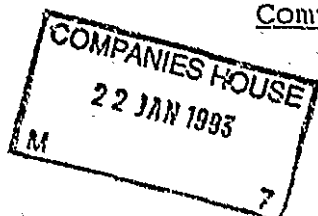


VARNEY HYDRAULICS LIMITED

REPORT AND ACCOUNTS

MARCH 31, 1992

Company Number: 1797378



VARNEY HYDRAULICS LIMITED
CONTENTS OF REPORT AND ACCOUNTS

	<u>Pages</u>
Notice of Meeting	1
Report of the Directors	2 & 3
Report of the Auditor	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Accounts	7 & 8

VARNEY HYDRAULICS LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of VARNEY HYDRAULICS LIMITED will be held at Imperial Street, Bromley-by-Bow, London, E3 3JQ on May 27, 1992 at 9.40 a.m. for the following purposes:

1. To receive the accounts for the year ended March 31, 1992 together with the Reports of the Directors and Auditor thereon.
2. To re-elect Directors.
3. To appoint Coopers & Lybrand Deloitte as the Company's auditor.
4. To transact any other ordinary business.

FOR AND ON BEHALF OF THE BOARD



P J ASHFORTH
Secretary

IMPERIAL STREET
BROMLEY-BY-BOW

April 29, 1992

VARNEY HYDRAULICS LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and accounts for the year ended March 31, 1992.

Results and dividends

There was no profit or loss on ordinary activities before taxation for the year (1991: fnil).

The directors do not recommend the payment of a dividend (1991:£86,075).

Business review

The Company did not trade in the year.

Directors and their interests

The following served as directors since April 1, 1991:

D K Rae (resigned October 4, 1991)
W Ford
P J Ashforth (appointed April 2, 1991)

At no time during or at the end of the year had any director any interest in the share capital of the company, or any contract with the company or other group companies.

Messrs W Ford and P J Ashforth are also directors of the holding company, Brown & Tawse Group PLC, and their shareholdings and share options under the holding company's share option scheme are dealt with in the accounts of that company.

Close company

The company is not a close company within the provision of the Income and Corporation Taxes Act 1988.


VARNEY HYDRAULICS LIMITED

REPORT OF THE DIRECTORS
(continued)

Auditor

A resolution to appoint Coopers & Lybrand Deloitte as the Company's auditor will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



P J ASHFORTH
Secretary

April 28, 1992

Registered Office

Imperial Street
London
E3 3JQ

REPORT OF THE AUDITOR TO THE MEMBERS OF

VARNEY HYDRAULICS LIMITED

We have audited the financial statements on pages 5 to 8 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at March 31, 1992 and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte.

Coopers & Lybrand Deloitte
Chartered Accountants and Registered Auditor
London

April 28, 1992.

VARNEY HYDRAULICS LIMITEDPROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1992

	<u>Notes</u>	<u>1992</u> £	<u>1991</u> £
Turnover		-	-
Cost of sales		-	-
		-----	-----
Gross profit		-	-
Operating costs		-	-
		-----	-----
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities		-	-
		-----	-----
Profit on ordinary activities after taxation		-	-
Dividend	2	-	86,075
		-----	-----
Retained Loss	6	-	(86,075)
		=====	=====

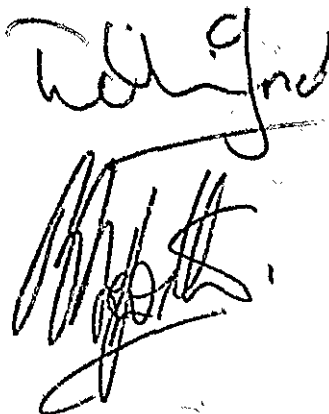
The notes on pages 7 to 8 form part of these accounts

VARNEY HYDRAULICS LIMITEDBALANCE SHEET AT MARCH 31, 1992

	<u>Notes</u>	<u>1992</u> £	<u>1991</u> £
Fixed assets:			
Tangible assets		-	-
Current assets:			
Stocks		-	-
Debtors	4	96,075	96,075
Bank and cash		-	-
		96,075	96,075
Current liabilities:			
Creditors: amounts falling due within one year	5	86,075	86,075
Net current assets		10,000	10,000
Total assets less current liabilities		10,000	10,000
Capital and reserves:			
Called up share capital	6	10,000	10,000
Profit and loss account	7	-	-
		10,000	10,000

The accounts were approved by the Board on April 28, 1992 and signed on its behalf by:

W FORD)
) Directors
P J ASHFORTH)



The notes on pages 7 to 8 form part of these accounts.

VARNEY HYDRAULICS LIMITED

NOTES TO THE ACCOUNTS AT MARCH 31, 1992

1. Accounting policies

Basis of preparation

The accounts are prepared in accordance with applicable accounting standards under the historical cost convention.

Cash Flow Statement

The company has adopted the provisions of Financial Reporting Standard No. 1 in these accounts.

Accordingly, a cash flow statement is not included in these accounts because the company is a wholly owned subsidiary undertaking of Brown and Tawse Group PLC which has informed the company of its intention to prepare a consolidated cash flow statement, including the cash flow of the company, in its accounts for the year ended March 31, 1992.

2. Dividend

	<u>1992</u> £	<u>1991</u> £
Final ordinary dividend	-	86,075
	=====	=====

3. Employees

There were no employees in the year (1991:nil).

No directors received any remuneration in the year (1991:£Nil).

4. Debtors

	<u>1992</u> £	<u>1991</u> £
Due from fellow subsidiaries and holding company	96,075	96,075
	=====	=====

5. Creditors

	<u>1992</u> £	<u>1991</u> £
Due to parent company	47,341	47,341
Due to fellow subsidiary	38,734	38,734
	-----	-----
	86,075	86,075
	=====	=====

VARNEY HYDRAULICS LIMITEDNOTES TO THE ACCOUNTS AT MARCH 31, 1992
(continued)6. Share capitalAuthorisedAllotted, called up
and fully paid1992
No.1991
No.1992
£1991
£

Ordinary shares of £1 each	10,000 *****	10,000 *****	10,000 *****	10,000 *****
----------------------------	-----------------	-----------------	-----------------	-----------------

7. Profit and loss account1992
£

At April 1, 1991 and March 31, 1992

-
****8. Ultimate holding company

The parent and ultimate holding company is Brown & Tawse Group PLC, a company registered in Scotland.

Copies of the Brown & Tawse Group PLC accounts can be obtained from PO Box 159, Imperial Street, London, E3 3JQ.