

COMPANY REGISTRATION NUMBER 2877457

BETABITE HYDRAULICS LIMITED
FINANCIAL STATEMENTS
FOR
30th APRIL 2004



HARGREAVES, BROWN & BENSON

Chartered Accountants
2 Derby Street
Colne
Lancashire
BB8 9AD

BETABITE HYDRAULICS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2004

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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

Accountants

Hargreaves, Brown & Benson
Chartered Accountants
2 Derby Street
Colne
Lancashire
BB8 9AD

BETABITE HYDRAULICS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30th APRIL 2004

The directors have pleasure in presenting their report and the unaudited financial statements of the company for the year ended 30th April 2004.

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 THE 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 2004	At 1 May 2003
E.S. Fort OBE	85	85
I. Wilson	15	15
M.P. Dobson	—	—

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 20/6/04

BETABITE HYDRAULICS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30th APRIL 2004

	Note	2004 £	2003 £
TURNOVER		1,323,579	1,233,576
Cost of sales		<u>664,231</u>	<u>572,966</u>
GROSS PROFIT		659,348	660,610
Distribution Costs		25,172	27,795
Administrative expenses		<u>664,557</u>	<u>625,211</u>
OPERATING (LOSS)/PROFIT	2	(30,381)	7,604
Interest receivable		9	—
Interest payable		<u>(197)</u>	<u>(486)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(30,569)	7,118
Tax on (loss)/profit on ordinary activities	4	<u>(7,682)</u>	<u>1,817</u>
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		(22,887)	5,301
Balance brought forward		<u>438,939</u>	<u>433,638</u>
Balance carried forward		<u>416,052</u>	<u>438,939</u>

The notes on pages 5 to 11 form part of these financial statements.

BETABITE HYDRAULICS LIMITED

BALANCE SHEET

30th APRIL 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	5	292,741	383,997
CURRENT ASSETS			
Stocks		338,700	386,527
Debtors	6	324,773	331,238
Cash at bank and in hand		58,602	28,128
		<u>722,075</u>	<u>745,893</u>
CREDITORS: Amounts falling due within one year	7	<u>553,453</u>	<u>627,363</u>
NET CURRENT ASSETS		<u>168,622</u>	<u>118,530</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>461,363</u>	<u>502,527</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	8	25,711	37,488
Government grants	9	19,500	26,000
		<u>416,152</u>	<u>439,039</u>
CAPITAL AND RESERVES			
Called-up equity share capital	12	100	100
Profit and loss account		<u>416,052</u>	<u>438,939</u>
SHAREHOLDERS' FUNDS		<u>416,152</u>	<u>439,039</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

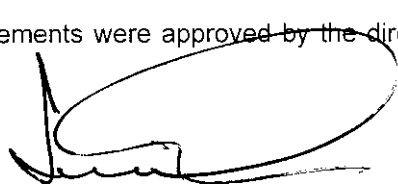
The directors acknowledge their responsibilities for:

- ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

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 June 2002).

These financial statements were approved by the directors on the 20th April 2004 and are signed on their behalf by:

I. Wilson



The notes on pages 5 to 11 form part of these financial statements.

BETABITE HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2004

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 June 2002).

Turnover

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

Fixed assets

All fixed assets are initially recorded at cost.

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 instalments 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 instalments.

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 2004

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

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;

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.

Deferred government grants

Deferred 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 (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2004 £	2003 £
Staff pension contributions	46,326	22,611
Amortisation of government grants re fixed assets	(6,500)	(6,500)
Depreciation of owned fixed assets	105,010	91,908
Depreciation of assets held under finance lease agreements	—	5,800

3. DIRECTORS' EMOLUMENTS

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

	2004 £	2003 £
Aggregate emoluments	119,988	136,364
Value of company pension contributions to money purchase schemes	17,516	7,836
	137,504	144,200

BETABITE HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2004

3. DIRECTORS' EMOLUMENTS *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows:

	2004 No	2003 No
Money purchase schemes	1	1

4. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2004 £	2003 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2003 - 20%)	4,095	5,987
Total current tax	4,095	5,987
Deferred tax:		
Origination and reversal of timing differences (note 8)		
Capital allowances	(11,734)	(4,221)
Other	(43)	51
Total deferred tax (note 8)	(11,777)	(4,170)
Tax on (loss)/profit on ordinary activities	(7,682)	1,817

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2003 - 20%).

	2004 £	2003 £
(Loss)/profit on ordinary activities before taxation	(30,569)	7,118
Profit/(loss) on ord actvs by rate of tax	(5,808)	1,424
Marginal relief for small companies	-	393
Excess of depreciation over capital allowances	11,734	4,221
Other timing differences	43	(51)
Reduction in rate at which deferred tax is provided	(1,874)	-
Total current tax (note 4(a))	4,095	5,987

BETABITE HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2004

5. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Motor Vehicles £	Total £
COST			
At 1st May 2003	908,824	41,787	950,611
Additions	4,311	32,443	36,754
Disposals	(48,000)	(29,830)	(77,830)
At 30th April 2004	865,135	44,400	909,535
DEPRECIATION			
At 1st May 2003	557,388	9,226	566,614
Charge for the year	82,504	8,482	90,986
On disposals	(33,600)	(7,206)	(40,806)
At 30th April 2004	606,292	10,502	616,794
NET BOOK VALUE			
At 30th April 2004	258,843	33,898	292,741
At 30th April 2003	351,436	32,561	383,997

Finance lease agreements

Included within the net book value of £292,741 is £10,316 (2003 - £16,116) relating to assets acquired under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £5,800 (2003 - £5,800).

6. DEBTORS

	2004 £	2003 £
Trade debtors	294,796	301,773
Prepayments and accrued income	29,977	29,465
	324,773	331,238

7. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Trade creditors	443,617	547,487
Other creditors including taxation and social security:		
Corporation tax	4,095	5,987
PAYE and social security	27,766	13,339
VAT	41,589	23,716
Other creditors	4,206	8,524
Accruals and deferred income	32,180	28,310
	109,836	79,876
	553,453	627,363

BETABITE HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2004

8. DEFERRED TAXATION

	2004 £	2003 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	37,488	41,658
Profit and loss account movement arising during the year	(11,777)	(4,170)
Provision carried forward	25,711	37,488

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

	2004 £	2003 £
Excess of taxation allowances over depreciation on fixed assets	26,253	37,987
Other timing differences	(542)	(499)
	25,711	37,488

9. GOVERNMENT GRANTS

	2004 £	2003 £
Received and receivable:		
At 1st May 2003	60,000	60,000
At 30th April 2004	60,000	60,000
Amortisation:		
At 1st May 2003	34,000	27,500
Credit to profit and loss account	6,500	6,500
At 30th April 2004	40,500	34,000
Net balance at 30th April 2004	19,500	26,000

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.

10. COMMITMENTS UNDER OPERATING LEASES

At 30th April 2004 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2004 £	2003 £
Operating leases which expire:		
Within 2 to 5 years	70,000	-

BETABITE HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2004

11. 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

	2004 £	2003 £
During the year the company incurred expenditure with related parties as follows:		
Sales to related parties	146,328	89,045
Cost of sales	4,145	6,361
General administrative expenditure	18,662	44,232
Provision of management services by Fort Vale Engineering Limited	110,000	105,000
Purchase of tangible fixed assets	—	28,708
Sale of tangible fixed assets at net book value	—	28,708

Included in general administrative expenditure are rentals payable to the directors Messrs. E.S. Fort and I. Wilson of £69,996 (2003 - £54,996).

Balances with other related parties

a) Owing by related parties:		
Trade debtors	27,227	68,903
b) Owing to related parties:		
Trade creditors	364,580	482,261

Commitments under operating leases

At 30th April 2004 included in annual commitments under non-cancellable operating leases (note 10) were the following;

	2004 £	2003 £
Contracts in respect of commitments in respect of land and buildings;		
expiring within 2 to 5 years	70,000	—

BETABITE HYDRAULICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2004

12. SHARE CAPITAL

Authorised share capital:

	2004	2003
	£	£
100 Ordinary shares of £1 each	100	100

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	100	100	100	100
