



SRC LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2001

Company Number : 3025097

SRC LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2001

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SRC LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2001

Company Registration Number : 3025097

Registered Office : Buckingham Road
Heaton Manor
Stockport
SK4 4QZ

Directors : K A Harrison
N Lee

Secretary : D L Bagnall

Bankers : HSBC Bank plc
100 King Street
Manchester
M60 2HD

Auditors : Grant Thornton
Registered Auditors
Chartered Accountants
Heron House
Albert Square
Manchester
M60 8GT

SRC LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the financial statements for the year ended 31 March 2001.

Principal activity

The principal activity of the company was the manufacture and sale of rubber crumb for sports and safety surfaces and automotive industries.

Results and dividends

The profit for the year after taxation including an exceptional credit of £51,216 (2000: £Nil) amounted to £109,754 (2000 : £58,258). The directors recommend the payment of a dividend of £100,000 (2000 : £Nil) leaving £9,754 (2000 : £58,258) to be transferred to reserves.

Directors

The directors in office at the end of the year are set out on page 1. In accordance with the company's Articles of Association, N Lee retires by rotation and, being eligible, offers himself for re-election.

K A Harrison is a director of the parent undertaking, Ensor Holdings PLC, and his interest in the shares of that company is disclosed in its accounts. The other director's interest in the shares of the parent undertaking was as follows:

	Ordinary shares	
	2001	2000
N Lee	76,957	76,957

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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SRC LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton offer themselves for re-appointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

K A Harrison
Director

A handwritten signature in dark ink, appearing to be 'K A Harrison', written over a horizontal line.

29 January 2002

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SRC LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on pages 5 and 6.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the director's report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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 other information contained in the director's report, and consider whether it is consistent with the audited financial statements. 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.

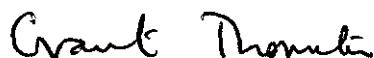
Basis of opinion

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 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER**

29 January 2002

SRC LIMITED

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost and valuation convention.

The company is exempt from publishing a cash flow statement because it is a wholly owned subsidiary undertaking of Ensor Holdings PLC which publishes a consolidated cash flow statement.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below:

Turnover

Turnover is the total value of all amounts invoiced to external customers in respect of goods and services supplied during the year, exclusive of value added tax.

Tangible fixed assets and depreciation

Freehold buildings are depreciated at 2% per annum on cost or valuation. Freehold land is not depreciated. Plant, equipment and vehicles, including any capitalised under finance leases, are depreciated by equal annual instalments at rates calculated to write down the assets over their estimated useful lives. The principal depreciation rates used vary between 10% and 33% per annum for plant and equipment, and between 14% and 25% per annum for vehicles.

Leased assets

Assets held under finance leases are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease.

Rentals payable under operating leases are charged to the profit and loss account evenly over the terms of the lease.

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value.

Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits or losses as computed for tax purposes and results as stated in the financial statements.

Deferred tax is computed under the liability method using the tax rates estimated to arise when the timing differences reverse, and is provided to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Pensions

The company participates in a group pension scheme providing benefits based on final pensionable earnings. Pension costs are assessed in accordance with the advice of an independent qualified actuary and are charged to

SRC LIMITED

PRINCIPAL ACCOUNTING POLICIES

the profit and loss account so as to spread the cost of pensions over the service lives of employees who are members of the scheme.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction, unless matching forward foreign currency contracts have been entered into, in which case the rate specified in the relevant contract is used. Unhedged monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date

SRC LIMITED**PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED 31 MARCH 2001

	Note	2001 £	2000 £
Turnover	1	1,244,063	1,199,620
Cost of sales		<u>(921,137)</u>	<u>(895,775)</u>
Gross profit		322,926	303,845
Distribution costs		(46,945)	(42,606)
Administrative expenses		<u>(198,825)</u>	<u>(180,753)</u>
Operating profit		77,156	80,486
Exceptional item	3	51,216	-
Net interest receivable	4	<u>2,664</u>	<u>1,460</u>
Profit on ordinary activities before taxation	1	131,036	81,946
Tax on profit on ordinary activities	5	<u>(21,282)</u>	<u>(23,688)</u>
Profit on ordinary activities after taxation		109,754	58,258
Dividends	6	(100,000)	-
Retained profit for the year	14	<u>9,754</u>	<u>58,258</u>

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

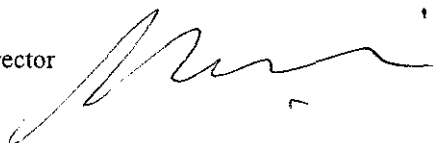
SRC LIMITED

BALANCE SHEET AT 31 MARCH 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	7	432,283	386,758
Current assets			
Stocks	8	42,560	73,122
Debtors	9	304,462	309,918
Cash at bank and in hand		364,050	215,989
		<u>711,072</u>	<u>599,029</u>
Creditors falling due within one year	10	(247,474)	(337,857)
Net current assets		<u>463,598</u>	<u>261,172</u>
Total assets less current liabilities		895,881	647,930
Creditors falling due after more than one year	11	(519,859)	(283,662)
Provisions for liabilities and charges	12	(23,000)	(21,000)
		<u>353,022</u>	<u>343,268</u>
Capital and reserves			
Called up share capital	13	100,000	100,000
Revaluation reserve	14	41,417	41,417
Profit and loss account	14	211,605	201,851
Equity shareholders' funds	15	<u>353,022</u>	<u>343,268</u>

The financial statements were approved by the Board of Directors on 29 January 2002.

K A Harrison, Director



The accompanying accounting policies and notes form an integral part of these financial statements.

SRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2001

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit on ordinary activities before taxation are attributable to the company's principal activity.

The profit on ordinary activities before taxation is stated after :

	2001 £	2000 £
Auditors' remuneration	4,000	4,000
Depreciation of tangible fixed assets	32,251	23,124
Management charge	90,000	70,000

2 DIRECTORS AND EMPLOYEES

	2001 £	2000 £
Staff costs during the year were as follows :		
Wages and salaries	203,426	202,996
Social security costs	15,856	15,194
Pension costs	7,963	8,977
	<u>227,245</u>	<u>227,167</u>

	2001 Number	2000 Number
The average number of employees during the year was :		
Production	10	10
Administration and selling	3	3
	<u>13</u>	<u>13</u>

	2001 £	2000 £
Remuneration in respect of directors was as follows :		
Emoluments	<u>48,493</u>	<u>43,473</u>

3 EXCEPTIONAL ITEM

The exceptional item relates to insurance claim proceeds for factory damage in the previous year.

4 NET INTEREST

	2001 £	2000 £
Bank interest receivable	<u>2,664</u>	<u>1,460</u>

SRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2001

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
The taxation charge is based on the profit for the year and represents :		
Corporation tax at 30% (2000 : 30%)	19,000	22,000
Deferred taxation	2,000	2,000
	<u>21,000</u>	<u>24,000</u>
Under/(overprovision) in respect of prior years		
Corporation tax	282	(312)
	<u>21,282</u>	<u>23,688</u>

6 DIVIDENDS

	2001 £	2000 £
Equity dividends paid	<u>100,000</u>	<u>-</u>

7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 April 2000	225,000	212,882	-	437,882
Additions	-	60,626	17,150	77,776
At 31 March 2001	<u>225,000</u>	<u>273,508</u>	<u>17,150</u>	<u>515,658</u>
Depreciation				
At 1 April 2000	7,992	43,132	-	51,124
Charged in the year	2,500	25,958	3,793	32,251
At 31 March 2001	<u>10,492</u>	<u>69,090</u>	<u>3,793</u>	<u>83,375</u>
Net book amount				
At 31 March 2001	<u>214,508</u>	<u>204,418</u>	<u>13,357</u>	<u>432,283</u>
Net book amount				
At 31 March 2000	<u>217,008</u>	<u>169,750</u>	<u>-</u>	<u>386,758</u>

The net book value of motor vehicles includes £Nil (2000 : £Nil) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £Nil (2000 : £4,016).

SRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2001

Freehold land and buildings comprises:

Freehold
land and
buildings
£

Valuation 1996

225,000

The company's freehold land and buildings were revalued at 31 December 1996 on the basis of their open market value. The valuation was independent and external being carried out by Messrs John German, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

The directors are of the opinion that there has been no material change in the value of the freehold land and buildings.

If the freehold land and buildings had not been revalued they would have been included in the balance sheet at the following amounts:

Freehold
land and
buildings
£

Cost

196,158

Depreciation

(21,669)

Net book amount at 31 March 2001

174,489

Net book amount at 31 March 2000

177,563

8 STOCKS

	2001 £	2000 £
Raw materials and consumables	16,593	46,168
Finished goods and goods for resale	25,967	26,954
	<u>42,560</u>	<u>73,122</u>

9 DEBTORS

	2001 £	2000 £
Trade debtors	281,630	212,326
Amounts owed by group undertakings	530	516
Prepayments	22,302	20,294
Other debtors	-	76,782
	<u>304,462</u>	<u>309,918</u>

SRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2001

10 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Trade creditors	196,111	287,806
Amounts owed to group undertakings	1,293	1,981
Corporation tax	18,688	22,000
Other taxation and social security	28,495	6,750
Other creditors	2,837	3,223
Accruals	50	16,097
	<u>247,474</u>	<u>337,857</u>

11 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £	2000 £
Amounts owed to group undertakings	<u>519,859</u>	<u>283,662</u>
Borrowings are repayable as follows :		
Amounts owed to group undertakings		
Repayable between one and two years	<u>519,859</u>	<u>283,662</u>

12 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 April 2000	21,000
Charge during the year	<u>2,000</u>
At 31 March 2001	<u>23,000</u>

Deferred taxation has been fully provided for and is set out below :

	Amount provided 2001 £	2000 £
Accelerated capital allowances	25,000	23,000
Other timing differences	<u>(2,000)</u>	<u>(2,000)</u>
	<u>23,000</u>	<u>21,000</u>

SRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2001

13 SHARE CAPITAL

	2001 £	2000 £
Authorised, allotted and fully paid		
88,000 Ordinary shares of £1 each	88,000	88,000
12,000 "B" Ordinary shares of £1 each	12,000	12,000
	<u>100,000</u>	<u>100,000</u>

14 RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 April 2000	41,417	201,851
Retained profit for the year	-	9,754
At 31 March 2001	<u>41,417</u>	<u>211,605</u>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	109,754	58,258
Dividends and other appropriations	(100,000)	-
Net increase in shareholders' funds	<u>9,754</u>	<u>58,258</u>
Opening shareholders' funds	343,268	285,010
Closing shareholders' funds	<u>353,022</u>	<u>343,268</u>

16 CAPITAL COMMITMENTS

The company had the following capital commitments :

	2001 £	2000 £
Authorised but not contracted for	<u>41,469</u>	<u>25,000</u>

17 CONTINGENT LIABILITY

The company, together with the ultimate parent undertaking and certain other fellow subsidiaries, has given an interlocking and unlimited multilateral joint and several guarantee in support of the group's banking facilities. This guarantee is supported by charges over the freehold properties and a floating charge over all the other assets of the company.

SRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2001

18 PENSIONS

The pension scheme operated by the group was last valued by the actuary at 31 March 1998, using the projected unit credit method on the assumption that the investment return would be 8% per annum and that earnings will increase by 6%. As a result of that valuation the group increased contributions to the scheme to 7.8% of earnings, being the rate recommended by the actuary.

The actuarial valuation at 31 March 1998 showed that the market value of the scheme's assets, which are held by trustees, was £4,307,972 and that the actuarial value of these assets represented 96% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The assets are invested in listed and other investments, including 4.0% of the issued share capital of the parent undertaking, and are invested and managed independently of the finances of the group.

19 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Ensor Holdings PLC, a company which is incorporated in England and Wales. Group accounts for Ensor Holdings PLC are available to the public, on payment of the appropriate fee, from Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

20 RELATED PARTY TRANSACTIONS

The company has taken advantage of exemption allowed under FRS8 of not disclosing transactions with group undertakings.

21 CONTROLLING RELATED PARTY

K A Harrison is the group's controlling related party by virtue of his interest in 54.2% of the issued share capital of the ultimate parent undertaking.