
STRACHAN & HENSHAW (MANCHESTER) LIMITED
(Registered No. 2029377)

DIRECTOR'S REPORT

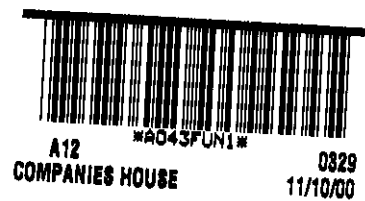
and

FINANCIAL STATEMENTS

For the

52 WEEK PERIOD ENDED

31 DECEMBER 1999



STRACHAN & HENSHAW (MANCHESTER) LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors present their annual report and the audited accounts of the company for the 52 week period ended 31 December 1999.

PARENT COMPANY

The ultimate parent company is The Weir Group PLC, which is registered in Scotland.

ACTIVITIES

The principal activity remains the management of the group business and the review of potential investment opportunities.

The group, although technically insolvent, has the backing of the holding company, Strachan & Henshaw Limited, and as such the directors believe that the company's accounts should be prepared on a going concern basis.

RESULTS & PROPOSED DIVIDEND

The directors report that the company has made a profit on ordinary activities after tax of £7,000 (1998: Loss £456,000).

The directors do not recommend the payment of a dividend.

EMPLOYMENT POLICIES

The company's employment policies and, in particular, those relating to the employment of disabled persons, are set out in detail in the directors' report of The Weir Group PLC, the ultimate parent company.

DIRECTORS

The names of those who were directors of the company during the year were, and their interests in the ordinary shares of the Weir Group PLC were:-

		31 December 1999		1 January 1999	
		Beneficial	Non Beneficial	Beneficial	Non Beneficial
Messrs					
B J Wells	(resigned 31/3/99)	5,800	-	5,700	-
K G A Gamble		-	-	-	-
K E Grove		-	-	-	-
M W Hardy		-	-	-	-
P D Brooks		-	-	-	-
T G Cahill	(resigned 26/11/99)	-	-	-	-
H M Dixon		1,000	-	1,300	-

DIRECTORS' REPORT

DIRECTORS' INTERESTS

Mr. K G A. Gamble was at the 31 December 1999 a Director of The Weir Group PLC the ultimate parent company and his interest in the ordinary shares of The Weir Group PLC at 31 December 1999 and at the end of the preceding period are listed in the report of the Directors of The Weir Group PLC for the 52 week period ended 31 December 1999.

Messrs K E Grove, M W Hardy and P D Brooks were at 31 December 1999 directors of Strachan & Henshaw Ltd and their interest in the ordinary shares of The Weir Group plc are listed in the Report of the Directors of Strachan & Henshaw Ltd.

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and have required modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunction and resulting commercial disruption. The year 2000 date has passed without major problems. However, we recognise the need to continue to monitor the situation. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

A company-wide programme, commissioned by the Board, designed to address the impact of the Year 2000 on our business, has been undertaken with appropriate resources being allocated. Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. This risk has, however, been substantially reduced now that the Year 2000 date has been passed and no major problems have yet occurred. The Board will provide adequate resources to deal promptly with any significant subsequent failures or issues that might arise.

Much of the cost of implementing the action plans will be subsumed into the recurring activities of the departments involved.

AUDITORS

Ernst & Young will be re-appointed as the company's auditors.



By order of the Board
K E Grove
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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; and
- prepare the accounts 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 enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF
STRACHAN & HENSHAW (MANCHESTER) LIMITED**

We have audited the accounts on pages 5 to 13, which have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and on the basis of the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you. Our responsibilities, as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 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 accounts.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its loss for the 52 weeks ended 31 December 1999 and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Bristol

10 March 2000

ACCOUNTING POLICIES

(a) **BASIS OF ACCOUNTING**

The accounts are prepared under the historical cost convention. The accounts are prepared in accordance with applicable accounting standards and with the Companies Act 1985.

(b) **CONSOLIDATION**

In accordance with S228 of the Companies Act 1985, the company is exempt from the obligation to prepare and deliver group accounts as it is wholly owned subsidiary of The Weir Group PLC registered in Scotland, which produces group accounts. Accordingly the accounts present information about the company and not the group.

(c) **DEFERRED TAX**

Deferred tax is provided on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

(d) **FOREIGN CURRENCIES**

Assets and liabilities in foreign currencies are translated to sterling at the exchange rates ruling at the balance sheet date except where amounts are covered by forward foreign exchange contracts. Differences on exchange are dealt with through the Profit and Loss Account as they arise other than those on work-in-progress contracts which are incorporated into the contract assessment.

(e) **LEASING**

Assets obtained under finance leases are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the Profit and Loss Account over the period of the lease and represents a constant portion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

(f) **RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemptions, conferred in FRS 8, from disclosing transactions with related parties that are part of The Weir Group PLC group of companies.

(g) **CASH FLOW STATEMENT**

The company has taken advantage of the exemption, conferred in FRS 1 (revised), from presenting their own Cash Flow Statement.

STRACHAN & HENSHAW (MANCHESTER) LIMITED

**PROFIT & LOSS ACCOUNT FOR THE 52 WEEK PERIOD
ENDED 31 DECEMBER 1999**

	Note	31 December 1999 £000	1 January 1999 £000
Administration costs		(28)	(119)
Other operating income		61	55
Amounts written off investments		<u>-</u>	<u>(312)</u>
PROFIT/(LOSS) BEFORE INTEREST AND TAX	1 & 4	33	(376)
Interest and other income	2	<u>(56)</u>	<u>(95)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(23)	(471)
Tax on loss on ordinary activities	3	<u>30</u>	<u>15</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		7	(456)
Dividends proposed		<u>-</u>	<u>-</u>
TRANSFERRED TO/(FROM) RESERVES	13	<u><u>7</u></u>	<u><u>(456)</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS OR LOSSES

There are no recognised gains or losses other than the profit for the year above

STRACHAN & HENSHAW (MANCHESTER) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1999

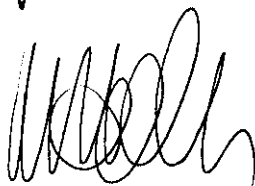
	Note	31December 1999 £000	1January 1999 £000
FIXED ASSETS			
Investments	6	1,364	1,364
		<u>1,364</u>	<u>1,364</u>
CURRENT ASSETS			
Debtors	7	-	695
Cash at bank and in hand		643	-
		<u>643</u>	<u>695</u>
CREDITORS : amounts falling due within one year	8	<u>(1,372)</u>	<u>(1,431)</u>
NET CURRENT LIABILITIES		<u>(729)</u>	<u>(736)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		635	628
Creditors: Amounts falling due after one year	9	(341)	(341)
PROVISION FOR LIABILITIES AND CHARGES	10	-	-
		<u>294</u>	<u>287</u>
CAPITAL AND RESERVES			
Called-up share capital	11	100	100
Capital Redemption Reserve	13	25	25
Profit and loss account	13	169	162
SHAREHOLDERS' FUNDS	12	<u>294</u>	<u>287</u>

These accounts were approved by the board of directors on 10 March 2000

K E Grove
Director



M W Hardy
Director



NOTES TO THE FINANCIAL STATEMENTS

	31 December 1999 £000	1 January 1999 £000
1. PROFIT/(LOSS) BEFORE INTEREST AND TAX		
Profit/(Loss) on ordinary activities before interest and tax is stated after charging:		
Auditors' remuneration and expenses		
- audit	3	9
- non audit	<u>1</u>	<u>-</u>
2. INTEREST AND OTHER INCOME		
Interest receivable - on bank deposits	3	-
Interest payable - to group undertakings	(23)	(3)
- to bank overdraft	(36)	(92)
	<u>(56)</u>	<u>(95)</u>
3. TAXATION		
Profit and Loss Account:		
Credit based on the results of the 52 week period ended 31 December 1999.		
Corporation tax at 30.25% (1998 : 31%)	10	15
	<u>10</u>	<u>15</u>
Adjustments to prior years:		
Corporation tax	20	-
	<u>30</u>	<u>15</u>
4. EXCEPTIONAL ITEMS		
	31 December 1999 £000	1 January 1999 £000
Administration cost include an exceptional item		
Redundancy Costs	30	-
	<u>30</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 DIRECTORS AND EMPLOYEES

	31 December 1999 Number	1 January 1999 Number
Average monthly number of persons employed		
By the company	-	2
	£000	£000
Staff costs :		
Wages and salaries	-	39
Social security costs	-	5
Other pension costs	-	-
	-	44
	31 December 1999 £000	1 January 1999 £000
Directors' remuneration:		
Aggregate emoluments	-	44
	31 December 1999 £000	1 January 1999 £000
Highest paid director:		
Emoluments	-	24

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 FIXED ASSET INVESTMENTS

	31 December 1999	1 January 1999
Shares in Subsidiaries	£000	£000
Cost : 1 January 1999	2,516	2,516
Amounts Provided:		
At January 1999	1,152	-
Amounts provided during the year	-	1,152
At 31 December 1999	1,152	1,152
Net Book Value	1,364	1,364

Subsidiary companies of the group during the period were :

Subsidiary	Country of Incorporation	Nature of Business	Proportion of Share held
Bridgetest Technical Services Limited	England	Dormant	100%
Capstead Systems Limited	England	Dormant	100%
FEL International Limited	England	Engineering -- Incorporated on 6 March 1990	100%
Karritainers Limited	England	Dormant	100%
Marine Winches Limited	England	Dormant	100%
Nuclear & General Engineering Limited	England	Engineering -- Incorporated on 9 April 1990	100%
Cunnington & Cooper Limited	England	Engineering -- Incorporated on 14 April 1986	100%
BEV Limited *	England	Dormant	100%
FEL International Services Limited *	England	Dormant	100%
Harmcatch Limited *	England	Dormant	100%
Wingove & Rogers Limited *	England	Dormant	100%
FEL Services Limited	England	Dormant	100%

* These companies are wholly owned subsidiary companies of Cunnington & Cooper Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. DEBTORS

	31 December 1999 £000	1 January 1999 £000
Amounts owed by group undertakings	-	695
	<u>-</u>	<u>695</u>

8. CREDITORS: Amounts falling due within one year

	31 December 1999 £000	1 January 1999 £000
Bank loan and overdrafts	1,120	1,074
Amounts owed to group undertakings	46	280
Corporation tax	202	3
Other creditors	-	67
Accruals and deferred income	4	7
	<u>1,372</u>	<u>1,431</u>

9. CREDITORS : Amounts falling due after more than one year

	31 December 1999	1 January 1999
Group loans - repayable between one and five years not by instalments - unsecured	341	341
	<u>341</u>	<u>341</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROVISIONS FOR LIABILITIES AND CHARGES

DEFERRED TAXATION

Deferred taxation in the accounts and the amounts not provided are as follows:-

	31 December 1999		1 January 1999	
	Provided £000	Un-provided £000	Provided £000	Un-provided £000
Losses	-	-	-	(30)
	-	-	-	(30)

11. SHARE CAPITAL

	31 December 1999 £000	1 January 1999 £000
Authorised share capital:		
Ordinary shares of £1 each	150	150
Allotted, called-up and fully paid:		
Ordinary shares of £1 each	100	100

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 1999 £000	1 January 1999 £000
Profit/(Loss) for the financial year	7	(456)
Write off of Share Premium Account against fixed asset movements	-	(840)
Net movements in shareholders' funds	7	(1,296)
Opening shareholders' funds	287	1,583
Closing shareholders' funds	294	287

NOTES TO THE FINANCIAL STATEMENTS (continued)**13. RESERVES**

	Capital Redemption Reserve £000	Profit & Loss Account £000	Total £000
At 1 January 1999	25	162	187
Retained profit for year	-	7	7
At 31 December 1999	<u>25</u>	<u>169</u>	<u>194</u>

14. CONTINGENT LIABILITIES AND SECURITIES

The bank has the following as security over borrowings: -

- standard debenture dated 15 December 1995;

15. ULTIMATE PARENT COMPANY

The directors consider that The Weir Group PLC (registered in Scotland) is the company's ultimate parent company. This is the only parent undertaking for which group accounts are drawn up and of which the company is a member. The address from which copies of these accounts are available to the public is: The Weir Group PLC, 149 Newlands Road, Cathcart, Glasgow, G44 4EX.