

COMPANY NO. 00597466

W.H. BARKER & SON ENGINEERS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

30TH SEPTEMBER 1994



W.H. BARKER & SON ENGINEERS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

COMPANY INFORMATION

Directors

M.E. Sara
H.C. Everett
R.W. Simpson
M.C. Price

Secretary

D.E. Austwick

Registered Office

P.O. Box No. 4
Canal Street
Brierley Hill
West Midlands
DY5 1JL

Auditors

John W. Hinks & Co.
Chartered Accountants
Church House
5-14 South Road
Smethwick
Warley
West Midlands
B67 7BH

Bankers

Barclays Bank PLC
P.O. Box No. 9
47 High Street
Dudley
West Midlands
DY1 1PP

W.H. BARKER & SON ENGINEERS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT AND FINANCIAL STATEMENTS 30TH SEPTEMBER, 1994

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W.H. BARKER & SON ENGINEERS LIMITED
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REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 30th September 1994.

Principal activity and business review

The principal activity of the company, which is unchanged from that of the previous year is that of fabricating engineers, general machining and galvanising. Profit after tax amounts to £227,277 compared with £254,601 in the previous year.

Dividends

The directors recommend that a dividend of £152,000 be paid in respect of the year. (1993 - £170,000).

If this recommendation is approved retained profits of £75,277 will be added to reserves.

Fixed assets

Changes in fixed assets are set out in Note 9 to the financial statements.

The directors have consulted professional valuers and are advised that, in line with property values generally, the value of the company's freehold property has fallen below that shown in the accounts. The directors believe that this is a temporary shortfall reflecting the current economic climate. The valuation of the company's property carried out on 30th September 1994 showed no material change in valuation from that shown in the accounts.

Political contributions and charitable donations

The company made charitable donations of £58. There were no political contributions made during the year.

Tax status

As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company. There has been no change in this respect since the end of the financial year.

Directors

The following persons were directors of the Company during the year:-

M.E. Sara
H.C. Everett
R.W. Simpson
M.C. Price

W.H. BARKER & SON ENGINEERS LIMITED
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REPORT OF THE DIRECTORS (continued)

Directors (continued)

Mr M C Price retires by rotation at the annual general meeting and offers himself for re-election.

Directors' interests in the shares of the parent company

The interests of the directors of this company, at 30th September in the shares of the parent company, Hill & Smith Holdings PLC, according to the register required to be kept by the Companies Act 1985, were as follows:-

	<u>30th September, 1994</u>	<u>30th September 1993</u> <u>or on appointment</u>
M.E. Sara	141,546	87,831
H.C. Everett	42,436	5,734
R.W. Simpson	19,477	-
M.C. Price	1,085	987
	<hr/>	<hr/>

Auditors

A resolution to re-appoint the Auditors, Messrs. John W. Hinks & Co., will be proposed at the annual general meeting.

By order of the board

D.E. AUSTWICK

Secretary

12th January 1995

W.H. BARKER & SON ENGINEERS LIMITED
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that year. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards. In addition the directors are required:

- i) to select suitable accounting policies and then apply them consistently.
- ii) to make judgements and estimates that are reasonable and prudent.
- iii) to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with the above requirements, and that applicable accounting standards have been followed.

The directors are also responsible for maintaining adequate accounting records so as to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

W.H. BARKER & SON ENGINEERS LIMITED
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AUDITORS' REPORT TO THE MEMBERS OF
W.H. BARKER & SON ENGINEERS LIMITED

We have audited the financial statements on pages 5 to 14 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 page 8.

Respective responsibilities of directors and auditors

As described on page 3 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 these statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 mis-statement, 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 at 30th September 1994 and of its profit for the year then ended and have been properly prepared in accordance with requirements of the Companies Act 1985.

Church House
5-14 South Road
Smethwick
Warley
West Midlands
B67 7BH

12th January 1995



John W. Hinks & Co.
Chartered Accountants
and Registered Auditors

W.H. BARKER & SON ENGINEERS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1994

	<u>Notes</u>	<u>£</u>	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Turnover	1		3,530,402	3,027,597
Cost of sales			2,569,906	2,098,823
Gross profit			960,496	928,774
Distribution costs		53,371		38,693
Administrative expenses		515,876		453,887
			569,247	492,580
Operating profit	3		391,249	436,194
Interest	6		50,551	56,033
			340,698	380,161
Employees' profit sharing			15,311	16,107
Profit on ordinary activities before tax			325,387	364,054
Tax on profit on ordinary activities	7		98,110	109,453
Profit on ordinary activities after tax for the financial year			227,277	254,601
Dividend	8		152,000	170,000
Retained profit for the year	17		75,277	84,601

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

The notes on pages 8 to 14 form part of these accounts.

W.H. BARKER & SON ENGINEERS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

TOTAL RECOGNISED GAINS AND LOSSES
HISTORICAL COST PROFITS AND LOSSES
MOVEMENT IN SHAREHOLDERS FUNDS _____ FOR THE YEAR ENDED 30TH SEPTEMBER 1994_

Statement of total recognised gains
and losses

There are no recognised gains and losses other than the profit
for the financial year.

Note of historical cost profits and losses

There were no material differences between reported profits
and historical cost profits on ordinary activities before tax.

Reconciliations of movements in shareholders funds

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Profit attributable to shareholders for the year	227,277	254,601
Dividends	152,000	170,000
	<hr/>	<hr/>
Net addition to shareholders funds	75,277	84,601
Opening shareholders funds	835,926	751,325
	<hr/>	<hr/>
Closing shareholders funds	911,203	835,926
	<hr/> <hr/>	<hr/> <hr/>

W.H. BARKER & SON ENGINEERS LIMITED
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BALANCE SHEET

30TH SEPTEMBER, 1994

	<u>Notes</u>	<u>£</u>	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Fixed assets				
Tangible assets	9		1,746,258	1,740,603
Current assets				
Stocks	11	496,692		389,094
Debtors	12	787,932		768,731
Cash at bank and in hand		580		328
		<u>1,285,204</u>		<u>1,158,153</u>
Creditors: amounts due within one year	13	<u>1,895,093</u>		<u>1,763,682</u>
Net current (liabilities)			<u>(609,889)</u>	<u>(605,529)</u>
Total assets less current liabilities			1,136,369	1,135,074
Creditors: amounts due after one year	14		209,250	279,000
Provisions for liabilities and charges	15		15,916	20,148
Net assets			<u>911,203</u>	<u>835,926</u>
Capital and reserves				
Called up share capital	16		40,000	40,000
Revaluation reserve	17		519,123	519,123
Profit and loss account	17		352,080	276,803
Shareholders' funds			<u>911,203</u>	<u>835,926</u>

These financial statements were approved by the board on
12th January 1995.

M.E. SARA)
) DIRECTORS
H.C. EVERETT)

The notes on pages 8 to 14 form part of these accounts.

1. Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold property, and in accordance with applicable Accounting Standards.

(b) Depreciation

Depreciation is provided to write off the cost or valuation of the fixed assets excluding land at the following rates:-

Freehold buildings	- 2% straight line
Plant and equipment	- 10% reducing balance, 10% & 20% straight line
Motor vehicles	- 25% straight line

(c) Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Valuation of finished stock and work in progress includes an amount of related overheads.

(d) Deferred tax

Provision is made in respect of timing differences arising from accelerated capital allowances and other timing differences to the extent that such liabilities are, in the opinion of the directors, expected to become payable in the foreseeable future. No provision is made for any possible liabilities on the future sales of properties at their re-valued book figures as it is intended that such properties will be retained for use in the business.

(e) Turnover

This represents the value of goods sold less returns excluding value added tax.

(f) Pension scheme arrangements

Contributions are charged to the profit and loss account so as to spread the cost of pension evenly over the members' working lives with the company.

W.H. BARKER & SON ENGINEERS LIMITED
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30TH SEPTEMBER, 1994

2. Turnover and profit

The whole of the turnover and profit is derived from the continuing business of fabricating engineers, general machining and galvanising carried on in the United Kingdom.

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
3. Operating profit		
Operating profit is stated after charging:		
Depreciation - owned assets	107,483	93,567
Hire of plant and equipment	21,300	12,176
Auditors' remuneration	4,000	4,000
Loss on sale of assets	-	4,716
	<u> </u>	<u> </u>
4. Directors remuneration		
Remuneration as executives being total remuneration in arriving at operating profit	38,893	35,527
	<u> </u>	<u> </u>
Analysis of directors remuneration as executives (excluding pension contributions)		
Highest paid director	36,281	28,368
	<u> </u>	<u> </u>
Other directors	<u>Number</u>	<u>Number</u>
£ 0 - £ 5,000	3	3
£5,001 - £10,000	0	1
	<u> </u>	<u> </u>

W.H. BARKER & SON ENGINEERS LIMITED
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30TH SEPTEMBER, 1994

	<u>1994</u>	<u>1993</u>
5. Particulars of employees		
The average number of persons employed by the company (including directors) during the year was:-		
Category:		
Administration & sales	13	17
Production	72	64
	<u>85</u>	<u>81</u>
Their total remuneration was:	<u>£</u>	<u>£</u>
Wages and salaries	946,025	834,115
Social security costs	80,121	70,360
Other pension costs	19,601	18,481
	<u>1,045,747</u>	<u>922,956</u>
6. Interest		
Payable on loans and overdrafts repayable within 5 years, not by instalments	<u>50,551</u>	<u>56,033</u>
7. Taxation		
Corporation tax at 33% (1993 33%)	101,000	100,000
Prior year adjustment -		
Corporation tax	(890)	(547)
Deferred tax	(2,000)	10,000
	<u>98,110</u>	<u>109,453</u>
8. Dividends		
Proposed dividend on 40,000 ordinary shares of £1 each	<u>152,000</u>	<u>170,000</u>

W.H. BARKER & SON ENGINEERS LIMITED
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30TH SEPTEMBER, 1994

9. Tangible fixed assets	Freehold land and buildings £	Plant equipment & vehicles £	Total £
a. Cost or valuation			
At 30th September 1993	1,158,881	884,827	2,043,708
Additions	13,479	99,659	113,138
At 30th September 1994	1,172,360	984,486	2,156,846
Depreciation			
At 30th September 1993	26,575	276,530	303,105
Provision for the year	15,446	92,037	107,483
At 30th September, 1994	42,021	368,567	410,588
Net book value at 30th September 1994	1,130,339	615,919	1,746,258
Net book value at 30th September 1993	1,132,306	608,297	1,740,603
b. The cost or valuation figures for land and buildings comprise:-	1994 £	1993 £	
Stated at historical cost	372,360	358,881	
Valuation made in 1991	800,000	800,000	
	1,172,360	1,158,881	
c. The amount of revalued land and buildings as determined according to the historical cost accounting rule is:-	Freehold 1994 £	Freehold 1993 £	
Cost	747,691	734,212	
Depreciation	87,778	72,824	
Net book value	659,913	661,388	

Depreciation in (c) above is included from 1st January 1979. In the opinion of the directors unreasonable expense and delay would be incurred in obtaining information for earlier years.

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30TH SEPTEMBER, 1994

9. Tangible fixed assets (continued)	1994 £	1993 £
d. The net book values of land and buildings comprise:-		
Freehold land	400,000	400,000
Freehold buildings	730,339	732,306
	<u>1,130,339</u>	<u>1,132,306</u>
10. Capital commitments		
Authorised but not contracted for	-	-
Authorised and contracted for	35,000	45,000
	<u>35,000</u>	<u>45,000</u>
11. Stocks		
Raw materials and consumables	371,042	228,840
Work in progress & finished goods	125,650	160,254
	<u>496,692</u>	<u>389,094</u>
12. Debtors		
Trade debtors	592,878	403,377
Amounts owed by group undertakings	176,038	340,764
Prepayments and accrued income	19,016	24,590
	<u>787,932</u>	<u>768,731</u>

W.H. BARKER & SON ENGINEERS LIMITED
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30TH SEPTEMBER, 1994

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
13. Creditors: amounts due within one year		
Bank loans and overdrafts	440,741	254,824
Trade creditors	375,724	482,550
Amounts due to group undertakings	732,007	679,848
Corporation tax	101,000	100,000
Other taxes and social security	48,054	36,636
Accruals	45,567	39,824
Proposed dividend	152,000	170,000
	<u>1,895,093</u>	<u>1,763,682</u>
14. Creditors: amounts due after one year		
Bank loan	209,250	279,000
<p>The above loan is advanced by the company's bankers by arrangement with the European Coal and Steel Community. Interest is payable at 10% gross per annum, and the loan is repayable between 1995 and 1998 by equal instalments payable at six monthly intervals.</p>		
15. Provision for liabilities and charges		
Deferred taxation	8,000	10,000
Pension scheme provision	7,916	10,148
	<u>15,916</u>	<u>20,148</u>
Deferred taxation		
(i) Provided in financial statements		
Accelerated capital allowances	8,000	10,000
(ii) If provision had been made for all timing differences further liability as follows would have appeared in the financial statements:		
Accelerated capital allowances	144,000	131,000
16. Share capital		
Authorised, called up and fully paid		
40,000 shares of £1 each	40,000	40,000

W.H. BARKER & SON ENGINEERS LIMITED
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30TH SEPTEMBER, 1994

17. Reserves

	<u>Profit and loss account</u>	<u>Revaluation reserve</u>
	<u>£</u>	<u>£</u>
At 30th September 1993	276,803	519,123
Profit for the year	75,277	-
	<u>352,080</u>	<u>519,123</u>

18. Contingent liabilities and financial commitments

- a. The freehold property is charged to the Law Debenture Corporation Limited as part of the security for the £1,000,000 14% First Mortgage Debenture Stock 2000/2003 in issue by the parent company.
- b. The company is a party to guarantees given for bank loans and overdrafts of the parent company and certain fellow subsidiaries.
- c. At 30th September 1994, the company had annual commitments under non-cancellable operating leases which expire between one and five years - £11,000 (1993 - £11,000).

19. Pension scheme

The company is a subsidiary of Hill & Smith Holdings PLC and is a member of the Hill & Smith Group Pension & Assurance Scheme. This is a defined benefit scheme, contributions being based on pension costs across the group as a whole.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The most recent actuarial valuation was at the 5th April 1994. Details of this actuarial valuation are disclosed in the financial statements of Hill & Smith Holdings PLC.

The pension cost charge for the year was £19,601 (1993 - £18,481). This took account of the amortization of the surplus disclosed at the most recent valuation over the average remaining service lives of the active members. The provision for pension cost, amounting to £7,916, at the balance sheet date is being released to the pension fund over the average future working lifetime of the members of the scheme. It is the intention of the group to continue to make contributions to the pension scheme in line with the recommendations of the actuary in respect of contribution rates.

20. Parent company

The company is a wholly owned subsidiary of Hill & Smith Holdings PLC, a company registered in England.