

2232421

MILL HILL ENGINEERING (HOLDINGS) PLC

ANNUAL REPORT AND ACCOUNTS
31ST AUGUST 2002

BROUGHTON TUITE TAN & C'



A35
COMPANIES HOUSE

#ANFYUMDC#

0729
05/07/03

COMPANIES HOUSE

28/06/03

MILL HILL ENGINEERING (HOLDINGS) PLC

DIRECTORS: A. Molloy
M. Molloy

SECRETARY: P. Barton

REGISTERED NUMBER: 2232421

REGISTERED OFFICE: c/o McBride Wilson & Co
The Courtyard
Queens House
55/56 Lincolns Inn Fields
LONDON WC2A 3LJ

ANNUAL REPORT AND ACCOUNTS - 31ST AUGUST 2002

Page	1-2	Report of the director
	3	Report of the auditors
	4	Consolidated profit & loss account
	5	Consolidated balance sheet
	6	Balance sheet
	7	Cash flow statement
	8 - 15	Notes to the accounts

The following pages do not form
part of the statutory accounts.

16	Trading and profit and loss account
----	-------------------------------------

MILL HILL ENGINEERING (HOLDINGS) PLC
REPORT OF THE DIRECTOR

The directors present their annual report with the accounts of the company for the year ended 31st August 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of engineering.

REVIEW OF BUSINESS

A summary of the results of the year's trading is given on page 4 of the accounts. The director considers the results to be satisfactory.

DIVIDENDS

Dividends of £25,200 were paid during the year (2001 - Nil).

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 profit and loss of the company 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;
Follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts; and
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. 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.

PAYMENT OF CREDITORS

It is company policy, in respect of all of its suppliers to settle the terms of payment when agreeing the terms of each transaction; to ensure that suppliers are made aware of the terms of payment; and to abide by the terms of payment.

MILL HILL ENGINEERING (HOLDINGS) PLC
REPORT OF THE DIRECTOR
(continued)

DIRECTORS

The directors in office in the year and their beneficial interest in the issued share capital was as follows:

	<u>31st August 2002</u>	<u>1st September 2001</u>
A. Molloy	50,000	50,000
M. Molloy	-	-

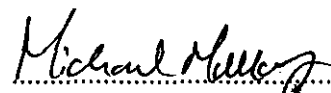
FIXED ASSETS

Acquisitions of fixed assets during the year are recorded in the notes to the accounts.

AUDITORS

The auditors, Broughton Tuite Tan & Co will be proposed for re-appointment in accordance with Section 384 of the Companies Act 1985.

Signed on behalf of the
board of Directors


.....
M. MOLLOY - DIRECTOR

Approved by the board: 26.6.03

REPORT OF THE AUDITORS TO THE MEMBERS OF

MILL HILL ENGINEERING (HOLDINGS) PLC

We have audited the accounts set out on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 1 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 these statements and to report our opinion to you.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. This other information comprises only the directors' report. We consider the implication for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of Opinion

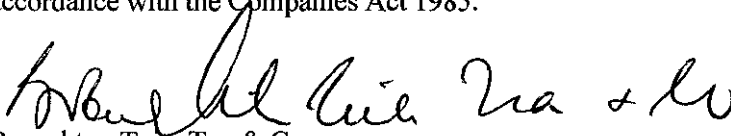
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practice Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

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 affairs of the company and the group at 31st August 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Broughton Tuite Tan & Co.

Registered Auditors

Bentima House

168-172 Old Street

London EC1V 9BP

27.6.03

MILL HILL ENGINEERING (HOLDINGS) PLC
AND SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED - 31ST AUGUST 2002

	<u>Notes</u>	<u>£</u>	<u>2002</u>	<u>£</u>	<u>2001</u>	<u>£</u>
TURNOVER			975,611		938,633	
Cost of Sales			<u>509,965</u>		<u>484,155</u>	
GROSS PROFIT			465,646		454,478	
Selling and distribution costs		39,244		86,246		
Administrative expenses		<u>263,893</u>		<u>230,231</u>		
			<u>303,137</u>		<u>316,477</u>	
OPERATING PROFIT	3		162,509		138,001	
EXCEPTIONAL ITEM	4		<u>149,825</u>		<u>(135,363)</u>	
			312,334		2,638	
Other income	5		<u>-</u>		<u>3,386</u>	
			312,334		6,024	
Interest payable	6		<u>3,553</u>		<u>13,310</u>	
PROFIT/(LOSS) on ordinary activities before taxation			308,781		(7,286)	
TAXATION	7		<u>74,654</u>		<u>28,203</u>	
PROFIT/(LOSS) for the financial year	14		<u>£ 234,127</u>		<u>£ (35,489)</u>	

In accordance with the exemption allowed under S.230 of the Companies Act 1985, as amended the company's profit and loss account is not separately presented.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit or loss for the above financial years.

CONTINUING OPERATIONS

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

The notes on pages 8 to 15 form part of these accounts.

MILL HILL ENGINEERING (HOLDINGS) PLC
AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET - 31ST AUGUST 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		£	£
FIXED ASSETS			
Tangible Assets	8	184,735	216,928
CURRENT ASSETS			
Stock and work in progress		15,980	98,650
Debtors	10	154,242	106,224
Cash at bank and in hand		<u>241,144</u>	<u>80,423</u>
		<u>411,366</u>	<u>285,297</u>
CREDITORS: amounts falling due within one year	11	<u>469,294</u>	<u>582,645</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(57,928)</u>	<u>(297,348)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		126,807	(80,420)
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	12	<u>28,000</u>	<u>-</u>
		<u>£ 98,807</u>	<u>£ (80,420)</u>
CAPITAL AND RESERVES			
Called up share capital	13	50,000	50,000
Profit and loss account	14	<u>48,807</u>	<u>(130,420)</u>
SHAREHOLDERS' FUNDS			
EQUITY INTEREST	15	<u>£ 98,807</u>	<u>£ (80,420)</u>

Signed on behalf of
board of directors



 A. MOLLOY - DIRECTOR

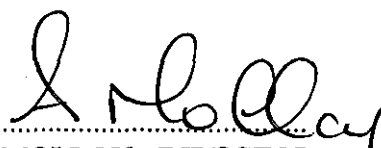
Approved by the board:

26.6.03

MILL HILL ENGINEERING (HOLDINGS) PLC
BALANCE SHEET - 31ST AUGUST 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		£	£
FIXED ASSETS			
Tangible fixed assets	8	183,215	187,969
Investments	9	<u>4</u>	<u>4</u>
		183,219	187,973
CURRENT ASSETS			
Debtors	10	122,238	85,295
Cash at bank and in hand		<u>119,985</u>	<u>-</u>
		<u>242,223</u>	<u>85,295</u>
CREDITORS: amounts falling due within one year	11	<u>400,925</u>	<u>332,793</u>
NET CURRENT LIABILITIES		<u>(158,702)</u>	<u>247,498</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(24,517)	(59,525)
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	12	28,000	-
Liquidation of subsidiary	4	<u>-</u>	<u>-</u>
		<u>£ (3,483)</u>	<u>£ (59,525)</u>
CAPITAL RESERVES			
Called up share capital		50,000	50,000
Profit and loss account	14	<u>(53,483)</u>	<u>(109,525)</u>
SHAREHOLDERS' FUNDS	15	<u>£ (3,483)</u>	<u>£ (59,525)</u>
EQUITY INTEREST			

Signed on behalf of
board of directors



 A. MOLLOY - DIRECTOR

Approved by the board: 26.6.03

MILL HILL ENGINEERING (HOLDINGS) PLC
AND SUBSIDIARY COMPANIES
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2002

Reconciliation of operating profit to net cash inflow from operating activities.

	<u>2002</u>		<u>2001</u>	
	£	£	£	£
Operating Profit		312,334		2,638
Depreciation charges		55,669		53,583
Decrease in stocks		82,670		(21,788)
Increase in debtors		(48,018)		50,571
Decrease in creditors		(187,157)		14,148
Profit on disposal of plant and machinery		(16,879)		-
Net cash inflow / (outflow) from operating activities		<u>£ 198,619</u>		<u>£ 99,152</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		198,619		99,152
Returns on investments and servicing of finance (note 1)				
Interest paid	(3,553)		(13,310)	
Interest element of hire purchase payments	<u>-</u>	(3,553)	<u>-</u>	(13,310)
Taxation (note 1)				
Corporation tax recovered/(paid)	<u>(2,548)</u>	(2,548)	<u>-</u>	-
Capital expenditure (note 1)				
Payment to acquire tangible fixed assets	(121,797)		(18,430)	
Receipts from sale of tangible fixed assets	115,200		-	
Receipts from other income	<u>-</u>	<u>(6,597)</u>	<u>3,386</u>	<u>(15,044)</u>
		185,921		70,798
Equity dividends paid		<u>(25,200)</u>		<u>-</u>
		160,721		70,798
Management of liquid resources (note 1)		-		-
Financing				
Pre-consolidated reserve	-		-	
New loan repayable	-		-	
Repayment of loan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Dividend paid		<u>£ 160,721</u>		<u>£ 70,798</u>

Reconciliation of net cash flow to movement in net debt (note 2)

Increase in cash in the period		160,721		70,798
Cash out flow from decrease in the hire purchase		<u>-</u>		<u>-</u>
Change in net debt resulting from cash flows		160,721		70,798
New hire purchase		<u>-</u>		<u>-</u>
Movement in net debt in the period		160,721		70,798
Net debt at 1.9.01		<u>80,423</u>		<u>9,625</u>
Net debt at 31.8.02		<u>£ 241,144</u>		<u>£ 80,423</u>

MILL HILL ENGINEERING (HOLDINGS) PLC
NOTES TO THE ACCOUNTS - 31ST AUGUST 2002

1. ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared in accordance with the Companies Act 1985, as amended, and with applicable Accounting Standards.

(b) Basis of consolidation

The consolidation financial statements comprise the accounts of Blackburn (Mill Hill) Engineering Ltd and Blackburn Heavy Engineering Ltd.

(c) Turnover

Turnover represents net invoiced sales, excluding value added tax.

(d) Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold Property	-	25% on cost
Plant and equipment	-	5% on written down value
Fixtures and fittings	-	25% on written down value
Motor vehicles	-	25% on cost

(e) Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability. The interest element of rental obligations is charged to profit and loss account over the period of the lease at a constant proportion of the outstanding balance of capital repayments. Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred on the straight-line basis over the lease term of 13 years.

(f) Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value.

(g) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transaction in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange rate differences are taken into account in arriving at the operating profit.

MILL HILL ENGINEERING (HOLDINGS) PLC
NOTES TO THE ACCOUNTS - 31ST AUGUST 2002

2. **TURNOVER**

The turnover and profit before taxation is attributable to the one principal activity of the company.

An analysis of turnover is given below

	<u>2002</u>	<u>2001</u>
	£	£
United Kingdom	724,600	449,884
United States of America	<u>251,011</u>	<u>488,749</u>
	<u>£ 975,611</u>	<u>£ 938,633</u>

3. **OPERATING PROFIT**

This is stated after charging:

	<u>2002</u>	<u>2001</u>
	£	£
Depreciation	55,669	53,583
Operating leases:		
- Hire of premises	20,000	20,000
Auditors remuneration	7,600	10,530
Equipment hire	2,595	13,633
Directors remuneration	<u>5,200</u>	<u>5,300</u>

4. **EXCEPTIONAL ITEM**

	<u>2002</u>		<u>2001</u>	
	Group	Company	Group	Company
	£	£	£	£
Mill Hill Heavy Engineering Ltd	-	-	65,774	65,774
Molson Engineering Ltd	-	-	69,589	-
Insurance claims	<u>149,825</u>	<u>149,825</u>	<u>-</u>	<u>-</u>
	<u>£ 149,825</u>	<u>£ 149,825</u>	<u>£ 135,363</u>	<u>£ 65,774</u>

The company agreed an insurance claim of £225,000 resulting from a flood of its premises of which £90,000 related to plant and machinery which was scrapped.

The company's subsidiary Mill Hill Heavy Engineering Limited went into liquidation on 18th December 2000. Mill Hill Engineering (Holdings) plc acted as a guarantor of its bank overdraft and a provision is required to meet this undertaking. An associated company Molson Engineering Ltd went into liquidation on 24th October 2001 for which a provision has been made.

5. **OTHER INCOME**

	<u>2002</u>	<u>2001</u>
	£	£
Interest received	<u>£ -</u>	<u>£ 3,386</u>

6. **INTEREST PAYABLE**

	<u>2002</u>	<u>2001</u>
	£	£
Interest payable on loans and overdrafts repayable within 1 year	<u>£ 3,553</u>	<u>£ 13,310</u>

MILL HILL ENGINEERING (HOLDINGS) PLC
NOTES TO THE ACCOUNTS - 31ST AUGUST 2002

7. TAXATION

Analysis of tax charge in period:

	<u>2002</u>		<u>2001</u>
	£	£	£
Current tax:			
UK corporation tax on profits of the period	74,090		26,067
Adjustments in respect of previous period	<u>2,264</u>		<u>2,136</u>
	76,354		28,203
Total current tax			
Deferred tax:			
Origination and reversal of timing differences	<u>(1,700)</u>		<u>-</u>
Tax on profit on ordinary activities	<u>£ 74,654</u>		<u>£ 28,203</u>

The tax assessed for the period ended 31/08/2002, is higher than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	<u>2002</u>	<u>2001</u>
Profit on ordinary activities before tax	308,781	118,621
Profit on ordinary activities		
Multiplied by standard rate of corporation tax in the UK of 22.82% (2001, 19.77%)	71,109	23,446
Effects of:		
Expenses not deductible for tax purposes	4,413	11,158
Capital allowances for period in excess of depreciation	(3,132)	(5,465)
Utilisation of tax losses	-	(3,072)
Adjustments to tax charge in respect of previous periods	<u>2,264</u>	<u>2,136</u>
	<u>£ 74,654</u>	<u>£ 28,203</u>

MILL HILL ENGINEERING (HOLDINGS) PLC
NOTES TO THE ACCOUNTS - 31ST AUGUST 2002

8. TANGIBLE FIXED ASSETS

	<u>Leasehold Property</u> £	<u>Plant & Machinery</u> £	<u>Motor Vehicles</u> £	<u>Fixtures & Fittings</u> £	<u>Total</u> £
GROUP AND COMPANY					
Cost					
At 1st September 2001	126,715	323,280	5,634	32,138	487,767
Additions	23,801	94,331	-	3,665	121,797
Disposal	<u>-</u>	<u>(157,982)</u>	<u>-</u>	<u>-</u>	<u>(157,982)</u>
At 31st August 2002	<u>150,516</u>	<u>259,629</u>	<u>5,634</u>	<u>35,803</u>	<u>451,582</u>
Depreciation					
At 1st September 2001	107,434	130,855	5,599	26,951	270,839
Charge for year	37,629	16,072	35	1,933	55,669
Disposal	<u>-</u>	<u>(59,661)</u>	<u>-</u>	<u>-</u>	<u>(59,661)</u>
At 31st August 2002	<u>145,063</u>	<u>87,266</u>	<u>5,634</u>	<u>28,884</u>	<u>266,847</u>
Written down values					
At 31st August 2002	<u>£ 5,453</u>	<u>£ 172,363</u>	<u>£ -</u>	<u>£ 6,919</u>	<u>£ 184,735</u>
At 31st August 2001	<u>£ 19,281</u>	<u>£ 192,425</u>	<u>£ 35</u>	<u>£ 5,187</u>	<u>£ 216,928</u>
	<u>Leasehold Property</u> £	<u>Plant & Machinery</u> £	<u>Motor Vehicles</u> £	<u>Fixtures & Fittings</u> £	<u>Total</u> £
COMPANY					
Cost					
At 1st September 2001	126,715	273,757	5,634	31,838	437,944
Additions	23,801	90,931	-	2,171	116,903
Disposal	<u>-</u>	<u>(105,059)</u>	<u>-</u>	<u>-</u>	<u>(105,059)</u>
At 31st August 2002	<u>150,516</u>	<u>259,629</u>	<u>5,634</u>	<u>34,009</u>	<u>449,788</u>
Depreciation					
At 1st September 2001	107,434	110,132	5,599	26,810	249,975
Charge for year	37,629	9,072	35	1,800	48,536
Disposal	<u>-</u>	<u>(31,938)</u>	<u>-</u>	<u>-</u>	<u>(31,938)</u>
At 31st August 2002	<u>145,063</u>	<u>87,266</u>	<u>5,634</u>	<u>28,610</u>	<u>266,573</u>
Written down values					
At 31st August 2002	<u>£ 5,453</u>	<u>£ 172,363</u>	<u>£ -</u>	<u>£ 5,399</u>	<u>£ 183,215</u>
At 31st August 2001	<u>£ 19,281</u>	<u>£ 163,625</u>	<u>£ 35</u>	<u>£ 5,028</u>	<u>£ 187,969</u>

MILL HILL ENGINEERING (HOLDINGS) PLC
NOTES TO THE ACCOUNTS - 31ST AUGUST 2002

9.	INVESTMENTS	<u>2002</u>	<u>2001</u>
	Investments	£ <u>4</u>	£ <u>4</u>

Details of group companies are set out below. All shareholdings comprise of ordinary shares.

<u>Subsidiary Companies</u>	<u>Activity</u>
Blackburn (Mill Hill) Engineering Ltd	Engineering
Blackburn Heavy Engineering Ltd	Engineering

The subsidiary companies are 100% owned by Mill Hill Engineering (Holdings) Plc and are incorporated in England.

10.	DEBTORS	<u>2002</u>	<u>2001</u>
		<u>Group</u>	<u>Company</u>
		£	£
	Trade debtors	54,567	7,896
	Other debtors	1,011	-
	Amount owed by subsidiary	-	97,442
	Social security and other taxes	81,764	-
	Director current account	<u>16,900</u>	<u>16,900</u>
		<u>£ 154,242</u>	<u>£ 122,238</u>
		<u>£ 106,224</u>	<u>£ 85,295</u>

Trade debtors include Kelburn Engineering Ltd of £8,787 which the director, Mr A. Molloy, has a fifty percent interest.

11.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>2002</u>	<u>2001</u>
		<u>Group</u>	<u>Company</u>
		£	£
	Trade creditors	79,503	26,790
	Social security and other taxes	117,747	1,920
	Other creditors	84	-
	Amount owed to subsidiary	-	278,926
	Accruals	162,676	88,336
	Directors current account	-	-
	Other loan	<u>1,194</u>	<u>1,194</u>
		<u>361,204</u>	<u>397,166</u>
	Taxation	<u>108,090</u>	<u>3,759</u>
		<u>£ 469,294</u>	<u>£ 400,925</u>
		<u>£ 582,645</u>	<u>£ 332,793</u>

MILL HILL ENGINEERING (HOLDINGS) PLC
NOTES TO THE ACCOUNTS - 31ST AUGUST 2002

12. DEFERRED TAXATION	<u>2002</u>		<u>2001</u>	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Balance at 1st September 2001	29,700	29,700	-	-
Charge for the year	<u>(1,700)</u>	<u>(1,700)</u>	<u>-</u>	<u>-</u>
Balance at 31st August 2002	<u>£ 28,000</u>	<u>£ 28,000</u>	<u>£ -</u>	<u>£ -</u>

The provision for deferred taxation is made up of accelerated capital allowances.

The company has applied FRS 19 "Deferred taxation" for the first time in this financial statement. As a result, the accounting policy for deferred taxation has been changed and full provision has been made for timing differences arising from accelerated capital allowance, as opposed to no provision previously provided.

The application of new policy has resulted in any material charge to figures reported in previous financial statement and therefore prior year adjustment has been made. The effect of the change in policy on the current year's profit is material.

13. CALLED UP SHARE CAPITAL	<u>2002</u>	<u>2001</u>
Authorised		
250,000 ordinary shares of £1 each	<u>£ 250,000</u>	<u>£ 250,000</u>
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	<u>£ 50,000</u>	<u>£ 50,000</u>

14. PROFIT AND LOSS	<u>2002</u>		<u>2001</u>	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Balance at 1st September 2001	(130,420)	(109,525)	(94,931)	(126,257)
Prior year adjustment	(29,700)	(29,700)	-	-
Profit/(Loss) for the financial year	234,127	110,942	(35,489)	16,732
Dividend	<u>(25,200)</u>	<u>(25,200)</u>	<u>-</u>	<u>-</u>
Balance at 31st August 2002	<u>£ 48,807</u>	<u>£ (53,483)</u>	<u>£ (130,420)</u>	<u>£ (109,525)</u>

PRIOR YEAR ADJUSTMENT

The financial statements for 2001 have been restated to correct an error deferred taxation made in 2002. The effect of the restatement was to decrease profit for the financial year 2001 by £29,700.

The company has applied FRS 19 "Deferred taxation" for timing differences arising from accelerated capital allowance, as opposed to no provision previously provided.

MILL HILL ENGINEERING (HOLDINGS) PLC
NOTES TO THE ACCOUNTS - 31ST AUGUST 2002

15. RECONCILIATION OF MOVEMENTS
ON SHAREHOLDERS' FUNDS

	<u>2002</u>		<u>2001</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Profit/(Loss) for the financial year after taxation	204,427	81,242	(35,489)	16,732
Dividend	(25,200)	(25,200)	-	-
Opening shareholders' funds at 1st September 2001	<u>(80,420)</u>	<u>(44,931)</u>	<u>(76,257)</u>	
Closing shareholders' funds at 31st August 2002	<u>£ 98,807</u>	<u>£ (3,483)</u>	<u>£ (80,420)</u>	<u>£ (59,525)</u>

16. OTHER COMMITMENTS

At 31st August 2002, the company had annual commitments under non-cancellable operating lease as follows:-

	<u>Land and Buildings</u>	
	<u>2002</u>	<u>2001</u>
Operating lease which expires:		
Within one year	20	20
In the second to fifth year inclusive	80	80
Over five years	<u>80</u>	<u>100</u>
	<u>£ 180</u>	<u>£ 200</u>

17. TRANSACTIONS WITH DIRECTORS

In debtors there is an interest free unsecured loan of £16,900 (2001 – Nil) to Mr A. Molloy.

MILL HILL ENGINEERING (HOLDINGS) PLC
NOTES TO THE ACCOUNTS - 31ST AUGUST 2002

17. NOTES TO THE CASH FLOW STATEMENTS

NOTE 1 - GROSS CASH FLOWS

Cash flows are shown gross in the cash flow statement

NOTE 2 - ANALYSIS OF CHANGES IN NET DEBT

	<u>At 01.09.01</u>	<u>Cash</u>	<u>Other non-</u>	<u>At 31.08.02</u>
	£	flow	cash changes	£
		£	£	
Cash in hand and at bank	80,423	160,721	-	241,144
Bank overdraft	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>£ 80,423</u>	<u>£ 160,721</u>	<u>£ -</u>	<u>£ 241,144</u>

18. RELATED PARTY TRANSACTIONS

Mrs C. Molloy, a shareholder of the company and wife of the director Mr A. Molloy, rents the trading premises to company for £20,000 per annum.

The subsidiary, Blackburn Heavy Engineering Ltd, made sales of £65,947 to Kelburn Engineering Ltd and £4,366 to MHE Flanges Ltd in which the director Mr A. Molloy has a fifty percent interest. Kelburn Engineering owed £19,854 and MHE Flanges Ltd £5,130 to the company at the balance sheet date.

The subsidiary, Blackburn (Mill Hill) Engineering Ltd, made sales of £72,000 to Kelburn Engineering in which the director Mr A. Molloy has a fifty percent interest. Kelburn Engineering owed £8,787 to the company at the balance sheet date.