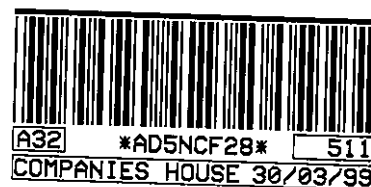


WEST VALE ENGINEERING PRODUCTS LIMITED.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 1998.

Company No. 1473321 (England and Wales)



WEST VALE ENGINEERING PRODUCTS LIMITED.

COMPANY INFORMATION

DIRECTORS:

I.S. Booth
G. Booth
M.S. Booth

SECRETARY:

G. Booth

COMPANY NUMBER:

1473321 (England and Wales)

REGISTERED OFFICE:

Wakefield Road Industrial Estate,
Wakefield Road,
Brighouse.
HD6 1QG.

AUDITORS:

Peel, Walker & Company,
11, Victoria Road,
Elland.
HX5 OAE.

WEST VALE ENGINEERING PRODUCTS LIMITED.

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WEST VALE ENGINEERING PRODUCTS LIMITED.

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE, 1998.

The directors present their report and the financial statements for the year ended 30th June, 1998.

PRINCIPAL ACTIVITIES

The company's principal activity continues to be that of General Engineers.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued ordinary share capital were:

	<u>Number of Shares</u>	
	<u>1998</u>	<u>1997</u>
I.S. Booth	50	50
G. Booth	-	-
M.S. Booth	-	-

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will remain 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 accounts comply with the Companies Act 1985. They 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.

AUDITORS

The auditors, Peel, Walker & Company, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

This report, which has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, was approved by the Board on the 23rd March, 1999 and signed on its behalf.



G. Booth
DIRECTOR

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
WEST VALE ENGINEERING PRODUCTS LIMITED.**

We have audited the accounts on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on pages 5 and 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

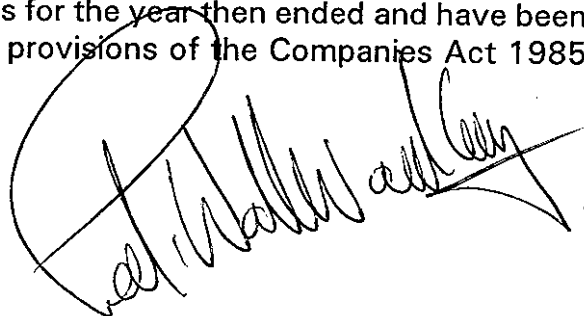
BASIS OF OPINION

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 accounts. It also includes an assessment of the significant estimates and judgements by the directors in the preparation of the accounts 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30th June, 1998 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



PEEL, WALKER & COMPANY,
Registered Auditors and Chartered Accountants,
11, Victoria Road,
Elland.
HX5 OAE.

24th March, 1999.

WEST VALE ENGINEERING PRODUCTS LIMITED.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1998.

	<u>Note</u>	<u>1998</u>	<u>1997</u>
TURNOVER		925,274	961,709
Cost of Sales		(656,223)	(643,748)
GROSS PROFIT		269,051	317,961
NET OPERATING EXPENSES			
Distribution Costs		(11,692)	(12,954)
Administrative Expenses		(261,508)	(265,105)
OPERATING (LOSS)/PROFIT	2	(4,149)	39,902
Investment Income		17,242	18,004
Interest Payable	3	(24,991)	(22,442)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(11,898)	35,464
Taxation	4	3,443	(4,276)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION RETAINED FOR THE YEAR		£ (8,455)	£ 31,188

Movements in reserves are shown in the notes to the financial statements.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1998 or 1997 other than the (loss)/profit for the year.

The notes on pages 5 to 8 form part of these financial statements.

WEST VALE ENGINEERING PRODUCTS LIMITED.

BALANCE SHEET AT 30TH JUNE, 1998.

	<u>Note</u>	<u>1998</u>	<u>1997</u>
FIXED ASSETS			
Tangible Assets	5	797,685	857,606
CURRENT ASSETS			
Stocks		58,000	64,734
Debtors	6	265,998	304,651
Cash at bank and in hand		-	176
		<u>323,998</u>	<u>369,561</u>
CREDITORS: Amounts falling due within one year	7	(301,259)	(305,669)
NET CURRENT ASSETS		<u>22,739</u>	<u>63,892</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>820,424</u>	<u>921,498</u>
CREDITORS: Amounts falling due after more than one year	8	(144,442)	(237,061)
		<u>£ 675,982</u>	<u>£ 684,437</u>
CAPITAL AND RESERVES			
Called Up Share Capital	10	100	100
Revaluation Reserve		338,801	338,801
Profit and Loss Account	11	337,081	345,536
TOTAL SHAREHOLDERS' FUNDS	12	<u>£ 675,982</u>	<u>£ 684,437</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board of Directors on the 23rd March, 1999 and signed on its behalf by:

Ian S. Booth.

I.S. Booth
DIRECTOR

The notes on pages 5 to 8 form part of these financial statements.

WEST VALE ENGINEERING PRODUCTS LIMITED.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 1998.

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF ACCOUNTS

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors' report and which is continuing.

The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

1.2 TURNOVER

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.3 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 or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold Land & Buildings	- 1% straight line basis
Office Equipment	- Variable between 15% reducing balance basis and 20% of original cost
Plant & Equipment	- Variable between 15% reducing balance basis and 20% of original cost
Motor Vehicles	- 25% reducing balance basis.

1.4 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 OPERATING LEASES

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

1.6 STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off in the year that it is incurred.

1.8 DEFERRED TAXATION

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, 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 near future.

1.9 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2 OPERATING (LOSS)/PROFIT

The operating (loss) profit is stated after charging:	<u>1998</u>	<u>1997</u>
Depreciation of tangible fixed assets		
- owned by the company	35,198	34,237
- held under finance leases	22,601	33,022
Directors' remuneration	72,100	54,016
Auditors' remuneration	4,083	4,000
Pension Costs	13,481	11,291
Operating Leases:		
- Other	14,233	13,531
(Profit) on Sale of Tangible Fixed Assets	(1,097)	(889)

During the year retirement benefits were accruing to three directors (1997 two) in respect of Money Purchase Pension Schemes.

3 INTEREST PAYABLE

Included in interest payable is interest on finance lease and hire purchase contracts of £8,624 (1997 £6,211).

4 TAXATION

UK Current year taxation		
UK Corporation Tax at 21% (1997 23.7%)	-	4,276
Prior years		
UK Corporation Tax	(3,443)	-
	<u>£ (3,443)</u>	<u>£ 4,276</u>

If provision were made for deferred taxation on the basis of the full potential liability, the tax charge would increase by £43,921.29 (1997 £52,556) due to accelerated capital allowances.

5 TANGIBLE FIXED ASSETS

	<u>Land & Buildings</u>	<u>Plant & Machinery etc.</u>	<u>Total</u>
Cost or Valuation			
1st July, 1997	637,332	673,575	1,310,907
Additions	-	23,530	23,530
Disposals	-	(34,204)	(34,204)
30th June, 1998	<u>£ 637,332</u>	<u>662,901</u>	<u>1,300,233</u>
Depreciation			
1st July, 1997	37,755	415,546	453,301
Charge for year	6,373	51,426	57,799
Disposals	-	(8,551)	(8,551)
30th June, 1998	<u>£ 44,128</u>	<u>458,421</u>	<u>502,549</u>
Net Book Amount			
30th June, 1998	<u>£ 593,204</u>	<u>204,481</u>	<u>797,685</u>
1st July, 1997	<u>£ 599,577</u>	<u>258,029</u>	<u>857,606</u>

5 TANGIBLE FIXED ASSETS (Continued)

Included in Plant & Machinery etc, above are assets held under finance leases and hire purchase contracts amounting to £67,802 (1997 £120,509).

Land and Buildings were revalued during 1990 by Messrs. Brearley-Greens on an open market basis. The cost or valuation of Freehold Land & Buildings upon which depreciation is charged amounted to £637,332 (1997 £637,332).

The historical cost of Freehold Land & Buildings included above at a valuation of £600,000 was £213,543 (1997 £213,543). The aggregate depreciation thereon would have been £14,945 (1997 £12,810). The potential tax liability which would arise if the Land and Buildings were sold at their valuation would be £62,386 (1997 £64,859).

6 DEBTORS	1998	1997
Due within one year		
Trade debtors	259,970	302,672
Corporation Tax	3,443	-
Prepayments and accrued income	2,585	2,979
	<u>£ 265,998</u>	<u>£ 305,651</u>
7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans and overdrafts (secured)	170,133	139,001
Net obligations under finance leases and hire purchase contracts (secured)	11,824	9,458
Trade creditors	70,792	115,372
Corporation Tax	-	4,276
Other taxation and social security	35,542	29,803
Accruals and deferred income	12,968	7,759
	<u>£ 301,259</u>	<u>£ 305,669</u>

Bank loans outstanding at the year end amounted to £18,399 (1997 £47,609) and these are payable in monthly instalments, plus interest, as follows:

Within one year	12,849	12,849
Between one and two years	5,550	12,849
Between two and five years	-	21,911

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Bank loans (secured)	5,550	34,760
Net obligations under finance leases and hire purchase contracts (secured)	55,435	116,563
	<u>60,985</u>	<u>151,323</u>
From Associated Company	83,457	86,738
	<u>£ 144,442</u>	<u>£ 238,061</u>

9 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

Amounts Payable:

Within one year	29,889	38,210
Within two to five years	55,435	116,563
	<u>85,324</u>	<u>154,773</u>
Less Finance Charges allocated to future periods	18,065	28,752
	<u>£ 67,259</u>	<u>£ 126,021</u>

9 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS (Continued)

	<u>1998</u>	<u>1997</u>
Finance Leases and Hire Purchase Contracts are analysed as follows:		
Current obligations	11,824	9,458
Non current obligations	55,435	116,563
	<u>£ 67,259</u>	<u>£ 126,021</u>

10 CALLED UP SHARE CAPITAL

Authorised

10,000 Ordinary Shares of £1 each

£ 10,000 £ 10,000

Allotted, Called Up and Fully Paid

100 Ordinary Shares of £1 each

£ 100 £ 100

11 PROFIT AND LOSS ACCOUNT

Retained profit brought forward

345,536 314,348

Retained (loss) profit for year

(8,455) 31,188

Retained profit carried forward

£ 337,081 £ 345,536

12 MOVEMENT ON SHAREHOLDERS FUNDS

(Loss) profit for the year

(8,455) 31,188

Opening Shareholders Funds

684,437 653,249

Closing Shareholders Funds

£ 675,982 £ 684,437

13 COMMITMENTS

a) Capital Commitments

At 30th June, 1998 the company had no capital expenditure commitments.

b) Pension Commitments

The company operates defined contribution pension schemes on behalf of its directors and certain employees. The assets of the scheme are held separately from those of the company in a fully insured fund. The annual commitment under this scheme is for contributions of £13,481 (1997 £11,291).

c) Lease Commitments - Operating Leases

At 30th June, 1998 the company had annual commitments under non-cancellable operating leases as follows:

Expiry Date

Within one year

2,880 -

Between two and five years

10,200 10,490

14 ASSOCIATED COMPANY

50% of the company's Issued Capital is held by West Vale Engineering Company Limited, which is registered in England and Wales. This holding is held solely for investment purposes, with no control being effected over the company's operations.