

HARDY UK LIMITED

ABBREVIATED FINANCIAL STATEMENTS

25TH OCTOBER 1997



STONEBRIDGE STEWART
Chartered Accountants & Registered Auditors
1 Claremount Drive
Bebington
Wirral
L63 3BX

HARDY UK LIMITED

ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 25TH OCTOBER 1997

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HARDY UK LIMITED

AUDITORS' REPORT TO THE COMPANY UNDER SECTION 247B OF THE COMPANIES ACT 1985

YEAR ENDED 25TH OCTOBER 1997

We have examined the abbreviated financial statements set out on pages 2 to 5, together with the full financial statements of the Company for the year ended 25 October 1997, prepared under section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

The Directors are responsible for preparing the abbreviated financial statements in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the Company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF OPINION

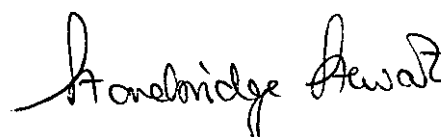
We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the Company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion, the Company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages 2 to 5 are properly prepared in accordance with those provisions.

1 Claremount Drive
Bebington
Wirral
L63 3BX

16th February 1998



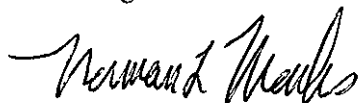
STONEBRIDGE STEWART
Chartered Accountants
Registered Auditors

HARDY UK LIMITED**ABBREVIATED BALANCE SHEET****25TH OCTOBER 1997**

	Note	1997		1996	
		£	£	£	£
FIXED ASSETS	2				
Tangible assets			233,996		296,955
CURRENT ASSETS					
Stocks		201,430		178,019	
Debtors		288,373		224,790	
Cash at bank and in hand		39,418		7,482	
		529,221		410,291	
CREDITORS: Amounts falling due within one year		(325,015)		(336,600)	
NET CURRENT ASSETS			204,206		73,691
TOTAL ASSETS LESS CURRENT LIABILITIES			438,202		370,646
CREDITORS: Amounts falling due after more than one year			(209,861)		(193,914)
PROVISIONS FOR LIABILITIES AND CHARGES			(21,993)		(22,777)
GOVERNMENT GRANTS	3		(45,500)		(52,000)
NET ASSETS			160,848		101,955
CAPITAL AND RESERVES					
Equity share capital	4		2		2
Profit and loss account			160,846		101,953
SHAREHOLDER'S FUNDS			160,848		101,955

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the directors on the 11th Feb 1998 and are signed on their behalf by:



N. L. MONKS

HARDY UK LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 25TH OCTOBER 1997

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, less commissions payable and is exclusive of Value Added Tax

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer systems	- 33% straight line
Property improvements	- 10% straight line
Plant and machinery	- 10% to 25% straight line
Fixtures and fittings	- 25% straight line
Motor vehicles	- 33% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

HARDY UK LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 25TH OCTOBER 1997****1. ACCOUNTING POLICIES** *(continued)***Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. FIXED ASSETS

	Tangible Fixed Assets £
COST	
At 27th October 1996	439,724
Additions	<u>1,312</u>
At 25th October 1997	<u>441,036</u>
DEPRECIATION	
At 27th October 1996	142,769
Charge for year	<u>64,271</u>
At 25th October 1997	<u>207,040</u>
NET BOOK VALUE	
At 25th October 1997	<u>233,996</u>
At 26th October 1996	<u>296,955</u>

3. GOVERNMENT GRANTS

	1997 £	1996 £
Received and receivable	65,000	65,000
Amortisation	<u>(19,500)</u>	<u>(13,000)</u>
	<u>45,500</u>	<u>52,000</u>

HARDY UK LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 25TH OCTOBER 1997****4. SHARE CAPITAL****Authorised share capital:**

	1997	1996
	£	£
1,000 Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	1997	1996
	£	£
Ordinary share capital	<u>2</u>	<u>2</u>

5. ULTIMATE PARENT COMPANY

The Company's ultimate parent undertaking is L Hardy Co, incorporated in the United States of America.