

HARDY UK LIMITED
ABBREVIATED FINANCIAL STATEMENTS
31 OCTOBER 1998

STONEBRIDGE STEWART

Chartered Accountants & Registered Auditors

Daryl House
76a Pensby Road
Heswall
Wirral
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HARDY UK LIMITED

ABBREVIATED FINANCIAL STATEMENTS

PERIOD FROM 26 OCTOBER 1997 TO 31 OCTOBER 1998

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HARDY UK LIMITED

AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5, together with the financial statements of the company for the period from 26 October 1997 to 31 October 1998 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts 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 accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

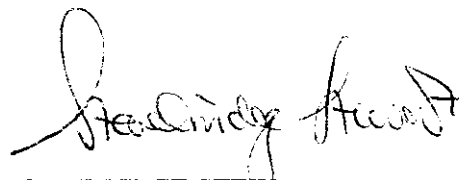
We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did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

OPINION

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

Daryl House
76a Pensby Road
Heswall
Wirral
L60 7RF

17 February 1999



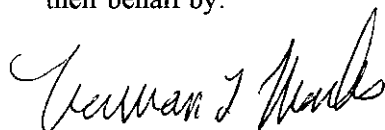
STONEBRIDGE STEWART
Chartered Accountants
& Registered Auditors

HARDY UK LIMITED**ABBREVIATED BALANCE SHEET****31 OCTOBER 1998**

	Note	31 Oct 98	25 Oct 97
		£	£
FIXED ASSETS	2		
Tangible assets		199,042	233,996
CURRENT ASSETS			
Stocks		255,077	201,430
Debtors		265,532	288,373
Cash at bank and in hand		40,212	39,418
		<u>560,821</u>	<u>529,221</u>
CREDITORS: Amounts falling due within one year	3	<u>(277,421)</u>	<u>(325,015)</u>
NET CURRENT ASSETS		<u>283,400</u>	<u>204,206</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>482,442</u>	<u>438,202</u>
CREDITORS: Amounts falling due after more than one year	4	(169,744)	(209,861)
PROVISIONS FOR LIABILITIES AND CHARGES		(23,036)	(21,993)
GOVERNMENT GRANTS	5	(39,000)	(45,500)
		<u>250,662</u>	<u>160,848</u>
CAPITAL AND RESERVES			
Called-up equity share capital	6	2	2
Profit and loss account		250,660	160,846
SHAREHOLDER'S FUNDS		<u>250,662</u>	<u>160,848</u>

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 17 February 1999 and are signed on their behalf by:



N. L. MONKS

HARDY UK LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****PERIOD FROM 26 OCTOBER 1997 TO 31 OCTOBER 1998****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 period, 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:

Buildings expense	- 10% straight line
Plant & Machines	- 10% to 25% straight line
Fixtures & Fittings	- 25% straight line
Motor Vehicles	- 33% straight line
Computer Systems	- 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.

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.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

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.

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.

HARDY UK LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****PERIOD FROM 26 OCTOBER 1997 TO 31 OCTOBER 1998****2. FIXED ASSETS**

	Tangible Fixed Assets £
COST	
At 26 October 1997	441,036
Additions	<u>22,335</u>
At 31 October 1998	<u>463,371</u>
DEPRECIATION	
At 26 October 1997	207,040
Charge for period	<u>57,289</u>
At 31 October 1998	<u>264,329</u>
NET BOOK VALUE	
At 31 October 1998	<u>199,042</u>
At 25 October 1997	<u>233,996</u>

3. CREDITORS: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	31 Oct 98 £	25 Oct 97 £
Bank loans and overdrafts	13,250	34,842
Hire purchase agreements	<u>29,990</u>	<u>38,352</u>
	<u>43,240</u>	<u>73,194</u>

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

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	31 Oct 98 £	25 Oct 97 £
Bank loans and overdrafts	39,750	53,000
Hire purchase agreements	<u>2,264</u>	<u>32,254</u>
	<u>42,014</u>	<u>85,254</u>

HARDY UK LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****PERIOD FROM 26 OCTOBER 1997 TO 31 OCTOBER 1998****5. GOVERNMENT GRANTS**

	31 Oct 98	25 Oct 97
	£	£
Received and receivable	65,000	65,000
Amortisation	<u>26,000</u>	<u>19,500</u>
	<u><u>39,000</u></u>	<u><u>45,500</u></u>

6. SHARE CAPITAL**Authorised share capital:**

	31 Oct 98	25 Oct 97
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	31 Oct 98	25 Oct 97
	£	£
Ordinary share capital	<u>2</u>	<u>2</u>

7. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking is L Hardy Company, Inc., incorporated in the United States of America, whose offices are at Worcester, Massachusetts.