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

DIRECTOR'S REPORT

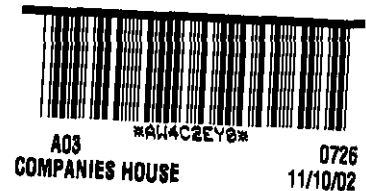
and

FINANCIAL STATEMENTS

For the

52 WEEK PERIOD ENDED

28 DECEMBER 2001



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 28 December 2001.

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 £347,000 (2000: Loss £1,508,000).

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:-

	28 December 2001		29 December 2000	
	Beneficial	Non Beneficial	Beneficial	Non Beneficial
Messrs				
K G A Gamble (Resigned 06.11.01)	-	-	-	-
K E Grove	-	-	-	-
M W Hardy	-	-	-	-
P D Brooks	-	-	-	-
D L Smillie	-	-	-	-

DIRECTORS' REPORT

DIRECTORS' INTERESTS

Messrs K E Grove, M W Hardy, P D Brooks and D L Smillie were at 28 December 2001 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

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.



By order of the Board
K E Grove
Director

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

15th May 2002

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.

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

We have audited the company's accounts for the year ended 28 December 2001 which comprise the Accounting Policies, the Profit & Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. These accounts have been prepared on the basis of the accounting policies set out therein.

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 accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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.

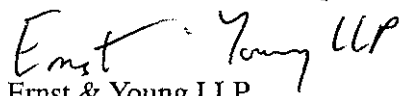
Basis of audit opinion

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 accounts. 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 accounts 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 accounts give a true and fair view of the state of affairs of the company as at 28 December 2001 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

15 May 2002

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 the year.

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 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 28 DECEMBER 2001**

		28 December 2001 £000	29 December 2000 £000
	Note		
Administration costs		2	(138)
Other operating income		-	2
Amounts written off investments		<u>-</u>	<u>(1,364)</u>
PROFIT/(LOSS) BEFORE INTEREST AND TAX		2	(1,500)
Exceptional items	4	340	-
Interest and other income	2	<u>(16)</u>	<u>(12)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX		326	(1,512)
Tax on profit on ordinary activities	3	<u>21</u>	<u>4</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		347	(1,508)
Dividends proposed		<u>-</u>	<u>-</u>
TRANSFERRED TO/(FROM) RESERVES	13	<u>347</u>	<u>(1,508)</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 28 DECEMBER 2001

	Note	28 December 2001 £000	29 December 2000 £000
FIXED ASSETS			
Investments	6	-	-
		<u>-</u>	<u>-</u>
CURRENT ASSETS			
Debtors	7	129	1,428
Cash at bank and in hand		95	94
		<u>224</u>	<u>1,522</u>
CREDITORS : amounts falling due within one year	8	<u>(1,091)</u>	<u>(2,395)</u>
NET CURRENT LIABILITIES		<u>(867)</u>	<u>(873)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(867)	(873)
CREDITORS: amounts falling due after one year	9	-	(341)
PROVISION FOR LIABILITIES AND CHARGES	10	-	-
		<u>(867)</u>	<u>(1,214)</u>
CAPITAL AND RESERVES			
Called-up share capital	11	100	100
Capital Redemption Reserve	13	25	25
Profit and loss account	13	(992)	(1,339)
SHAREHOLDERS' FUNDS	12	<u>(867)</u>	<u>(1,214)</u>

These accounts were approved by the board of directors on 15th May 2002


K E Grove
Director


M W Hardy
Director

STRACHAN & HENSHAW (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	28 December 2001 £000	29 December 2000 £000
1. PROFIT/(LOSS) BEFORE INTEREST AND TAX		
Profit/(Loss) on ordinary activities before interest		
And tax is stated after charging:	2	(142)
Auditors' remuneration and expenses		
- audit	-	3
- non audit	-	-
	<u>2</u>	<u>(142)</u>
2. INTEREST AND OTHER INCOME		
Interest receivable - on bank deposits	7	42
Interest payable - to group undertakings	(21)	(24)
- to bank overdraft	(2)	(30)
	<u>(16)</u>	<u>(12)</u>
3. TAXATION		
Profit and Loss Account:		
Credit based on the results of the 52 week period ended		
28 December 2001.		
Corporation tax at 30% (2000 : 30%)		4
		<u>4</u>
Adjustments to prior years:		
Corporation tax	21	-
	<u>21</u>	<u>4</u>
4. EXCEPTIONAL ITEMS		
	28 December 2001 £000	29 December 2000 £000
Business Sale	(1)	-
Group Loan Written Off	341	-
	<u>340</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 DIRECTORS AND EMPLOYEES

	28 December 2001 Number	29 December 2000 Number
Average monthly number of persons employed By the company	-	-
	£000	£000
Staff costs :		
Wages, salaries, social security and pension costs	-	-
	-	-
	28 December 2001 £000	29 December 2000 £000
Directors' remuneration:		
Aggregate emoluments	-	32
	28 December 2001 £000	29 December 2000 £000
Highest paid director:		
Emoluments	-	32

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 FIXED ASSET INVESTMENTS

	28 December 2001 £000	29 December 2000 £000
Shares in Subsidiaries		
Cost : 30 December 2000	2,516	2,516
Amounts Provided:		
At January 2000	2,516	1,152
Amounts provided during the year	-	1,364
At 29 December 2000	2,516	2,516
Net Book Value	-	-

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%
Wingove & Rogers Limited *	England	Dormant	100%
S & H Dormant 2	England	Dormant	100%

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. DEBTORS

	28 December 2001 £000	29 December 2000 £000
Trade Debtors	-	1
Corporation Tax	1	-
Amounts owed by group undertakings	264	1,563
Amounts provided against group debtors	(136)	(136)
	<u>129</u>	<u>1,428</u>

8. CREDITORS: amounts falling due within one year

	28 December 2001 £000	29 December 2000 £000
Amounts owed to group undertakings	1,080	2,306
Corporation Tax	-	72
Accruals and deferred income	11	17
	<u>1,091</u>	<u>2,395</u>

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

	28 December 2001	29 December 2000
Group loans - repayable between one and five years not by instalments – unsecured	-	341
	<u>-</u>	<u>341</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROVISIONS FOR LIABILITIES AND CHARGES

DEFERRED TAXATION

There are no amounts of Deferred Tax provided in the year.

11. SHARE CAPITAL

	28 December 2001 £000	29 December 2000 £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>

12. RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS' FUNDS

	28 December 2001 £000	29 December 2000 £000
Profit/(Loss) for the financial year	347	(1,508)
Opening shareholders' funds	<u>(1,214)</u>	<u>294</u>
Closing shareholders' funds	<u>(867)</u>	<u>(1,214)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. RESERVES

	Capital Redemption Reserve £000	Profit & Loss Account £000	Total £000
At 30 December 2000	25	(1,339)	(1,314)
Retained profit for year		347	347
At 28 December 2001	25	(992)	(967)

14. 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 28 December 2001 amounted to £1,591,000. (2000: £1,871,000.)

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.