

STRACHAN AND HENSHAW MANCHESTER LIMITED
(Registered Number 2029377)

FINANCIAL STATEMENTS

For the
52 WEEK PERIOD ENDED
27 DECEMBER 2002



STRACHAN & HENSHAW (MANCHESTER) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited accounts of the company for the 52 week period ended 27 December 2002.

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.

Following a decision by its parent company to withdraw from the nuclear sector, the company decided to discontinue operations and ceased to take any further customer orders after 5th July 2001. All outstanding contract work has been completed since that date and the operations of the company ceased.

RESULTS & PROPOSED DIVIDEND

The directors report that the company has made a Profit on ordinary activities after tax of £91,000 (2001: Profit £347,000).

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:-

Messrs K E Grove
 M W Hardy (Resigned 13.05.02)
 P D Brooks
 D L Smillie

STRACHAN & HENSHAW (MANCHESTER) LIMITED

DIRECTORS' REPORT

DIRECTORS' INTERESTS

Messrs K E Grove, P D Brooks and D L Smillie were at 27 December 2002 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.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

A handwritten signature in black ink, appearing to be 'K E Grove', enclosed within a large, hand-drawn oval.

By order of the Board
K E Grove
Director

Ashton House
PO Box 103
Ashton Vale Road
Bristol
BS99 7TJ

14 March 2003

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.

STRACHAN & HENSHAW (MANCHESTER) LIMITED

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

We have audited the company's financial statements for the year ended 27 December 2002 which comprise the Profit & Loss Account, Balance Sheet, Cash Flow Statement, Statement of Total Recognised Gains and Losses, Accounting Policies and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

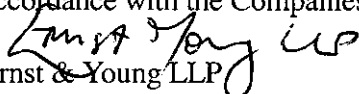
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

STRACHAN & HENSHAW (MANCHESTER) LIMITED

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 27 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP

Registered Auditor

Glasgow

14 March 2003

ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

Fundamental accounting concept

The accounts have been prepared on a break up basis as the company ceased to trade during 2001.

Historical Cost Basis

The accounts are prepared under the historical cost convention (modified to include the revaluation of certain land and buildings). 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 a 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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, joint ventures and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

ACCOUNTING POLICIES (continued)

(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 27 DECEMBER 2002**

	Note	27 December 2002 £000	28 December 2001 £000
Administration costs		<u>-</u>	<u>2</u>
PROFIT BEFORE INTEREST AND TAX		-	2
Exceptional Items	4	136	340
Interest and other income	2	<u>(45)</u>	<u>(16)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		91	326
Tax on profit on ordinary activities	3	<u>-</u>	<u>21</u>
PROFIT FOR THE FINANCIAL YEAR		91	347
TRANSFERRED TO/(FROM) RESERVES	11	<u>91</u>	<u>347</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 27 DECEMBER 2002**

	Note	27 December 2002 £000	28December 2001 £000
FIXED ASSETS			
Investments	6	-	-
		<u>-</u>	<u>-</u>
CURRENT ASSETS			
Debtors	7	-	129
Cash at bank and in hand		<u>7</u>	<u>95</u>
		7	224
CREDITORS : amounts falling due within one year	8	<u>(783)</u>	<u>(1,091)</u>
NET CURRENT LIABILITIES		<u>(776)</u>	<u>(867)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(776)	(867)
		<u>(776)</u>	<u>(867)</u>
CAPITAL AND RESERVES			
Called-up share capital	9	100	100
Capital Redemption Reserve	11	25	25
Profit and loss account	11	<u>(901)</u>	<u>(992)</u>
SHAREHOLDERS' FUNDS	10	<u>(776)</u>	<u>(867)</u>

These accounts were approved by the board of directors on 14 March 2003

K E Grove
Director

P D Brooks
Director

STRACHAN & HENSHAW (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	27 December 2002 £000	28 December 2001 £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	-	-
- non audit	-	-
	<u>-</u>	<u>-</u>
2. INTEREST AND OTHER INCOME		
Interest receivable - on bank deposits	-	7
Interest payable - to group undertakings	-	(21)
- to bank overdraft	(45)	(2)
	<u>(45)</u>	<u>(16)</u>
3. TAXATION		
	Total 2002 £000	Total 2001 £000
(a) Profit and loss account:		
Current tax:		
UK corporation tax	-	-
UK corporation tax overprovided in previous years	-	(21)
	<u>-</u>	<u>(21)</u>
Tax on profit on ordinary activities	-	(21)

STRACHAN & HENSHAW (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

TAXATION (continued)

Total	Total
2002	2001
£000	£000

(b) Factors affecting current tax change

The tax assessed on profit on ordinary activities for the year is higher than the standard rate of Corporation Tax in the UK of 30% (2001 – 30%).

The differences are reconciled below:-

Profit/(Loss) before tax	91	326
Standard Rate	30%	30%
Profit at Standard Rate	27	98
Effects of:		
Disallowed expenses and non-taxable income	(27)	(102)
Group relief	-	4
Adjustment in respect of previous periods	-	(21)
Current tax credit for the period	-	(21)

(c) Factors affecting future tax charge

The company expects to continue claiming capital allowances in excess of depreciation.

4. EXCEPTIONAL ITEMS

	27 December	28 December
	2002	2001
	£000	£000
Business Sale	-	(1)
Group Loan Written Off	-	341
Release of Group Debtor Provision	136	-
	<u>136</u>	<u>340</u>

STRACHAN & HENSHAW (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 DIRECTORS AND EMPLOYEES

	27 December 2002 Number	28 December 2001 Number
Directors' remuneration:		
Aggregate emoluments	<u>-</u>	<u>32</u>

6 FIXED ASSET INVESTMENTS

	27 December 2002 £000	28 December 2001 £000
Shares in Subsidiaries		
Cost : 28 December 2001	<u>2,516</u>	<u>2,516</u>
Amounts Provided:		
At 28 December 2001	2,516	1,152
Amounts provided during the year	<u>-</u>	<u>1,364</u>
At 27 December 2002	<u>2,516</u>	<u>2,516</u>
Net Book Value	<u>-</u>	<u>-</u>

STRACHAN & HENSHAW (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Subsidiary companies of the group during the period were :

Subsidiary	Country of Incorporation	Nature of Business	Proportion of Shares 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%
S & H Dormant 3	England	Dormant	100%
S & H Dormant 5	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%
S & H Dormant 4	England	Dormant	100%
S & H Dormant 1	England	Dormant	100%
Harmcatch Limited *	England	Dormant	100%
Wingrove & Rogers Limited *	England	Dormant	100%
S & H Dormant 2	England	Dormant	100%

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

7. DEBTORS

	27 December 2002 £000	28 December 2001 £000
Corporation Tax	-	1
Amounts owed by group undertakings	-	264
Amounts provided against group debtors	-	(136)
	<u>-</u>	<u>129</u>

The amounts provided against Group debtors and amounts owed by Group undertakings have been released following settlement in full. See note 4 to the financial statements.

STRACHAN & HENSHAW (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. CREDITORS: amounts falling due within one year

	27 December 2002 £000	28 December 2001 £000
Amounts owed to group undertakings	761	1,080
Corporation Tax	19	-
Accruals and deferred income	3	11
	<u>783</u>	<u>1,091</u>

9. SHARE CAPITAL

	27 December 2002 £000	28 December 2001 £000
Authorised share capital:		
Ordinary shares of £1 each	<u>150</u>	<u>150</u>
Allotted, called-up and fully paid:		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	27 December 2002 £000	28 December 2001 £000
Profit/(Loss) for the financial year	91	347
Opening shareholders' funds	<u>(867)</u>	<u>(1,214)</u>
Closing shareholders' funds	<u>(776)</u>	<u>(867)</u>

11. RESERVES

	Capital Redemption Reserve £000	Profit & Loss Account £000	Total £000
At 28 December 2001	25	(992)	(967)
Retained Profit for year	-	91	91
At 27 December 2002	<u>25</u>	<u>(901)</u>	<u>(876)</u>

STRACHAN & HENSHAW (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. CONTINGENT LIABILITIES AND SECURITIES

The company has given a guarantee in relation to the overdraft and loan facilities extended to The Weir Group PLC and certain subsidiary companies.

The net debt on hand of the other companies party to these facilities at 27 December 2002 amounted to £3,243,000 (2001: £1,591,000.)

13. 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.