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THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

**ABBREVIATED
FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED
31 DECEMBER 1997**



THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

ABBREVIATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997

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THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

COMPANY INFORMATION
AS AT 31 DECEMBER 1997

DIRECTORS

F Ellis (appointed 18/12/96)
J Huggins (appointed 18/12/96)

SECRETARY

F Ellis ACMA

REGISTERED OFFICE

Standard Works
Station Road
Reddish
Stockport
SK5 6ND

REGISTERED NUMBER

03230321

BUSINESS ADDRESS

Standard Works
Station Road
Reddish
Stockport
SK5 6ND

AUDITORS

Hurst & Company
Chartered Accountants &
Registered Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD

SOLICITORS

Halliwell Landau
St. James's Court
Brown Street
Manchester
M2 2JF

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

COMPANY INFORMATION
AS AT 31 DECEMBER 1997

PRINCIPAL BANKERS

National Westminster Bank plc
PO Box 546
100 Barbirolli Square
Manchester
M60 2FT

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the period ended 31 December 1997.

PRINCIPAL ACTIVITIES

The principal activities of the company in the period under review were the manufacture, sale, and distribution of high quality steel fabrications to original equipment manufacturers in the earth moving, materials handling, and coach building sectors.

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £168,563.

The company was incorporated on 26 July 1996 as Hallco 109 Limited and commenced trading on 27 December 1996

The name of the company was changed to Thos Storey Fabrications Limited on 14 January 1997.

In order to maintain its position in the very competitive markets in which it operates the company has initiated a programme of organisational and methodology changes along with an aggressive 4-year capital expenditure programme which aims to replace all major pieces of plant within this period. With this in mind the results in the first year are within the directors' expectations and fully support this strategy.

DIVIDENDS

The directors have paid an interim dividend during the period amounting to £20,000.

DIRECTORS AND THEIR INTERESTS

The directors in office in the period and their beneficial interests in the company at the balance sheet date were as follows:

Number of Shares		
1997		
F Ellis (appointed 18/12/96)	£1 Ordinary shares	50,000
J Huggins (appointed 18/12/96)	£1 Ordinary shares	50,000
HL Directors Ltd (resigned 18/12/96)		
HL Secretaries Ltd (resigned 18/12/96)		

On incorporation one share each was held by HL Directors Ltd and HL Secretaries Ltd. These shares were transferred to F Ellis and J Huggins on 18 December 1996.

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

DIRECTORS' REPORT

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 as at the end of the financial year and of the profit or 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;
- 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 maintaining 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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the period the company did not make any political contributions nor any charitable contributions.

CLOSE COMPANY

The company is a close company, as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

Hurst & Company were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985 are willing to be re-appointed.

By order of the board:



F Ellis
Secretary

Approved by the board: 19.5.98

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

AUDITORS' REPORT TO THE DIRECTORS
PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have audited the financial statements on pages 6 to 19 which have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and on the basis of accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver financial statements prepared in accordance with section 246A(3) of the Companies Act 1985 and whether the abbreviated financial statements have been properly prepared in accordance with that Schedule.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver financial statements prepared in accordance with section 246A(3) of the Companies Act 1985 and that the abbreviated financial statements have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion, the company is entitled to deliver financial statements prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated financial statements on pages 6 to 19 have been properly prepared in accordance with that provision.

Hurst & Company

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Hurst & Company
Chartered Accountants &
Registered Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD

19 May 1998

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 1997

	Notes	1997 £
GROSS PROFIT		962,383
Distribution costs		129,845
Administrative expenses		520,074
OPERATING PROFIT	2	312,464
Investment income and interest receivable	3	659
Interest payable and similar charges	4	(64,336)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		248,787
Tax on profit on ordinary activities	7	(80,224)
PROFIT FOR THE PERIOD		168,563
Dividends	8	(20,000)
RETAINED PROFIT FOR THE PERIOD		148,563

Continuing operations

All of the company's activities were acquired from Thos. Storey (Engineers) Limited on 27 December 1996. The company commenced trading on this date.

Total recognised gains and losses

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

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

ABBREVIATED BALANCE SHEET
AT 31 DECEMBER 1997

	Notes	£	1997 £
FIXED ASSETS			
Tangible assets	9		1,227,345
CURRENT ASSETS			
Stocks	10	430,062	
Debtors	11	1,617,137	
Cash at bank and in hand		391	
		<u>2,047,590</u>	
CREDITORS: amounts falling due within one year	12	<u>(1,702,371)</u>	
NET CURRENT ASSETS			<u>345,219</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,572,564</u>
CREDITORS: amounts falling due after more than one year	13		(499,549)
PROVISIONS FOR LIABILITIES AND CHARGES	16		<u>(15,424)</u>
NET ASSETS			<u><u>1,057,591</u></u>
CAPITAL AND RESERVES			
Called up share capital	17		100,000
Other reserves	18		721,043
Profit and loss account	18		<u>236,548</u>
TOTAL SHAREHOLDERS' FUNDS	19		<u><u>1,057,591</u></u>

In preparing the financial statements, the directors have taken advantage of special provisions of Part VII of the Companies Act 1985 relating to medium- sized companies (s246A(4)), on the grounds that the company is entitled to those exemptions.

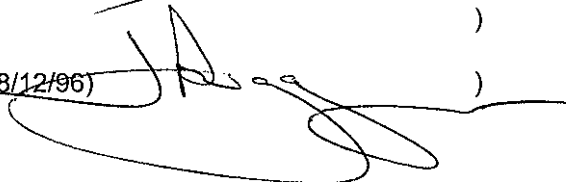
The financial statements were approved by the board of directors on 19 Mar 1998 and signed on its behalf by:

F Ellis (appointed 18/12/96)



)
) Directors

J Huggins (appointed 18/12/96)



The notes on pages 9 to 19 form part of these financial statements.

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 1997

	Notes	1997 £
CASH FLOW FROM OPERATING ACTIVITIES	2	(94,662)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	20	(63,677)
TAXATION	20	(5,000)
CAPITAL EXPENDITURE	20	(189,226)
EQUITY DIVIDENDS PAID		(20,000)
Cash outflow before use of liquid resources and financing		(372,565)
FINANCING	20	363,366
DECREASE IN CASH IN THE PERIOD		(9,199)

**RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET DEBT**

	21	
DECREASE IN CASH IN THE PERIOD		(9,199)
Cash inflow from increase in debt and lease financing		263,366
Change in net debt resulting from cash flows		(272,565)
New finance leases		(333,845)
Movement in net debt in the period		(606,410)
Net debt at 31 December 1997		(606,410)

The notes on pages 9 to 19 form part of these financial statements.

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain tangible fixed assets, and are in accordance with applicable accounting standards.

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the period.

Depreciation of tangible fixed assets

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

Freehold land and buildings	5% on cost
Plant and machinery	10-50% on cost
Motor vehicles	33% on cost
Equipment, fixtures and tools	20% - 33.3% on cost

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials and direct labour appropriate to the relevant stage of production, plus variable production overheads. Net realisable value is based on estimated selling price less further costs to completion and disposal.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease. The capital element of the future payments is treated as a liability.

Pension costs

The company operates a defined contribution pension scheme for directors. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997

2. OPERATING PROFIT

Operating profit is stated: **1997**
£

After charging:

Depreciation of fixed assets	159,130
Auditors' remuneration	7,850
Non-audit service remuneration paid to auditors	14,250
Hire of equipment	1,155

Reconciliation of operating profit to net
cash outflow from operating activities

1997
£

Operating profit	312,464
Depreciation	159,130
Increase in stocks	(430,062)
Increase in debtors	(1,617,137)
Increase in creditors	1,535,319
Set up costs paid	(54,376)

Net cash outflow from operating activities **(94,662)**

3. INVESTMENT INCOME AND INTEREST RECEIVABLE

1997
£

Interest received and receivable

Bank interest	659
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4. INTEREST PAYABLE AND SIMILAR CHARGES

1997
£

On bank loans and overdrafts	37,866
Lease finance charges and hire purchase interest	21,952
Other interest	4,518

64,336

THOS. STOREY FABRICATIONS LIMITED
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NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997

5. INFORMATION ON DIRECTORS AND EMPLOYEES

	1997
	£
Staff costs	
Wages and salaries	1,982,761
Social security costs	200,053
Other pension costs	100,000
	<u>2,282,814</u>
	1997
	No.
The average number of employees during the year was made up as follows:	
Manufacturing	99
Management/Administration	15
	<u>114</u>
	1997
	£
Directors' emoluments	
Remuneration for management services	235,087
Pension contributions to money purchase schemes	100,000
	<u>335,087</u>

Retirement benefits under money purchase pension schemes are accruing to two directors.

6. PENSION COSTS

Defined contribution scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £100,000.

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997
	£
The taxation charge comprises:	
UK Corporation tax at 23.25%	64,800
Transfer to deferred tax	15,424
	<u>80,224</u>

8. DIVIDENDS PAID OR PROPOSED

	1997
	£
On ordinary shares:	
Interim dividend paid 18th July 1997	<u>20,000</u>

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost:					
Additions	620,004	660,286	56,430	49,755	1,386,475
Depreciation:					
Charge for period	23,500	97,135	19,410	19,085	159,130
Net book value:					
At 31 Dec. 97	<u>596,504</u>	<u>563,151</u>	<u>37,020</u>	<u>30,670</u>	<u>1,227,345</u>
					1997
					£

Analysis of net book value of land and buildings:

Freehold	<u>596,504</u>
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Included in freehold land and buildings are depreciable buildings with a net book value of £446,500 at 31 December 1997.

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997

9. TANGIBLE FIXED ASSETS - (continued)

Included above are assets held under finance leases or hire purchase contracts as follows:-

	1997 £
Net book values:	
Plant and machinery	218,147
Depreciation charge for the period:	
Plant and machinery	42,953

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

Additions are analysed as follows:

	Fair value adjustment(£)	Additions at cost(£)	Total(£)
Freehold land and bulidings	586,004	34,000	620,004
Plant and machinery	256,400	403,886	660,286
Office equipment	21,000	35,430	56,430
Motor vehicles	-	49,755	49,755
	863,404	523,071	1,386,475

The trade of the fabrications business of Thos. Storey (Engineers) Limited was acquired on 27 December 1996. The final acquisition cost and fair value adjustments are as follows:

Assets and liabilities	Acquisition cost	Fair value adjustment	Restated at acquisition
Land and buildings	34,000	586,004	620,004
Plant and machinery	276,000	256,400	532,400
Office equipment	-	21,000	21,000
Motor vehicles	40,000	-	40,000
Stock	409,253	-	409,253
Net Debtors	898,319	-	898,319
	1,657,572	863,404	2,520,976

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997

9. TANGIBLE FIXED ASSETS - (continued)

The freehold land and buildings were revalued by Lambert Smith Hampton, consultant surveyors and valuers, on 31 July 1996.

The plant and machinery was revalued by Hopkins and Partners, corporate asset consultants, on 24 July 1996.

The above assets have been shown at their fair value because, in the opinion of the directors, this represents the net replacement cost of these assets

The plant and machinery acquired at a cost of £276,000, is subject to a sale and leaseback agreement.

10. STOCKS

	1997 £
Raw materials and consumables	229,273
Short term work in progress	118,006
Finished goods and goods for resale	82,783
	<u>430,062</u>

11. DEBTORS

	1997 £
Trade debtors	1,601,516
Other debtors	3,464
Prepayments and accrued income	12,157
	<u>1,617,137</u>

12. CREDITORS: amounts falling due within one year

	1997 £
Bank loans and overdrafts	34,590
Net obligations under finance leases and hire purchase contracts	72,662
Amount due to invoice counter	471,480
Trade creditors	627,289
Corporation tax	59,800
Other taxes and social security costs	81,790
Other creditors	36,390
Accruals and deferred income	318,370
	<u>1,702,371</u>

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997

12. CREDITORS: amounts falling due within one year - (continued)

Bank overdrafts amounting to £9,590 are secured by a mortgage debenture dated 27 December 1996, over unscheduled assets.
The amounts due to the invoice discounter are secured by a book debts debenture dated 24 December 1996, in favour of the discounter.
The bank loan is secured by a first legal mortgage dated 27 December 1996, over the works at Station Road, Reddish, Stockport, Cheshire.
Net obligations under finance leases and hire purchase contracts are secured on the assets concerned.

13. CREDITORS: amounts falling due after more than one year

	1997
	£
Loans	338,100
Net obligations under finance leases and hire purchase contracts	161,449
	<u>499,549</u>

The bank loan is secured by a first legal mortgage dated 27 December 1996, over the works at Station Road, Reddish, Stockport, Cheshire.
The bank loan is repayable over 10 years, the final repayment falls due in May 2007, with interest payable at 2.5% above the base rate of the National Westminster Bank plc.
Net obligations under finance leases and hire purchase contracts are secured on the assets concerned.

14. BORROWINGS

	1997
	£
The company's borrowings are repayable as follows	
Up to one year and on demand	506,070
Between one and two years	30,000
Between two and five years	120,000
After five years	188,100
	<u>844,170</u>
Wholly repayable within five years	<u>656,070</u>
Included in current liabilities	<u>506,070</u>

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997

15. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1997
	£
The company's net obligations under finance leases and hire purchase contracts are repayable as follows:	
Within one year or on demand	72,662
Between one and two years	78,860
Between two and five years	82,589
	<u>234,111</u>
Included in current liabilities	(72,662)
	<u><u>161,449</u></u>

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Fully provided
	1997
	£
Deferred tax is calculated at 23% analysed over the following timing differences:	
On the excess of capital allowances over depreciation	15,424
	<u>15,424</u>
	1997
	£
Movements on the provision for deferred taxation are:	
Transferred from profit and loss account	(15,424)
	<u><u>(15,424)</u></u>

17. SHARE CAPITAL

	1997
	£
Authorised:	
Equity interests:	
Ordinary shares of £1 each	110,000
	<u>110,000</u>
Allotted, called up and fully paid:	
Equity interests:	
Ordinary shares of £1 each	100,000
	<u>100,000</u>

On incorporation the two subscriber shares were issued. This was followed by 99,998 £1 ordinary shares (nominal value £99,998) on 27 December 1996. The total consideration received was £100,000.

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997

18. RESERVES

	Profit & loss account	Other reserves	Total
	£	£	£
Profit for the period	148,563	-	148,563
Fair value adjustment	-	863,404	863,404
Set up costs	-	(54,376)	(54,376)
Transfer of excess depreciation on fair value adjustment	87,985	(87,985)	-
Balance at 31/12/97	236,548	721,043	957,591

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £
Profit for the financial period	168,563
Dividends	(20,000)
Other recognised gains and losses relating to the period	809,028
New share capital subscribed	100,000
Net addition to shareholders' funds	1,057,591
Closing shareholders' funds	1,057,591
Represented by:-	
Equity interests	1,057,591

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	1997 £
Returns on investments and servicing of finance	
Interest received	659
Interest paid	(42,384)
Interest element of hire purchase contracts	(21,952)
Net cash outflow from returns on investments and servicing of finance	(63,677)
Taxation	
Corporation tax paid	(5,000)

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - (continued)

	1997 £
Capital expenditure	
Purchase of tangible fixed assets	(189,226)
Net cash outflow from capital expenditure	(189,226)
Financing	
Issue of ordinary share capital	100,000
New long-term loans	611,000
Repayments of long-term loans	(247,900)
Repayments of capital element of hire purchase contracts	(99,734)
Net cash inflow from financing	363,366

21. ANALYSIS OF NET DEBT

	1996 £	Cash flow £	Other movements £	1997 £
Cash at bank and in hand	-	391	-	391
Bank overdraft	-	(9,590)	-	(9,590)
Debt due within one year	-	(25,000)	-	(25,000)
Debt due after one year	-	(338,100)	-	(338,100)
Finance leases	-	99,734	(333,845)	(234,111)
	-	(272,565)	(333,845)	(606,410)

22. CAPITAL COMMITMENTS

	1997 £
Details of capital commitments at the accounting date are as follows:	
Contracted but not provided for in the financial statements	5,600
Authorised but not yet contracted for	3,460
	9,060

23. RELATED PARTY DISCLOSURES

The directors consider that the following related party transaction requires disclosure:
 - Personal guarantees are given by the directors, F Ellis and J Huggins, in respect of the confidential invoice discounting for security of the book debts.

THOS. STOREY FABRICATIONS LIMITED
(FORMERLY HALLCO 109 LIMITED)

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1997

24. CONTROL

The company is under the joint control of the two directors, Mr F Ellis and Mr J Huggins.