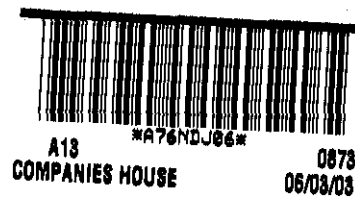


HEPPLE ENGINEERING SERVICES LIMITED
ABBREVIATED FINANCIAL STATEMENTS
31ST AUGUST 2002



HEPPLE ENGINEERING SERVICES LIMITED

ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2002

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HEPPLE ENGINEERING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5, together with the financial statements of the company for the year ended 31st August 2002 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.



Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

TAIT WALKER
Chartered Accountants
& Registered Auditors

...5.3.01.....

HEPPLE ENGINEERING SERVICES LIMITED


ABBREVIATED BALANCE SHEET


31ST AUGUST 2002

	Note	2002 £	2001 £
FIXED ASSETS	2		
Tangible assets		153,190	202,910
Investments		<u>70,078</u>	<u>101,064</u>
		223,268	303,974
CURRENT ASSETS			
Stocks		468,583	259,698
Debtors		381,798	217,970
Cash at bank and in hand		<u>486,772</u>	<u>534,715</u>
		1,337,153	1,012,383
CREDITORS: amounts falling due within one year	3	<u>998,563</u>	<u>719,914</u>
NET CURRENT ASSETS		338,590	292,469
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>561,858</u>	<u>596,443</u>
CREDITORS: amounts falling due after more than one year	4	1,066	8,735
PROVISIONS FOR LIABILITIES AND CHARGES		<u>2,720</u>	<u>-</u>
		<u>558,072</u>	<u>587,708</u>
CAPITAL AND RESERVES			
Called-up equity share capital	5	10,000	10,000
Profit and Loss Account		<u>548,072</u>	<u>577,708</u>
SHAREHOLDERS' FUNDS		<u>558,072</u>	<u>587,708</u>

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 31.8.02 and are signed on their behalf by:


A. Hepple
Director


S. Hepple
Director

The notes on pages 3 to 5 form part of these financial statements.

HEPPLE ENGINEERING SERVICES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective: June 2002).

Turnover

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

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:

Freehold Property	-	2% straight line
Plant & Equipment	-	25% straight line
Fixtures & Fittings	-	20% straight line
Motor Vehicles	-	25% reducing balance

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.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

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.

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.

HEPPLE ENGINEERING SERVICES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2002

1. ACCOUNTING POLICIES *(continued)*

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. FIXED ASSETS

	Tangible Assets £	Investments £	Total £
COST			
At 1st September 2001	330,013	101,064	431,077
Additions	17,067	24,430	41,497
Disposals	(121,114)	(27,201)	(148,315)
At 31st August 2002	225,966	98,293	324,259
DEPRECIATION AND AMOUNTS WRITTEN OFF			
At 1st September 2001	127,103	—	127,103
Charge for year	27,065	28,215	55,280
On disposals	(81,392)	—	(81,392)
At 31st August 2002	72,776	28,215	100,991
NET BOOK VALUE			
At 31st August 2002	153,190	70,078	223,268
At 31st August 2001	202,910	101,064	303,974

HEPPLE ENGINEERING SERVICES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2002

3. CREDITORS: amounts falling due within one year

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

	2002	2001
	£	£
Hire purchase agreements	<u>7,670</u>	<u>15,442</u>

4. CREDITORS: amounts falling due after more than one year

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

	2002	2001
	£	£
Hire purchase agreements	<u>1,066</u>	<u>8,735</u>

5. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	<u>10,000</u>	<u>10,000</u>

6. ULTIMATE CONTROLLING PARTY

The company was under the control of A. Hepple throughout the current and previous year. A. Hepple is the managing director and majority shareholder.