

Barkers Engineering Limited
(formerly WH Barker & Son Engineers Limited)

**Directors' report and financial
statements**

Registered number 00597466

For the year ended 30 September 2000



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Directors' report

The directors present their annual report and financial statements for the year ended 30 September 2000.

Principal activity

The principal activity of the company continues to be that of fabricating engineers, general machining and galvanising.

Business review and future developments

Turnover and profit for the year were consistent with expectations due to improved market conditions in comparison with 1999. The directors anticipate a continuation of turnover and profit growth in the future.

Dividends

The directors do not recommend payment of a final dividend for the year ended 30 September 2000 (1999: £Nil).

Political contributions and charitable donations

The company made no charitable donations or political contributions during the year.

Change of name

On 4 July 2000, WH Barker & Son Engineers Limited changed its name to Barkers Engineering Limited.

Directors and their interests

The directors serving during the year were as follows:

G Dale
DL Grove
HC Everett

Mr DL Grove and Mr HC Everett are directors of the ultimate holding company, Hill & Smith Holdings PLC, and their interests in the shares and share options of that company are shown in its financial statements.

The interests of the other director in office at the end of the year in the shares and share options of Hill & Smith Holdings PLC are detailed as follows:

Shares

	30 September 2000	30 September 1999
G Dale	2,500	2,500

Share options

	At 30 September 1999	Granted during year	Lapsed during year	At 30 September 2000	Exercise price p	Date exercisable	Expiry date
G Dale 1	6,933	-	-	6,933	113.6	20.2.99	20.2.06

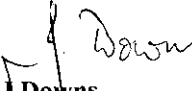
1 These options were granted under the 1995 Executive Share Option Scheme

Directors' report *(continued)*

Auditor

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming annual general meeting.

By order of the board


J Downs
Secretary

Springvale Business and Industrial Park
Bilston
West Midlands
WV14 0QL

23 January 2001

Statement of directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL

**Report of the auditor to the members of Barkers Engineering Limited
(formerly WH Barker & Son Engineers Limited)**

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

Basis of audit 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 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

23 January 2001

Profit and loss account
for the year ended 30 September 2000


	<i>Note</i>	2000 £	1999 £
Turnover	2	6,185,094	4,937,647
Cost of sales		(5,124,436)	(4,085,680)
Gross profit		1,060,658	851,967
Distribution costs		(306,202)	(202,101)
Administrative expenses		(590,261)	(631,709)
Operating profit		164,195	18,157
Interest payable and similar charges	6	-	(2,926)
Profit on ordinary activities before taxation		164,195	15,231
Tax on profit on ordinary activities	7	(15,000)	(7,500)
Profit for the financial year		149,195	7,731
Retained profit brought forward		474,226	466,495
Retained profit carried forward		623,421	474,226

All activity, in both current and preceding years, arises from continuing operations.

Balance sheet
as at 30 September 2000

	Note	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	8		1,328,080		1,091,555
Current assets					
Stocks	9	1,009,716		691,220	
Debtors	10	1,824,639		1,438,739	
Cash at bank and in hand		158,675		38,168	
		<u>2,993,030</u>		<u>2,168,127</u>	
Creditors: Amounts falling due within one year	11	<u>(3,649,909)</u>		<u>(2,699,676)</u>	
Net current assets			<u>(656,879)</u>		<u>(531,549)</u>
Total assets less current liabilities			<u>671,201</u>		<u>560,006</u>
Provisions for liabilities and charges	12		-		(38,000)
Net assets			<u>671,201</u>		<u>522,006</u>
Capital and reserves					
Called up share capital	13		40,000		40,000
Revaluation reserve			7,780		7,780
Profit and loss account			623,421		474,226
Equity shareholder's funds			<u>671,201</u>		<u>522,006</u>

These financial statements were approved by the board of directors on 23 January 2001 and signed on their behalf by:



HC Everett
Director

Statement of total recognised gains and losses
for the year ended 30 September 2000

	2000 £	1999 £
Profit for the year	149,195	7,731
Unrealised deficit on revaluation of properties	-	(212,882)
Total recognised gains and losses relating to the year	149,195	(205,151)

Note of historical cost profits and losses
for the year ended 30 September 2000

	2000 £	1999 £
Reported profit on ordinary activities before taxation	164,195	15,231
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	(6,197)	(6,197)
Historical cost profit on ordinary activities before taxation	157,998	9,034
Historical cost profit for the year retained after taxation and dividends	142,998	1,534

Reconciliation of movements in shareholder's funds
for the year ended 30 September 2000

	2000 £	1999 £
Profit for the financial year	149,195	7,731
Other recognised gains and losses relating to the year : Deficit on revaluation of property	-	(212,882)
Net increase/(reduction) in shareholder's funds	149,195	(205,151)
Opening shareholder's funds	522,006	727,157
Closing shareholder's funds	671,201	522,006

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	- 50 years
Plant, equipment and vehicles	- 4 to 20 years

No depreciation is provided on freehold land.

Stocks and work in progress

These are valued on a "first-in, first-out" basis at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes all production overheads and the attributable proportion of indirect overhead expenses.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. The results of overseas operations are also translated into sterling, at the exchange rate ruling at the balance sheet date. Exchange differences arising from the restranslation of opening net assets denominated in foreign currencies are taken direct to reserves.

All other exchange differences are taken to the profit and loss account.

Turnover

Turnover, which excludes value added tax, and trade discount represents the invoiced value of goods and services supplied.

Pension scheme arrangements

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

Notes (continued)

2 Turnover

The turnover of the company is derived from the following geographical markets:

	2000 £	1999 £
United Kingdom	6,032,532	4,899,153
Europe	152,562	38,494
	<hr/> 6,185,094 <hr/>	<hr/> 4,937,647 <hr/>

3 Profit on ordinary activities before taxation

	2000 £	1999 £
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Profit on ordinary activities before taxation is stated

after charging

Depreciation of owned assets	144,163	127,239
Operating leases - hire of plant and equipment	36,890	35,324
Auditors' remuneration	6,000	9,600
	<hr/>	<hr/>

after crediting

Profit on disposal of tangible fixed assets	516	2,957
	<hr/>	<hr/>

4 Remuneration of directors

Aggregate directors' remuneration for the year was as follows:

	2000 £	1999 £
Emoluments	-	82,263
	<hr/>	<hr/>
Number of directors who are members of defined benefit pension schemes	3	3
	<hr/>	<hr/>

Emoluments in 2000 include a payment of £Nil (1999: £40,000) to a director upon termination of office.

Notes (continued)

5 Particulars of employees

The average number of persons employed by the company (including directors) all of whom were involved in the principal activity was:

	Number of employees	
	2000	1999
Production	102	77
Administration	13	20
Sales and distribution	5	3
	<hr/>	<hr/>
	120	100
	<hr/>	<hr/>

	£	£
Their total remuneration was:		
Wages and salaries	1,491,013	1,209,493
Social security costs	107,678	93,397
Other pension costs	5,820	9,387
	<hr/>	<hr/>
	1,604,511	1,312,277
	<hr/>	<hr/>

6 Interest payable and similar charges

	2000	1999
	£	£
On bank loans and overdrafts	-	2,926
	<hr/>	<hr/>
	-	2,926
	<hr/>	<hr/>

7 Tax on profit on ordinary activities

	2000	1999
	£	£
UK corporation tax at 30% (1999: 30.5%)	53,000	4,500
Deferred tax	(38,000)	-
	<hr/>	<hr/>
	15,000	4,500
Deferred tax adjustments relating to prior year	-	3,000
	<hr/>	<hr/>
	15,000	7,500
	<hr/>	<hr/>

Notes (continued)

8 Tangible fixed assets

	Freehold land and buildings £	Plant equipment and vehicles £	Total £
Cost or valuation			
At beginning of year	630,000	1,305,643	1,935,643
Additions	152,309	229,548	381,857
Disposals	-	(13,419)	(13,419)
	<hr/>	<hr/>	<hr/>
At end of year	782,309	1,521,772	2,304,081
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	-	844,088	844,088
Charge for the year	3,900	140,263	144,163
Disposals	-	(12,250)	(12,250)
	<hr/>	<hr/>	<hr/>
At end of year	3,900	972,101	976,001
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 September 2000	778,409	549,671	1,328,080
	<hr/>	<hr/>	<hr/>
At 30 September 1999	630,000	461,555	1,091,555
	<hr/>	<hr/>	<hr/>

The property was revalued at 30 September 1999 by the Directors, on an open market value for existing use basis after taking appropriate professional advice.

At the year end, the company was committed to capital expenditure of £307,232 (1999: £Nil).

The gross amount of depreciable assets held in freehold land and buildings is £332,309 (1999: £180,000).

The amount of revalued freehold property as determined according to the historical cost accounting rule is:

	2000 £	1999 £
Cost	724,607	724,607
Depreciation	(160,452)	(153,355)
	<hr/>	<hr/>
Net book value	564,155	571,252
	<hr/>	<hr/>

9 Stocks

	2000 £	1999 £
Raw materials and consumables	250,799	180,506
Work in progress and finished goods	758,916	510,714
	<hr/>	<hr/>
	1,009,716	691,220
	<hr/>	<hr/>

Notes (continued)

10 Debtors

	2000 £	1999 £
Trade debtors	1,787,427	1,362,788
Amounts owed by group undertakings	-	17,549
ACT recoverable	-	14,000
Prepayments	36,474	44,402
Other debtors	738	-
	<u>1,824,639</u>	<u>1,438,739</u>

11 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	1,492,890	1,054,570
Amounts owed to group undertakings	1,967,069	1,437,726
Corporation tax	53,000	4,500
Other tax and social security	71,334	55,512
Other creditors	28,841	21,472
Accruals	36,775	125,896
	<u>3,649,909</u>	<u>2,699,676</u>

12 Provisions for liabilities and charges

	2000 £000	1999 £000
Deferred taxation	-	38,000
	<u>-</u>	<u>38,000</u>

The deferred taxation provided and unprovided in the financial statements are set out below:

	Provided		Unprovided	
	2000 £	1999 £	2000 £	1999 £
Accelerated capital allowances	-	39,000	100,000	60,000
Short term timing differences	-	(1,000)	(1,000)	-
	<u>-</u>	<u>38,000</u>	<u>99,000</u>	<u>60,000</u>

Notes (continued)

12 Provisions for liabilities and charges (continued)

The movement in provisions in the year is as follows:

	Deferred taxation £
At beginning of year	38,000
Transfer to profit and loss account	(38,000)
	<hr/>
At end of year	-
	<hr/>

13 Share capital

	2000 £000	1999 £000
<i>Authorised</i>		
40,000 ordinary shares of £1 each	40,000	40,000
	<hr/>	<hr/>
<i>Allotted called up and fully paid</i>		
40,000 ordinary shares of £1 each	40,000	40,000
	<hr/>	<hr/>

14 Contingent liabilities

The company is a party to cross-guarantees given for bank loans and overdrafts of the parent company and certain fellow subsidiaries.

15 Financial commitments

The company's annual commitments under non-cancellable other operating leases was as follows:

	2000 £000	1999 £000
Plant and equipment		
Expiring:		
In less than one year	6,721	-
In one to two years	10,643	-
Within two to five years	7,989	23,376
	<hr/>	<hr/>
	25,353	23,376
	<hr/>	<hr/>

Notes *(continued)*

16 Pension scheme

The company is a subsidiary of Hill & Smith Holdings PLC and is a member of the Hill & Smith Group Pension and Assurance Scheme. This is a defined benefit scheme, the details of which may be found in the statutory financial statements of Hill & Smith Holdings PLC. The pension cost for the year was £5,820 (1999: £9,387). There were no outstanding or prepaid contributions.

17 Related party transactions

The company has taken advantage of the exemption available under FRS8 "Related Party Transactions" not to disclose transactions that have been made between the company and other fellow subsidiaries of Hill & Smith Holdings PLC.

18 Ultimate parent company

The company is a wholly owned subsidiary of Hill & Smith Holdings PLC, a company registered in England. Copies of the Group financial statements may be obtained from the registered office:

Springvale Business and Industrial Park
Bilston
West Midlands
WV14 0QL