

BETABITE HYDRAULICS LIMITED
FINANCIAL STATEMENTS
FOR
30TH APRIL 2002

Company Registration Number 2877457



HARGREAVES, BROWN & BENSON
Chartered Accountants & Registered Auditors
2 Derby Street
Colne
Lancashire
BB8 9AD

BETABITE HYDRAULICS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30TH APRIL 2002

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BETABITE HYDRAULICS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	E.S. Fort OBE I. Wilson M.P. Dobson
Company secretary	E.M. Drury
Registered office	Stuart Road, Manor Park, Runcorn, Cheshire. WA7 1TS
Auditors	Hargreaves, Brown & Benson Chartered Accountants & Registered Auditors 2 Derby Street Colne Lancashire BB8 9AD

BETABITE HYDRAULICS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30TH APRIL 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30th April 2002.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was the manufacture of hydraulic fittings.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 April 2002	At 1 May 2001
E.S. Fort OBE	85	85
I. Wilson	15	15
M.P. Dobson	—	—

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

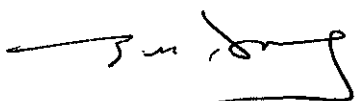
In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 6 to 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the directors



E.M. DRURY
Company Secretary

Approved by the directors on 21.11.02

BETABITE HYDRAULICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30TH APRIL 2002

We have audited the financial statements on pages 4 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on pages 6 to 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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. Our responsibilities do not extend to any other information.

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 financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

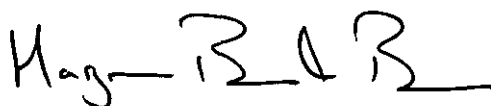
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th April 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

2 Derby Street
Colne
Lancashire
BB8 9AD

28th November 2002



HARGREAVES, BROWN & BENSON
Chartered Accountants
& Registered Auditors

BETABITE HYDRAULICS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30TH APRIL 2002

	Note	2002 £	2001 £
TURNOVER		1,284,321	1,444,501
Cost of sales		<u>735,789</u>	<u>509,481</u>
GROSS PROFIT		548,532	935,020
Distribution Costs		29,560	33,265
Administrative expenses		<u>505,236</u>	<u>853,615</u>
OPERATING PROFIT	2	13,736	48,140
Interest receivable		—	69
Interest payable		<u>(1,849)</u>	<u>(2,415)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,887	45,794
Tax on profit on ordinary activities	4	2,331	12,289
RETAINED PROFIT FOR THE FINANCIAL YEAR		9,556	33,505
Balance brought forward		<u>424,081</u>	<u>390,576</u>
Balance carried forward		<u>433,637</u>	<u>424,081</u>

The notes on pages 6 to 12 form part of these financial statements.

BETABITE HYDRAULICS LIMITED

BALANCE SHEET

30TH APRIL 2002

	Note	2002 £	£	2001 £	£
FIXED ASSETS					
Tangible assets	5		474,214		548,355
CURRENT ASSETS					
Stocks		431,924		566,623	
Debtors	6	296,302		467,205	
Cash at bank and in hand		16,414		13,615	
		<u>744,640</u>		<u>1,047,443</u>	
CREDITORS: Amounts falling due within one year	7	<u>710,959</u>		<u>1,077,601</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>33,681</u>		<u>(30,158)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>507,895</u>		<u>518,197</u>
CREDITORS: Amounts falling due after more than one year	8		<u>—</u>		<u>11,245</u>
			<u>507,895</u>		<u>506,952</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	10		41,658		43,771
Government grants	11		32,500		39,000
			<u>433,737</u>		<u>424,181</u>
CAPITAL AND RESERVES					
Called-up equity share capital	13		100		100
Profit and Loss Account			<u>433,637</u>		<u>424,081</u>
SHAREHOLDERS' FUNDS			<u>433,737</u>		<u>424,181</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 21.11.02 and are signed on their behalf by:

I. Wilson



The notes on pages 6 to 12 form part of these financial statements.

BETABITE HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH APRIL 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, 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:

Plant & Machinery	- 10 - 20% straight line per annum
Motor Vehicles	- 25% reducing balance per annum

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.

Finance lease agreements

Where the company enters into a lease, which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future installments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight line basis, and the capital element which reduces the outstanding obligation for future installments.

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 on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

BETABITE HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH APRIL 2002

1. ACCOUNTING POLICIES *(continued)*

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.

Deferred government grants

Government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2002 £	2001 £
Staff pension contributions	19,101	18,186
Amortisation of government grants re fixed assets	(6,500)	(6,500)
Depreciation	89,441	83,485
Auditors' fees	<u>4,000</u>	<u>5,000</u>

3. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2002 £	2001 £
Aggregate emoluments	128,345	89,961
Value of company pension contributions to money purchase schemes	<u>5,700</u>	<u>4,777</u>
	<u>134,045</u>	<u>94,738</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2002 No.	2001 No.
Money purchase schemes	<u>1</u>	<u>1</u>

BETABITE HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH APRIL 2002

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation

	2002		2001	
	£	£	£	£
Current tax:				
In respect of the year:				
UK Corporation tax based on the results for the year at 20% (2001 - 20%)		4,444		4,485
Over/under provision in prior year		—		9,802
Total current tax		4,444		14,287
Deferred tax:				
Decrease in deferred tax provision (note 10)				
Capital allowances	(2,140)		(1,421)	
Other	27		(577)	
Total deferred tax (note 10)		(2,113)		(1,998)
Tax on profit on ordinary activities		2,331		12,289

5. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Motor Vehicles £	Total £
COST			
At 1st May 2001	890,355	52,935	943,290
Additions	2,284	42,900	45,184
Disposals	—	(45,685)	(45,685)
At 30th April 2002	892,639	50,150	942,789
DEPRECIATION			
At 1st May 2001	377,699	17,236	394,935
Charge for the year	80,790	10,543	91,333
On disposals	—	(17,693)	(17,693)
At 30th April 2002	458,489	10,086	468,575
NET BOOK VALUE			
At 30th April 2002	434,150	40,064	474,214
At 30th April 2001	512,656	35,699	548,355

Finance lease agreements

Included within the net book value of £474,214 is £21,916 (2001 - £27,716) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £5,800 (2001 - £5,800).

BETABITE HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH APRIL 2002

6. DEBTORS

	2002 £	2001 £
Trade debtors	289,564	462,737
Other debtors	50	—
Prepayments and accrued income	6,688	4,468
	<u>296,302</u>	<u>467,205</u>

7. CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Trade creditors	614,019	981,202
Other creditors including taxation and social security:		
Corporation tax	4,444	4,485
PAYE and social security	11,630	12,033
VAT	38,080	5,160
Finance lease agreements	11,245	11,306
Other creditors	4,046	5,725
Accruals and deferred income	27,495	57,690
	<u>96,940</u>	<u>96,399</u>
	<u>710,959</u>	<u>1,077,601</u>

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

	2002 £	2001 £
Finance lease agreements	—	11,245

9. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2002 £	2001 £
Finance lease agreements are analysed as follows:		
Current obligations	11,245	11,306
Non-current obligations	—	11,245
	<u>11,245</u>	<u>22,551</u>

10. DEFERRED TAXATION

	2002 £	2001 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	43,771	45,769
Profit and Loss Account movement arising during the year	(2,113)	(1,998)
Provision carried forward	<u>41,658</u>	<u>43,771</u>

BETABITE HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH APRIL 2002

10. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2002 £	2001 £
Excess of taxation allowances over depreciation on fixed assets	42,208	44,348
Other timing differences	(550)	(577)
	<u>41,658</u>	<u>43,771</u>

11. GOVERNMENT GRANTS

	2002 £	2001 £
Received and receivable:		
At 1st May 2001	60,000	60,000
At 30th April 2002	<u>60,000</u>	<u>60,000</u>
Amortisation:		
At 1st May 2001	21,000	14,500
Credit to profit and loss account	6,500	6,500
At 30th April 2002	<u>27,500</u>	<u>21,000</u>
Net balance at 30th April 2002	<u>32,500</u>	<u>39,000</u>

The company has received a Department of Trade and Industry capital expenditure grant of up to £60,000 to assist in the safeguarding of existing jobs and creation of new jobs within the company.

The grant is dependant upon the conditions laid down by the Department of Trade and Industry in giving the assistance and may be subject to variation, withholding or repayment for a period of up to three years following the final payment.

BETABITE HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH APRIL 2002

12. RELATED PARTY TRANSACTIONS

Controlling Parties

The ultimate controlling party is identified as Mr E.S. Fort.

Other related parties

The following are all identified as being under the ultimate control of Mr E.S. Fort:

Atlantic Tool Leasing UK Limited
Fort Vale Engineering Limited
Fort Vale BV
Francis Searchlights Limited
Hartley and Hartley Limited
Midland Investment Castings Limited
Riggs Autopack Limited
Sparta Limited

Messrs. E.S. Fort and I. Wilson are trustees of The Fort Vale Engineering Limited Pension Plan which includes the company's employees amongst its members.

Transactions with other related parties

	2002 £	2001 £
During the year the company incurred expenditure with related parties as follows:		
Sales to related parties	102,495	107,159
Cost of sales	2,981	6,809
General administrative expenditure	15,108	12,000
Provision of management services by Fort Vale Engineering Limited	20,000	364,000
Interest payable in respect of finance lease obligations	1,492	1,492
	<u>5,503</u>	<u>-</u>
Sale of tangible fixed assets at net book value		

The company occupies land and buildings, the lease of which has expired. A new lease has yet to be concluded although the company holds over upon the terms of the previous lease, subject to an agreed adjusted rent of £54,996 (2001 - £54,996) payable in the period.

Balances with other related parties

a) Owing by related parties:		
Trade debtors	29,627	189,579
b) Owing to related parties:		
Trade creditors	525,507	923,640
Finance leases		
due within one year	11,245	11,306
due outside one year	-	11,245

13. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	<u>100</u>	<u>100</u>