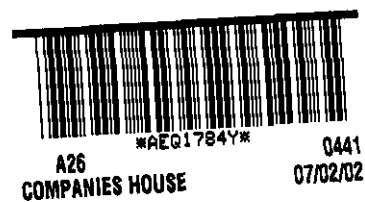
Registered number

1296660

RICHARD WESTERN LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2001



**Scrutton Bland
Chartered Accountants
Ipswich**

RICHARD WESTERN LIMITED

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RICHARD WESTERN LIMITED

DIRECTORS, OFFICERS AND ADVISERS

Directors	R Western R D Benson
Secretary	M H Roberts
Registered Office	D'Urbans Farm Framlingham Woodbridge Suffolk IP13 9RP
Registered Number	1296660
Auditors	Scrutton Bland Sanderson House Museum Street Ipswich IP1 1HE
Bankers	Lloyds TSB Plc Cornhill Ipswich Suffolk
Solicitors	Birketts 24-26 Museum Street Ipswich IP1 1HZ

RICHARD WESTERN LIMITED

DIRECTORS' REPORT

The directors present their annual report and the financial statements of the company for the year ended 30 September 2001.

Principal activity, review of business and future developments

The principal activity of the company in the year under review was that of engineering and agricultural machinery manufacturers.

Investment in previous years together with a review of the cost base has resulted in an encouraging trading result for the year ended 30 September 2001. Despite the problems in the agricultural sector the company is continuing to see the benefits of previous investment in diversification evidenced by the trading results of the current year.

Results and dividends

The profit for the year, after taxation, amounted to £57,545 (2000: Loss £92,678).

The directors do not recommend the payment of a final dividend.

Research and development

Research and development has been carried out during the year in order to develop new uses for the company's products. The expenditure in the year amounted to £Nil (2000: £110,000).

Directors

The directors, who served the company throughout the year, unless otherwise stated, and their beneficial interests in the company's issued ordinary share capital, were as follows:

		2000
R Western	900	900
R E Coe (resigned 31 December 2000)	-	-
R D Benson	-	-

RICHARD WESTERN LIMITED

DIRECTORS' REPORT

Directors' responsibilities for the financial statements

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;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * 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 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.

Political and charitable contributions

Charitable contributions in the year amounted to less than £200.

Signed by order of the board



M. Roberts

Secretary

Approved by the board on 29/12/01

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RICHARD WESTERN LIMITED

We have audited the financial statements on pages 5 to 19, which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 9 to 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. 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 of 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.


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 company's circumstances, consistently applied and adequately disclosed.

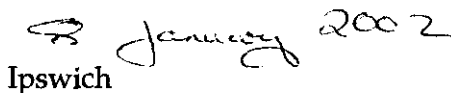
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 company's affairs as at 30 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SCRUTTON BLAND
Chartered Accountants
and Registered Auditors


Ipswich

RICHARD WESTERN LIMITED

**PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2001**

	Notes	£	2000 £
Turnover	2	3,537,395	3,560,563
Cost of sales		(2,718,469)	(2,710,553)
Gross profit		818,926	850,010
Distribution costs		(54,363)	(70,588)
Administrative expenses		(603,395)	(767,882)
Operating profit	3	161,168	11,540
Amounts written off investments		-	(2,730)
Interest payable and similar charges	5	(89,192)	(109,128)
Profit/(loss) on ordinary activities before taxation		71,976	(100,318)
Tax on profit/(loss) on ordinary activities	6	14,431	7,640
Profit/(loss) for the financial year		57,545	(92,678)
Dividends		-	-
Retained profit/(loss) for the financial year		<u>£57,545</u>	<u>£(92,678)</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

RICHARD WESTERN LIMITED

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
YEAR ENDED 30 SEPTEMBER 2001**

	£	2000 £
Reported profit/(loss) on ordinary activities before taxation	71,976	(100,318)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	1,830	1,830
Historical cost profit/(loss) on ordinary activities before taxation	<u>£73,806</u>	<u>£(98,488)</u>
Retained profit/(loss) on an unmodified historical cost basis	<u>£59,375</u>	<u>£(90,848)</u>

RICHARD WESTERN LIMITED

**BALANCE SHEET
AS AT 30 SEPTEMBER 2001**

	Notes	£	2000 £
Fixed assets			
Tangible assets	7	406,989	658,102
Investments	8	-	-
		<u>406,989</u>	<u>658,102</u>
Current assets			
Stocks	9	521,489	887,184
Debtors	10	809,867	1,086,407
Cash at bank and in hand		10,131	1,408
		<u>1,341,487</u>	<u>1,974,999</u>
Creditors: amounts falling due within one year	11	(1,227,078)	(2,021,001)
Net current assets/(liabilities)		<u>114,409</u>	<u>(46,002)</u>
Total assets less current liabilities		521,398	612,100
Creditors: amounts falling due after more than one year	12	(165,747)	(327,994)
Provisions for liabilities and charges			
Deferred taxation	13	(14,000)	-
		<u>£341,651</u>	<u>£284,106</u>
Capital and reserves			
Called up share capital	14	1,000	1,000
Revaluation reserve	15	20,306	22,136
Profit and loss account	15	320,345	260,970
Shareholders' funds - equity interests	16	<u>£341,651</u>	<u>£284,106</u>

The financial statements were approved by the directors on 29 December 2001.

R. Western

Director



RICHARD WESTERN LIMITED

**CASH FLOW STATEMENT
YEAR ENDED 30 SEPTEMBER 2001**

	Notes	£	£	2000	
				£	£
Net cash inflow from operating activities	18		439,614		317,309
Returns on investments and servicing of finance					
Interest paid		(53,679)		(73,195)	
Interest element of hire purchase contracts and finance leases		(35,513)	(89,192)	(35,934)	(109,129)
			350,422		208,180
Taxation					
Corporation tax paid			-		(7,641)
Investing activities					
Purchase of tangible fixed assets		(139,774)		(70,978)	
Sale of tangible fixed assets		311,938	172,164	99,807	28,829
Net cash inflow before financing			522,586		229,368
Financing					
Refinancing of assets		-		-	
Repayment of bank loan		(64,597)		(26,598)	
Capital element of hire purchase contracts and finance lease payments		(289,583)	(354,180)	(93,065)	(119,663)
Increase/(decrease) in cash and cash equivalents	19		<u>£168,406</u>		<u>£109,705</u>

RICHARD WESTERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2001

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Tenants expenditure on short leasehold property	-	over the term of the lease
Plant and machinery	-	25% on net book value
Motor vehicles	-	25% on net book value

No depreciation is provided on freehold land.

No depreciation is provided on freehold properties, since directors consider that the lives of these assets are so long and residual values so high that their depreciation is insignificant. Any permanent diminution in the value of such properties is charged to the profit and loss account.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of production related fixed and variable overheads. Net realisable value is the price at which the stock can be realised in the normal course of business.

Taxation

The charge for taxation is based on the result for the year. The charge also takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision is made for deferred taxation to the extent that, in the opinion of the directors, there is reasonable probability that the liability will arise in the foreseeable future. The rate of tax used is that which is expected to be applied when the liability is expected to crystallise.

RICHARD WESTERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2001

1 ACCOUNTING POLICIES - (continued)

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising in the normal course of trading are dealt with in the profit and loss account for the year.

Leases and hire purchase

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet with an equivalent liability included under creditors. An asset held under a finance lease is depreciated over the shorter of the lease term and its useful life, whilst an asset acquired under a hire purchase contract is depreciated over its useful life. The interest element of the amount payable is charged to the profit and loss account and the capital element reduces the liability in the balance sheet.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

Pension costs

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account for the year in which they are payable to the scheme.

2 TURNOVER

Turnover represents the amount receivable for goods sold during the year, exclusive of VAT. An analysis of turnover by geographical market is given below:

	£	2000 £
United Kingdom	3,179,977	3,133,314
The rest of Europe	329,319	393,648
Middle East	12,599	-
Non EU	15,500	33,601
	<u>£3,537,395</u>	<u>£3,560,563</u>

RICHARD WESTERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2001

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting):

		2000
	£	£
(Profit) on disposal of tangible fixed assets	(39,434)	(34,335)
Depreciation of tangible fixed assets	118,383	127,127
Operating lease rentals : plant and machinery	6,634	14,104
Auditors' remuneration : in respect of audit services	7,750	7,600
Research and development	-	110,000
Directors' emoluments (see below)	49,320	70,823
Foreign exchange (gain)/loss	(948)	(8,427)
	<u>£49,320</u>	<u>£70,823</u>
Directors' remuneration		
Aggregate emoluments	47,770	66,576
Contributions to money purchase pension schemes	1,550	4,247
	<u>£49,320</u>	<u>£70,823</u>

Contributions to a money purchase pension scheme are made on behalf of one director.

4 STAFF COSTS

		2000
	£	£
Wages and salaries	663,515	884,549
Social security costs	58,917	95,572
Other pension costs	1,550	4,247
	<u>£723,982</u>	<u>£984,368</u>
 The average monthly number of employees, including directors during the year was made up as follows :		
Distribution staff	2	2
Office and management	4	6
Sales staff	2	2
Production staff	37	51
	<u>45</u>	<u>61</u>

RICHARD WESTERN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2001**

5 INTEREST PAYABLE

		2000
	£	£
Bank loans and overdrafts	53,679	73,195
Finance leases and hire purchase contracts	35,513	35,933
	<u>£89,192</u>	<u>£109,128</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

		2000
	£	£
Based on the profit for the year		
Corporation tax at 10% (2000: 20%)	431	-
(Over)/underprovision from previous year	-	(7,640)
Deferred taxation	14,000	-
	<u>£14,431</u>	<u>£(7,640)</u>

RICHARD WESTERN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2001**

7 TANGIBLE FIXED ASSETS

	Plant and machinery £	Tenant's expenditure on short leasehold property £	Motor vehicles £	Total £
Cost or valuation				
At 1 October 2000	1,272,424	295,561	125,400	1,693,385
Additions	136,883	-	2,891	139,774
Disposals	(539,422)	-	(20,000)	(559,422)
At 30 September 2001	869,885	295,561	108,291	1,273,737
Cost	869,885	85,561	108,291	1,063,737
Valuation - 1992	-	210,000	-	210,000
	869,885	295,561	108,291	1,273,737
Depreciation				
At 1 October 2000	868,909	92,531	73,843	1,035,283
On disposals	(272,492)	-	(14,426)	(286,918)
Charge for the year	89,495	16,078	12,810	118,383
At 30 September 2001	685,912	108,609	72,227	866,748
Net book values				
At 30 September 2001	<u>£183,973</u>	<u>£186,952</u>	<u>£36,064</u>	<u>£406,989</u>
At 30 September 2000	<u>£403,515</u>	<u>£203,030</u>	<u>£51,577</u>	<u>£658,102</u>

Included within Tenant's expenditure on short leasehold property are improvements which were valued in 1992. The directors have adopted the transitional arrangements set out for the implementation of Financial Reporting Standard No. 15 and do not, in future, intend to update this valuation.

RICHARD WESTERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2001

7 TANGIBLE FIXED ASSETS - (continued)

On the historical cost basis, tenants expenditure on short leasehold property would have been included as follows :

		2000
Cost	£	£
At 1 October 2000 and 30 September 2001	<u>£238,473</u>	<u>£238,473</u>
 Depreciation		
At 30 September 2001	<u>£159,413</u>	<u>£145,165</u>
 At 30 September 2000	<u>£145,165</u>	<u>£130,917</u>

The charge for depreciation of plant and machinery includes £11,133 (2000: £43,913) in respect of assets held under finance leases and assets acquired under hire purchase contracts. At 30 September 2001 the net book value of assets held under finance leases and acquired under hire purchase contracts was £33,399 (2000: £172,906).

8 FIXED ASSET INVESTMENTS

		2000
Cost	£	£
At 1 October 2000 and 30 September 2001	<u>22,637</u>	<u>22,637</u>
 Provision for diminution in value		
At 1 October 2000	(22,637)	(19,907)
Movement in the year	-	(2,730)
 At 30 September 2001	<u>(22,637)</u>	<u>(22,637)</u>
 Net book value		
At 30 September 2001	<u>£ -</u>	<u>£ -</u>
 At 30 September 2000	<u>£ -</u>	<u>£2,730</u>

RICHARD WESTERN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2001**

9 STOCKS

		2000
	£	£
Raw materials	169,265	231,943
Work in progress	248,056	300,424
Finished goods and goods for resale	104,168	354,817
	<u>£521,489</u>	<u>£887,184</u>

There is no material difference between the book value of stocks and replacement cost.

10 DEBTORS

		2000
	£	£
Trade debtors	780,008	1,040,360
Other debtors	18,589	26,229
Prepayments and accrued income	11,270	19,818
	<u>£809,867</u>	<u>£1,086,407</u>

Included in trade debtors are factored debts with a value of £721,699 (2000: £962,417).

RICHARD WESTERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2001

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

		2000
	£	£
Bank loans and overdraft (secured) - (note 12)	15,639	196,922
Other loans	50,316	55,356
Obligations under finance leases and hire purchase contracts (secured) - (note 12)	30,704	201,037
Trade creditors	520,273	722,675
Corporation tax	431	-
Other taxes and social security costs	96,690	98,331
Other creditors	293,957	671,287
Accruals	7,750	7,600
Director's loan account	211,318	67,793
	<u>£1,227,078</u>	<u>£2,021,001</u>

The bank overdraft and loan are secured by a mortgage on the freehold land, expenditure on leasehold property and land owned by the directors and a debenture over all other assets. Included within other creditors is an amount owing in relation to factoring of sales invoices secured by a charge over trade debtors.

The other loan is secured by a fixed charge over certain equipment.

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

		2000
	£	£
Bank loan (see below)	144,004	187,001
Obligations under finance leases and hire purchase contracts	21,743	140,993
	<u>£165,747</u>	<u>£327,994</u>

The bank loan, the aggregate total of which amounts to £154,969 (2000: £219,566) bears interest at 2.5% above base rate.

		2000
	£	£
Debt due after more than one year :		
- Repayable in one to two years	26,454	152,815
- Repayable in two to five years	44,266	142,910
- Repayable after five years	95,027	32,269
	<u>£165,747</u>	<u>£327,994</u>

RICHARD WESTERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2001

13 DEFERRED TAXATION

Deferred taxation provided in the financial statements and the potential amounts, including the amounts for which provision has been made, are as follows:

	Provision		Potential	
	£	2000 £	£	2000 £
Capital allowances in advance of depreciation	14,000	-	26,795	28,452
Other timing differences	-	-	(9,398)	349
	<u>£14,000</u>	<u>£-</u>	<u>£17,397</u>	<u>£28,801</u>

14 CALLED UP SHARE CAPITAL

	2000	
	No.	No.
Authorised : ordinary shares of £1 each	1,000	1,000
	<u>£</u>	<u>£</u>
Allotted, called up and fully paid: ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>

15 RESERVES

	Revaluation reserve £	Profit and loss account £	Total £
At 1 October 2000	22,136	260,970	283,106
Retained profit for the year	-	57,545	57,545
Reserve transfer	(1,830)	1,830	-
At 30 September 2001	<u>£20,306</u>	<u>£320,345</u>	<u>£340,651</u>

RICHARD WESTERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2001

16 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	£	2000 £
Profit/(loss) for the financial year after taxation	57,545	(92,678)
Dividends	-	-
	<hr/>	<hr/>
Opening shareholders' funds at 1 October 2000	57,545 284,106	(92,678) 376,784
	<hr/>	<hr/>
Closing shareholders' funds at 30 September 2001	<u>£341,651</u>	<u>£284,106</u>

17 RELATED PARTIES

The company is controlled by Mr R Western, a director and shareholder.

During the year the company entered into transactions with the following related parties and had the following outstanding balances at the year end:

	Debtor/(Creditor)		Nature of Relationship
	At 30.09.01 £	At 30.09.00 £	
Paragon Parts Limited	(17,267)	8,710	Common control until 4 May 2001
R Western Loan Account	(211,318)	(67,793)	Director
Directors' Pension Scheme	(50,316)	(55,356)	Sponsoring employer
Alpheco Limited	4,335	4,335	Investment company

During the year the company purchased goods with a value of £124,763 (2000: £175,996) from, and sold goods with a value of £33,599 (2000: £42,766) to Paragon Parts Limited.

During the year the company sold plant and machinery with a net book value of £53,271 to Mr R Western for £85,553. The machinery was repurchased by the company for £85,553. All other transactions with Mr Western were through the loan account above.

There were no other related party transactions in the year.

The company sold machinery with a net book value of £197,135 to CRS Environmental Ltd, a company controlled by Mr R Western.

RICHARD WESTERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2001

18 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	£	2000 £
Operating profit	161,168	11,540
Depreciation	118,383	127,127
(Profit)/loss on disposal of fixed assets	(39,434)	(34,335)
Decrease/(increase) in stocks	365,695	(7,498)
Decrease/(increase) in debtors	276,540	(58,924)
(Decrease)/increase in creditors	(442,738)	279,399
Net cash inflow from operating activities	£439,614	£317,309

19 ANALYSIS OF NET DEBT

	At 1 October 2000 £	Cash flow £	At 30 September 2001 £
Cash at bank and in hand	1,408	8,723	10,131
Bank overdraft	(164,357)	159,683	(4,674)
Total	£(162,949)	£168,406	£5,457

20 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£	2000 £
Increase in cash in the period	168,406	109,705
Net debt at 1 October 2000	(162,949)	(272,654)
Net debt at 30 September 2001	£5,457	£(162,949)