W & H EVES LIMITED

FINANCIAL STATEMENTS

FOR

31 OCTOBER 2003

Company Registration Number: 00333021



Heathcote & Coleman
Chartered Accountants & Registered Auditors
Heathcote House
136 Hagley Road
Edgbaston
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W & H EVES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

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W & H EVES LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31 OCTOBER 2003

The director presents his report and the unaudited financial statements of the company for the year ended 31 October 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was toolmaking and engineering. There has been no significant change in this activity during the year.

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 31 October 2003	At 1 November 2002
Mr J.C. Eves	–	–
Mr T.M. Lambon	–	2,000

Mrs A.R. Lambon was appointed as director on 4th March 2004.

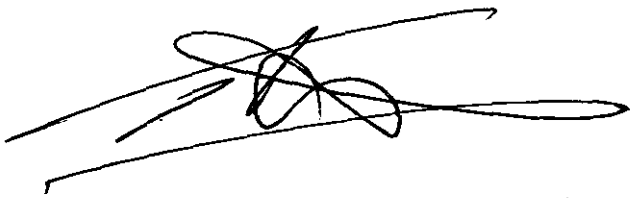
The company is a wholly owned subsidiary of Eves Holdings Limited, a company incorporated in England. Interests of the directors of the ultimate holding company are disclosed in that company's financial statements.

Mr J.C. Eves resigned as a director on 4 March 2004.

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



T M Lambon
Director

Approved by the director on 29 April 2004

W & H EVES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2003

	Note	2003 £	2002 £
TURNOVER		294,139	458,993
Cost of sales		(168,000)	(377,480)
GROSS PROFIT		126,139	81,513
Distribution Costs		(7,502)	(16,123)
Administrative expenses		(208,662)	(198,218)
OPERATING LOSS	2	(90,025)	(132,828)
Interest receivable		335	302
Interest payable and similar charges		(1,394)	(1,903)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(91,084)	(134,429)
Tax on loss on ordinary activities		–	–
LOSS FOR THE FINANCIAL YEAR		(91,084)	(134,429)
Balance brought forward		16,049	150,478
Balance carried forward		(75,035)	16,049

The notes on pages 5 to 9 form part of these financial statements.

W & H EVES LIMITED

BALANCE SHEET

31 OCTOBER 2003

	Note	2003 £	£	2002 £	£
FIXED ASSETS					
Tangible assets	4		7,733		104,169
CURRENT ASSETS					
Stocks	5	9,375		4,513	
Debtors	6	68,689		142,763	
Cash at bank and in hand		50,021		15,662	
		128,085		162,938	
CREDITORS: Amounts falling due within one year	7	200,853		231,005	
NET CURRENT LIABILITIES			(72,768)		(68,067)
TOTAL ASSETS LESS CURRENT LIABILITIES			(65,035)		36,102
CREDITORS: Amounts falling due after more than one year	8		–		10,053
			(65,035)		26,049

The Balance sheet continues on the following page.

The notes on pages 5 to 9 form part of these financial statements.

W & H EVES LIMITED

BALANCE SHEET *(continued)*

31 OCTOBER 2003

	Note	2003 £	2002 £
CAPITAL AND RESERVES			
Called-up equity share capital	14	9,850	9,850
Other reserves		150	150
Profit and loss account		(75,035)	16,049
(DEFICIENCY)/SHAREHOLDERS' FUNDS		(65,035)	26,049

The director is 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 director acknowledges his responsibility for:

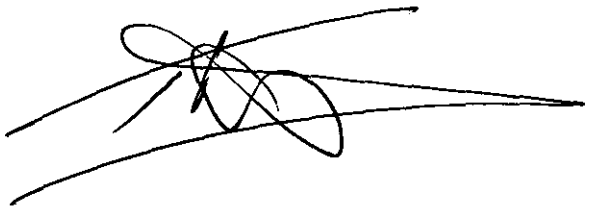
(i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and

(ii) 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 and signed by the director on 29 April 2004.

MR T.M. LAMBON



The notes on pages 5 to 9 form part of these financial statements.

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%	reducing balance
Fixtures & fittings	-	10%	reducing balance
Motor vehicles	-	25%	reducing balance

Computer equipment is depreciated by equal annual instalments over its estimated useful economic life of four years.

Stocks

Stocks are stated at the lower of first-in, first-out cost and net realisable value on an item-by-item basis.

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 on a straight line basis.

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.

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Provision is made, under the liability method, to take into 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 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.

2. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2003	2002
	£	£
Director's emoluments	36,300	61,420
Director's pension contributions	–	1,000
Depreciation of owned fixed assets	1,125	12,461
Depreciation of assets held under hire purchase agreements	–	7,777
Loss on disposal of fixed assets	37,272	742
Net loss/(profit) on foreign currency translation	2,717	(1,221)

3. DIRECTOR'S EMOLUMENTS

The director's aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Aggregate emoluments	36,300	61,420
Value of company pension contributions to money purchase schemes	–	1,000
	36,300	62,420

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

	2003	2002
	No	No
Money purchase schemes	1	1

4. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures, Fittings & Computer Equipment £	Motor Vehicles £	Total £
COST				
At 1 November 2002	238,989	86,338	78,893	404,220
Disposals	(220,236)	(81,201)	(57,993)	(359,430)
At 31 October 2003	18,753	5,137	20,900	44,790
DEPRECIATION				
At 1 November 2002	176,796	74,116	49,139	300,051
Charge for the year	488	338	299	1,125
On disposals	(163,411)	(71,272)	(29,436)	(264,119)
At 31 October 2003	13,873	3,182	20,002	37,057
NET BOOK VALUE				
At 31 October 2003	4,880	1,955	898	7,733
At 31 October 2002	62,193	12,222	29,754	104,169

Hire purchase agreements
Included within the net book value of £7,733 is £Nil (2002 - £23,331) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2002 - £7,777).

5. STOCKS

	2003 £	2002 £
Raw materials	9,375	4,513

6. DEBTORS

	2003 £	2002 £
Trade debtors	60,549	130,332
Prepayments and accrued income	8,140	12,431
	68,689	142,763

7. CREDITORS: Amounts falling due within one year

	2003	2002
	£	£
Trade creditors	82,166	114,688
Amounts owed to group undertakings	85,000	75,000
Other taxation and social security	16,784	22,338
Hire purchase agreements	–	4,809
Other creditors	16,903	14,170
	200,853	231,005

After the balance sheet date, it was agreed to write off the amount due to its group undertaking.

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

	2003	2002
	£	£
Hire purchase agreements	–	10,053

9. DEFERRED TAXATION

The elements of deferred taxation, which result in a nil balance at the end of the year are as follows:

	2003	2002
	£	£
Excess of taxation allowances over depreciation on fixed assets	1,469	12,725
Tax losses available	(1,469)	(12,725)
	–	–

10. COMMITMENTS UNDER OPERATING LEASES

At 31 October 2003 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2003	2002
	£	£
Operating leases which expire:		
Within 1 year	3,046	–

11. CAPITAL COMMITMENTS

The company had no capital commitments which had been authorised and contracted for as at 31 October 2003 (2002 - £Nil).

12. CONTINGENCIES

	2003 £	2002 £
There is a guarantee in favour of H.M.Customs & Excise for duty deferments:	6,000	6,000

13. RELATED PARTY TRANSACTIONS

At the year end the company owed £85,000 (2002-£75,000) to it's parent company Eves Holdings Limited.

During the year T Lambon, a director, purchased a motor vehicle from the company for £12,000. there were no amounts due from T Lambon at the year end.

14. SHARE CAPITAL

Authorised share capital:

	2003 £	2002 £
10,000 Ordinary shares of £1 each	10,000	10,000

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	9,850	9,850	9,850	9,850

15. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Eves Holdings Limited, a company incorporated in England.