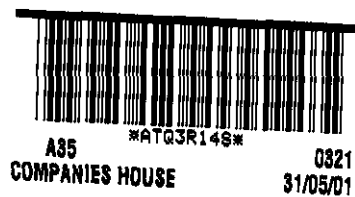


C/S 110912

Company Registration No. 352913 (England and Wales)

HEBRON & MEDLOCK (HOLDINGS) LTD
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2000



HEBRON & MEDLOCK (HOLDINGS) LTD

DIRECTORS AND ADVISERS

Directors	L Medlock D J Medlock
Secretary	P Phipps
Company number	352913
Registered office	St. George's Lodge 33 Oldfield Road Bath BA2 3NE
Registered auditors	Robson Taylor Chartered Accountants Charter House, The Square Lower Bristol Road Bath BA2 3BH
Bankers	Lloyds TSB Bank Plc 47 Milsom Street Bath BA1 1DN

HEBRON & MEDLOCK (HOLDINGS) LTD

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HEBRON & MEDLOCK (HOLDINGS) LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2000

The directors present their report and financial statements for the year ended 31 July 2000.

Directors

The following directors have held office since 1 August 1999:

L Medlock
D J Medlock

Principal activities and review of the business

The principal activity of the group was that of the provision of sub-contract design and manufacturing services to the engineering industry.

The company acted as a holding company providing management services to its subsidiary undertakings, whose activities are described in note 12 to the financial statements.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The consolidated profit and loss account for the year is set out on page 5.

Future developments

The directors do not consider that the group's affairs will be significantly affected by the introduction of the Euro.

Year 2000

The directors have considered whether the company's operations could be adversely affected by malfunctions in computer or other equipment arising from errors in processing dates in the year 2000 and beyond.

No part of the company's current operations are critically dependent on computer or other equipment which could be affected by year 2000 problems.

Directors' interests

The directors' beneficial interests in the shares of the company and other group companies were as stated below:

Hebron & Medlock (Holdings) Limited

Ordinary shares of 25p each		
	31 July 2000	1 August 1999
L Medlock	69,682	69,682
D J Medlock	192,000	192,000

Deferred share of £300 each		
	31 July 2000	1 August 1999
L Medlock	-	-
D J Medlock	-	-

Hebron & Medlock Limited

Ordinary shares of £1 each		
	31 July 2000	1 August 1999
L Medlock	-	-
D J Medlock	-	-

HEBRON & MEDLOCK (HOLDINGS) LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2000

Hebron & Medlock Engineering Limited

	Ordinary shares of £1 each	
	31 July 2000	1 August 1999
D J Medlock	100	100

GED (BBK) Designs Limited

	Ordinary shares of £1 each	
	31 July 2000	1 August 1999
L Medlock	-	-
D J Medlock	-	-

Beeley Wood Properties Limited

	Ordinary shares of £1 each	
	31 July 2000	1 August 1999
D J Medlock	-	-

Charitable contributions

During the year the group made political donations amounting to £- (1999 : £-).

During the year the company made charitable donations of £3,225 (1999 : £5,640).

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts;
- and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 16 (1999 - 11) days' purchases.

Auditors

The auditors, Robson Taylor, have indicated their willingness to continue in office and a resolution for their reappointment will be submitted to the annual general meeting.

HEBRON & MEDLOCK (HOLDINGS) LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2000

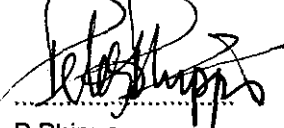
Directors' responsibilities

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 and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



P Phipps

Company secretary

St. George's Lodge
33 Oldfield Road
Bath
BA2 3NE

.....

HEBRON & MEDLOCK (HOLDINGS) LTD

AUDITORS' REPORT

TO THE SHAREHOLDERS OF HEBRON & MEDLOCK (HOLDINGS) LTD

We have audited the financial statements on pages 5 to 19 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

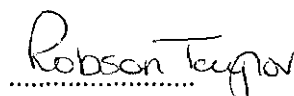
Basis of opinion

We conducted our audit in accordance with 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 and the group'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 31 July 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


.....

Chartered Accountants
Registered Auditor
Charter House, The Square
Lower Bristol Road
Bath
BA2 3BH

29 May 2001

HEBRON & MEDLOCK (HOLDINGS) LTD

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2000

	Notes	2000 £	1999 £
Turnover	2		
Continuing operations		8,448,205	11,220,856
Discontinued activities		-	2,261,443
		<u>8,448,205</u>	<u>13,482,299</u>
Cost of sales		(5,702,032)	(10,708,415)
Gross profit		<u>2,746,173</u>	<u>2,773,884</u>
Administrative expenses		(2,295,022)	(2,947,120)
Other operating income		<u>351,616</u>	<u>409,453</u>
Operating profit	4		
Continuing operations		802,767	193,908
Discontinued activities		-	42,309
		<u>802,767</u>	<u>236,217</u>
Profit on sale of fixed assets		-	260,307
Redundancy costs		<u>(47,325)</u>	<u>(55,226)</u>
Profit on ordinary activities before interest		<u>755,442</u>	<u>441,298</u>
Other interest receivable and similar income		17,901	81,029
Amounts written off investments	5	(1,100,000)	(502,500)
Interest payable and similar charges	6	<u>(10,040)</u>	<u>(11,722)</u>
(Loss)/profit on ordinary activities before taxation	4	<u>(336,697)</u>	<u>8,105</u>
Tax on (loss)/profit on ordinary activities	7	(148,247)	(10,312)
Loss on ordinary activities after taxation		<u>(484,944)</u>	<u>(2,207)</u>
Dividends	9	-	(3,017,184)
Retained loss for the year	16	<u>(484,944)</u>	<u>(3,019,391)</u>

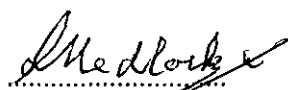
There are no recognised gains and losses other than those passing through the profit and loss account.

HEBRON & MEDLOCK (HOLDINGS) LTD

BALANCE SHEETS AS AT 31 JULY 2000

	Notes	Group 2000 £	1999 £	Company 2000 £	1999 £
Fixed assets					
Intangible assets	10	-	44,810	-	-
Tangible assets	11	694,882	845,366	644,036	726,593
Investments	12	-	-	2,039,311	2,039,311
		<u>694,882</u>	<u>890,176</u>	<u>2,683,347</u>	<u>2,765,904</u>
Current assets					
Stocks	13	1,793,199	1,379,531	-	-
Debtors	14	2,679,284	4,688,181	725,469	1,156,896
Cash at bank and in hand		483,214	24,338	309,282	1,485
		<u>4,955,697</u>	<u>6,092,050</u>	<u>1,034,751</u>	<u>1,158,381</u>
Creditors: amounts falling due within one year	15	(1,364,754)	(2,211,459)	(1,463,261)	(866,010)
Net current assets		<u>3,590,943</u>	<u>3,880,591</u>	<u>(428,510)</u>	<u>292,371</u>
Total assets less current liabilities		<u>4,285,825</u>	<u>4,770,767</u>	<u>2,254,837</u>	<u>3,058,275</u>
Capital and reserves					
Called up share capital	16	65,421	65,421	65,421	65,421
Other reserves	17	183,577	183,577	34,854	34,854
Profit and loss account	17	4,036,827	4,521,769	2,154,562	2,958,000
Shareholders' funds - equity interests	18	<u>4,285,825</u>	<u>4,770,767</u>	<u>2,254,837</u>	<u>3,058,275</u>

The financial statements were approved by the board on 24/5/01.



L Medlock
Director

HEBRON & MEDLOCK (HOLDINGS) LTD

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2000

	2000 £	1999 £
Net cash inflow/(outflow) from operating activities	1,105,326	1,825,216
Returns on investments and servicing of finance		
Interest received	17,901	81,029
Interest paid	(10,040)	(11,722)
	<u>7,861</u>	<u>69,307</u>
Net cash inflow for returns on investments and servicing of finance	7,861	69,307
Taxation	(154,421)	(288,666)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(320,825)	(331,888)
Receipts from sales of tangible assets	157,264	1,104,893
	<u>(163,561)</u>	<u>773,005</u>
Net cash (outflow)/inflow for capital expenditure	(163,561)	773,005
Acquisitions and disposals		
Purchase of subsidiary undertakings (net of cash acquired)	-	(1,218,000)
	<u>-</u>	<u>(1,218,000)</u>
Net cash outflow for acquisitions and disposals	-	(1,218,000)
Equity dividends paid	-	(3,017,184)
	<u>-</u>	<u>(3,017,184)</u>
Net cash inflow/(outflow) before management of liquid resources and financing	852,455	(1,856,322)
	<u>852,455</u>	<u>(1,856,322)</u>
Increase/(decrease) in cash in the year	<u>852,455</u>	<u>(1,856,322)</u>

HEBRON & MEDLOCK (HOLDINGS) LTD

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2000

1	Reconciliation of operating profit to net cash inflow from operating activities		2000	1999
			£	£
	Operating profit		802,767	236,217
	Cash outflow from exceptional items		(47325)	(55226)
	Depreciation of tangible assets		328,156	512,924
	Amortisation of intangible assets		44,810	-
	Profit on disposal of tangible assets		(14,111)	(600)
	Increase in stocks		(413,668)	38,531
	Decrease/(increase) in debtors		908,897	2,368,648
	(Decrease)/Increase in creditors within one year		(504,200)	(1,275,278)
	Net cash inflow from operating activities		1,105,326	1,825,216

2	Analysis of net funds/(debt)	1 August 1999	Cash flow	Other non-cash changes	31 July 2000
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	24,338	458,876	-	483,214
	Bank overdrafts	(577,660)	393,579	-	(184,081)
		(553,322)	852,455	-	299,133
	Net (debt)/funds	(553,322)	852,455	-	299,133

3	Reconciliation of net cash flow to movement in net debt	2000	1999
		£	£
	Increase/(decrease) in cash in the year	852,455	(1,856,322)
	Movement in net funds/(debt) in the year	852,455	(1,856,322)
	Opening net (debt)/funds	(553,322)	1,303,000
	Closing net funds/(debt)	299,133	(553,322)

HEBRON & MEDLOCK (HOLDINGS) LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, and in accordance with relevant accounting and financial reporting standards with the exception of the disclosure of the exceptional items which are not in accordance with Financial Reporting Standard 3.

1.2 Basis of consolidation

The group financial statements consolidate the financial statements of Hebron & Medlock (Holdings) Limited and its subsidiary undertakings prepared to 31 July 2000.

In the company's financial statements, investments in subsidiaries are stated at cost. Only dividends received and receivable are credited to the holding company's profit and loss account.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and similar taxes, trade discounts and intra group transactions.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold property	by instalments over 12 years
Plant and machinery	25% and 15% straight line
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

No depreciation is provided in respect of freehold and leasehold property. In the opinion of the directors such properties are maintained in such a way that realisable value is in excess of the amount at which they are shown in the financial statements and this accounting policy is necessary in order for the financial statements to show a true and fair view.

1.5 Leasing

Operating leases are not reported in the balance sheet, the rentals being charged to the profit and loss account as incurred.

1.6 Investments

Investments are shown at cost less amounts written off. Provisions for temporary fluctuations in value are not made. Income is included (together with the related tax credit) in the financial statements of the period in which it is received.

1.7 Stock

Stock and work in progress are valued at prime cost plus attributable overheads based on a normal level of activity.

HEBRON & MEDLOCK (HOLDINGS) LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2000

1 Accounting policies

(continued)

1.8 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.9 Pensions

The pension cost charge represents amounts payable by the group to employees' personal pension schemes.

1.10 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Segmental analysis by class of business

The analysis by class of business of the group's turnover is set out as below:

Turnover

	2000	1999
	£	£
Class of business		
Property development	185,990	114,000
Design agency	-	2,261,443
Engineering design	7,195,171	9,517,232
Engineering manufacture	1,067,044	1,589,624
	<u>8,448,205</u>	<u>13,482,299</u>

3 Cost of sales and net operating expenses

	2000			1999		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Cost of sales	5,702,032	-	5,702,032	8,624,381	2,084,034	10,708,415
Administrative expenses	2,295,022	-	2,295,022	2,812,020	135,100	2,947,120
Other operating income	(351,616)	-	(351,616)	(409,453)	-	(409,453)
	<u>7,645,438</u>	<u>-</u>	<u>7,645,438</u>	<u>11,026,948</u>	<u>2,219,134</u>	<u>13,246,082</u>

HEBRON & MEDLOCK (HOLDINGS) LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2000

4	Operating profit	2000	1999
		£	£
	Operating profit is stated after charging:		
	Depreciation of intangible assets	44,810	-
	Depreciation of tangible assets	328,156	512,924
	Operating lease rentals		
	- Plant and machinery	2,738	4,054
	- Other assets	406,104	405,439
	Auditors' remuneration (company £9,450; 1999 : £11,000)	21,450	20,500
	and after crediting:		
	Rents receivable	90,696	159,453
	Management charges receivable	250,000	250,000
	Hire of equipment	10,920	-
		<u> </u>	<u> </u>
5	Amounts written off investments	2000	1999
		£	£
	Amounts written off fixed asset investments:		
	- permanent diminution in value	-	502,500
	Amounts written off amounts due from group undertakings	1,100,000	-
		<u> </u>	<u> </u>
		1,100,000	502,500
		<u> </u>	<u> </u>
6	Interest payable	2000	1999
		£	£
	On bank loans and overdrafts	9,258	4,446
	On other loans wholly repayable within 5 years	782	1,137
	On amounts payable to factors	-	6,139
		<u> </u>	<u> </u>
		10,040	11,722
		<u> </u>	<u> </u>
7	Taxation	2000	1999
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 20% (1999 - 21%)	26	10,209
	Prior years		
	U.K. corporation tax	148,221	103
		<u> </u>	<u> </u>
		148,247	10,312
		<u> </u>	<u> </u>

HEBRON & MEDLOCK (HOLDINGS) LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2000

8 Loss for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	2000 £	1999 £
Holding company's loss for the financial year	(803,438)	(281,025)

9 Dividends

	2000 £	1999 £
Ordinary final paid	-	3,017,184

10 Intangible fixed assets Group

	Goodwill £
Cost	
At 1 August 1999 & at 31 July 2000	44,810
Amortisation	
At 1 August 1999	-
Charge for year	44,810
At 31 July 2000	44,810
Net book value	
At 31 July 2000	-

HEBRON & MEDLOCK (HOLDINGS) LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2000

11 Tangible fixed assets Group

	Leasehold property	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 August 1999	207,670	4,644,597	118,630	739,741	5,710,638
Additions	-	33,334	100	287,391	320,825
Disposals	-	(369,942)	(89,110)	(264,054)	(723,106)
At 31 July 2000	207,670	4,307,989	29,620	763,078	5,308,357
Depreciation					
At 1 August 1999	185,618	4,181,881	108,821	388,952	4,865,272
On disposals	-	(345,965)	(88,446)	(145,542)	(579,953)
Charge for the year	9,058	185,152	3,163	130,783	328,156
At 31 July 2000	194,676	4,021,068	23,538	374,193	4,613,475
Net book value					
At 31 July 2000	12,994	286,921	6,082	388,885	694,882
At 31 July 1999	22,052	462,716	9,809	350,789	845,366

HEBRON & MEDLOCK (HOLDINGS) LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2000

11 Tangible fixed assets (continued)

Company

	Leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 August 1999	2,488	3,694,721	699,607	4,396,816
Additions	-	33,334	287,391	320,725
Disposals	-	-	(252,073)	(252,073)
	<u>2,488</u>	<u>3,728,055</u>	<u>734,925</u>	<u>4,465,468</u>
At 31 July 2000	2,488	3,728,055	734,925	4,465,468
Depreciation				
At 1 August 1999	-	3,311,003	359,220	3,670,223
On disposals	-	-	(133,562)	(133,562)
Charge for the year	-	157,454	127,317	284,771
	<u>-</u>	<u>3,468,457</u>	<u>352,975</u>	<u>3,821,432</u>
At 31 July 2000	-	3,468,457	352,975	3,821,432
Net book value				
At 31 July 2000	<u>2,488</u>	<u>259,598</u>	<u>381,950</u>	<u>644,036</u>
At 31 July 1999	<u>2,488</u>	<u>383,718</u>	<u>340,387</u>	<u>726,593</u>

HEBRON & MEDLOCK (HOLDINGS) LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2000

12. Fixed asset investments

Shares in
Subsidiary
Undertakings
£

Cost

At 1 August 1999 and at 31 July 2000

2,039,311

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The following were subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements. All companies are incorporated in England.

Name	Proportion of Ordinary Share Capital held	Nature of Business
Hebron and Medlock Ltd	100%	Engineering design
John A Smith Design Consultants Ltd	100%	Dormant (dissolved 12.9.200)
H & M Engineering Projects Ltd	100%	Dormant (dissolved 12.9.200)
Techwork (Southampton) Ltd	100%	Engineering design
Hebron & Medlock Engineering Ltd	100%	Engineering manufacturing
GED (BBK Designs) Ltd	100%	Engineering design
GED (Southampton) Ltd	100%	Engineering design
OTS Services Ltd	100%	Dormant (dissolved 12.9.2000)
Bennett Engineering (Petro Chemical) Co. Ltd	100%	Dormant (dissolved 29.8.2000)
Bennett Technical Services (Southampton) Ltd	100%	Dormant (dissolved 29.8.2000)
Senior Design Services Limited	100%	Dormant
West Bromwich Spring Company Limited	100%	Engineering manufacturing (see note (i))
Beeley Wood Properties Limited	100%	Property development

- (i) The West Bromwich Spring Limited was acquired on 21 April 1999 and disposed of on 6 October 2000. It has been excluded from the consolidated financial statements on the grounds that it was held for resale only.

The investment in this company was written off in 1999 and the loan therewith has been written down to its recoverable amount in 2000.

HEBRON & MEDLOCK (HOLDINGS) LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2000

13 Debtors

	Group 2000 £	1999 £	Company 2000 £	1999 £
Trade debtors	1,782,226	2,696,441	39,788	32,383
Amounts owed by group undertakings	750,000	1,600,000	641,852	900,171
Other debtors	4,306	179,690	-	172,283
Prepayments and accrued income	142,752	212,050	43,829	52,059
	<u>2,679,284</u>	<u>4,688,181</u>	<u>725,469</u>	<u>1,156,896</u>

14 Creditors : amounts falling due within one year

	Group 2000 £	1999 £	Company 2000 £	1999 £
Bank loans and overdrafts	241,331	577,660	179,954	481,575
Trade creditors	255,128	313,724	-	1,201
Amounts owed to group undertakings	-	-	1,157,378	-
Corporation tax	26	6,200	-	-
Other taxes and social security costs	389,421	515,809	12,886	70,651
Other creditors	114,756	113,257	31,342	44,518
Accruals and deferred income	364,094	684,809	81,701	268,065
	<u>1,364,756</u>	<u>2,211,459</u>	<u>1,463,261</u>	<u>866,010</u>

15 Share capital

	2000 £	1999 £
Authorised		
2,000,000 Ordinary shares of 25p each	500,000	500,000
1 Deferred share of £300 each	300	300
	<u>500,300</u>	<u>500,300</u>
 Allotted, called up and fully paid		
261,684 Ordinary shares of 25p each	<u>65,421</u>	<u>65,421</u>

HEBRON & MEDLOCK (HOLDINGS) LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2000

16 Statement of movements on reserves Group

	Other reserves £	Profit and loss account £
Balance at 1 August 1999	183,577	4,521,769
Retained loss for the year	-	(484,944)
	<u>183,577</u>	<u>4,036,825</u>
Balance at 31 July 2000	<u>183,577</u>	<u>4,036,825</u>

Company

	Other reserves £	Profit and loss account £
Balance at 1 August 1999	34,854	2,958,000
Retained loss for the year	-	(803,438)
	<u>34,854</u>	<u>2,154,562</u>
Balance at 31 July 2000	<u>34,854</u>	<u>2,154,562</u>

HEBRON & MEDLOCK (HOLDINGS) LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2000

17 Reconciliation of movements in shareholders' funds Group

	2000 £	1999 £
Loss for the financial year	(484,944)	(2,207)
Dividends	-	(3,017,184)
	<u>(484,944)</u>	<u>(3,019,391)</u>
Demerger of Sitec Limited	-	(142,957)
Goodwill written-off	-	(5,000)
	<u>(484,944)</u>	<u>(3,167,348)</u>
Net depletion in shareholders' funds	4,770,767	7,938,115
Opening shareholders' funds	<u>4,285,823</u>	<u>4,770,767</u>
Closing shareholders' funds	<u>4,285,823</u>	<u>4,770,767</u>

Company	2000 £	1999 £
Loss for the financial year	(803,438)	(281,025)
Dividends	-	(3,017,184)
	<u>(803,438)</u>	<u>(3,298,209)</u>
Goodwill written-off	-	(5,000)
	<u>(803,438)</u>	<u>(3,303,209)</u>
Net depletion in shareholders' funds	3,058,275	6,361,484
Opening shareholders' funds	<u>2,254,837</u>	<u>3,058,275</u>
Closing shareholders' funds	<u>2,254,837</u>	<u>3,058,275</u>

18 Financial commitments

At 31 July 2000 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2000 £	1999 £
Expiry date:		
Within one year	20,000	-
Between two and five years	-	20,000
	<u>20,000</u>	<u>20,000</u>

HEBRON & MEDLOCK (HOLDINGS) LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2000

19 Directors' emoluments	2000 £	1999 £
Emoluments for qualifying services	150,000	502,348
Company pension contributions to money purchase schemes	100,000	300,000
	<u>250,000</u>	<u>802,348</u>

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Recruitment, administration and management	64	64
Engineering design	101	138
Engineering manufacture	20	47
Agency workers	-	52
	<u>185</u>	<u>301</u>

Employment costs

	£	£
Wages and salaries	4,117,277	5,314,084
Social security costs	445,576	507,011
Other pension costs	270,408	355,515
	<u>4,833,261</u>	<u>6,176,610</u>

21 Related party transactions

Group

(i) Rent was paid to L Medlock of £80,000 (1999: £82,000) in respect of property used by the group.

(ii) Rent was paid to D J Medlock of £159,012 (1999: £104,100) in respect of property used by the group.

(iii) Rent was paid to the Medlock Charitable Trust of £2,083 (1999: £5,000) in respect of property used by the group. The trust is a registered charity to which L Medlock and D J Medlock are trustees.