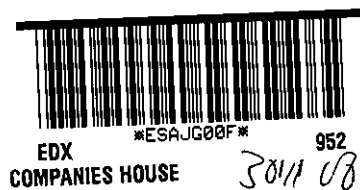


COMPANY REGISTRATION NUMBER 682754

COZENS & COLE LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR
31 MARCH 2006



COZENS & COLE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

CONTENTS	PAGES
The directors' report	1
Profit and loss account	2
Balance sheet	3
Notes to the financial statements	4 to 8
The following pages do not form part of the financial statements	
Detailed profit and loss account	10
Notes to the detailed profit and loss account	11

COZENS & COLE LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2006

The directors have pleasure in presenting their report and the unaudited financial statements of the company for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the manufacture of belting and sale of belting and pulleys.

DIRECTORS

The directors who served the company during the year were as follows:

Mr G Zambra

M E Charles



The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

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.

Registered office:
Spring Road
Ettingshall
Wolverhampton
WV4 6JT

Signed by order of the directors



MRS T A ZAMBRA
Company Secretary

Approved by the directors on 18/05/06

COZENS & COLE LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2006**

	Note	<u>2006</u> £	<u>2005</u> £
TURNOVER	2	840,564	829,519
Cost of sales		<u>470,892</u>	<u>449,093</u>
GROSS PROFIT		369,672	380,426
Distribution costs		38,861	54,432
Administrative expenses		<u>306,942</u>	<u>308,361</u>
OPERATING PROFIT	3	23,869	17,633
Interest receivable		1,500	1,158
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>25,369</u>	<u>18,791</u>
Tax on profit on ordinary activities		<u>5,238</u>	<u>3,818</u>
PROFIT FOR THE FINANCIAL YEAR		20,131	14,973
Balance brought forward		<u>118,202</u>	<u>103,229</u>
Balance carried forward		<u>138,333</u>	<u>118,202</u>

The notes on pages 4 to 8 form part of these financial statements.

COZENS & COLE LIMITED

BALANCE SHEET

31 MARCH 2006

	Note	£	2006	£	£	2005	£
FIXED ASSETS							
Tangible assets	5			28,663			32,589
CURRENT ASSETS							
Stocks		258,700			231,213		
Debtors	6	154,336			169,754		
Cash at bank and in hand		151,143			163,296		
		<u>564,179</u>			<u>564,263</u>		
CREDITORS: Amounts falling due within one year	7	<u>439,235</u>			<u>463,173</u>		
NET CURRENT ASSETS				124,944			101,090
TOTAL ASSETS LESS CURRENT LIABILITIES				153,607			133,679
PROVISIONS FOR LIABILITIES							
Deferred taxation	8			3,274			3,477
				<u>150,333</u>			<u>130,202</u>
CAPITAL AND RESERVES							
Called-up equity share capital	11			12,000			12,000
Profit and loss account				138,333			118,202
SHAREHOLDERS' FUNDS				<u>150,333</u>			<u>130,202</u>

The directors are 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.

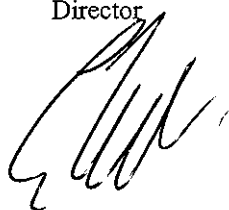
The directors acknowledge their responsibilities for:

- (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 January 2005).

These financial statements were approved by the directors on the 18/5/06 and are signed on their behalf by:

MR G ZAMBRA
Director



The notes on pages 4 to 8 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 January 2005).

Turnover

Turnover represents the value of goods supplied and work done, excluding 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	- 12.5% on reducing balance
Fixtures & Fittings	- 25%/12.5% on reducing balance
Motor Vehicles	- 25% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental deductions is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

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.

COZENS & COLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. TURNOVER

Overseas turnover amounted to 1.55% (To 31 March 2005 - 1.71%) of the total turnover for the year.

3. OPERATING PROFIT

Operating profit is stated after charging:

	<u>2006</u>	<u>2005</u>
	£	£
Staff pension contributions	6,840	6,887
Depreciation of owned fixed assets	<u>5,120</u>	<u>5,975</u>

COZENS & COLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	<u>2006</u>	<u>2005</u>
	£	£
Aggregate emoluments	69,634	70,010
Value of company pension contributions to money purchase schemes	6,619	6,116
	<u>76,253</u>	<u>76,126</u>

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

	<u>2006</u>	<u>2005</u>
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

5. TANGIBLE FIXED ASSETS

	<u>Plant & Machinery</u>	<u>Fixtures & Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£
COST				
At 1 April 2005	90,830	30,569	10,521	131,920
Additions	896	298	—	1,194
At 31 March 2006	<u>91,726</u>	<u>30,867</u>	<u>10,521</u>	<u>133,114</u>
DEPRECIATION				
At 1 April 2005	68,775	25,953	4,603	99,331
Charge for the year	2,869	771	1,480	5,120
At 31 March 2006	<u>71,644</u>	<u>26,724</u>	<u>6,083</u>	<u>104,451</u>
NET BOOK VALUE				
At 31 March 2006	<u>20,082</u>	<u>4,143</u>	<u>4,438</u>	<u>28,663</u>
At 31 March 2005	<u>22,055</u>	<u>4,616</u>	<u>5,918</u>	<u>32,589</u>

6. DEBTORS

	<u>2006</u>	<u>2005</u>
	£	£
Trade debtors	151,495	166,449
Other debtors	2,841	3,305
	<u>154,336</u>	<u>169,754</u>

COZENS & COLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2006****7. CREDITORS: Amounts falling due within one year**

	<u>2006</u>	<u>2005</u>
	£	£
Trade creditors	82,318	86,585
Amounts owed to group undertakings	323,821	345,284
Corporation tax	5,445	3,611
Other taxation	14,670	13,622
Other creditors	12,981	14,071
	<u>439,235</u>	<u>463,173</u>

8. DEFERRED TAXATION

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	<u>2006</u>	<u>2005</u>
	£	£
Excess of taxation allowances over depreciation on fixed assets	3,274	3,477
	<u>3,274</u>	<u>3,477</u>

9. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2006 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	<u>2006</u>	<u>2005</u>
	£	£
Operating leases which expire:		
Within 1 year	5,440	-
Within 2 to 5 years	6,340	13,570
	<u>11,780</u>	<u>13,570</u>

10. CONTINGENCIES

The company has guaranteed bank facilities of the parent company amounting to £960 (2005: £27836).

The directors are confident that these liabilities will not crystallise in the foreseeable future.

COZENS & COLE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2006**

11. SHARE CAPITAL**Authorised share capital:**

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
15,000 Ordinary shares of £1 each	<u>15,000</u>	<u>15,000</u>

Allotted, called up and fully paid:

	<u>2006</u>		<u>2005</u>	
	No	£	No	£
Ordinary shares of £1 each	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>

12. ULTIMATE PARENT COMPANY

The ultimate parent company is H.A.C. (Holdings) Limited, a company registered in England and Wales. The parent company prepared Group Financial Statements and therefore the company has taken advantage of the exemption from disclosing related party transactions.

The following pages do not form part of the statutory financial statements.

COZENS & COLE LIMITED**DETAILED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2006**

	£	<u>2006</u>	£	£	<u>2005</u>	£
TURNOVER			840,564			829,519
COST OF SALES						
Purchases	420,014				368,368	
Opening stock and work-in-progress	231,213				239,654	
Direct wages	72,791				65,519	
Depreciation of plant and machinery	2,869				3,151	
Works expenses	2,705				3,614	
	<u>729,592</u>				<u>680,306</u>	
Closing stock and work-in-progress	(258,700)				(231,213)	
			<u>470,892</u>			<u>449,093</u>
GROSS PROFIT			369,672			380,426
OVERHEADS						
Administrative expenses	306,942				308,361	
Distribution costs	<u>38,861</u>				<u>54,432</u>	
			<u>345,803</u>			<u>362,793</u>
OPERATING PROFIT			23,869			17,633
Bank interest receivable			<u>1,500</u>			<u>1,158</u>
PROFIT ON ORDINARY ACTIVITIES			<u>25,369</u>			<u>18,791</u>

COZENS & COLE LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2006

	£	<u>2006</u>	£	£	<u>2005</u>	£
DISTRIBUTION COSTS						
Freight and carriage			13,043			12,239
Vehicle leasing charges			12,013			15,983
Motor and Travel Expenses			8,502			11,078
Advertising			2,025			906
Depreciation of vehicles			1,480			1,973
Postage			1,395			1,599
Entertaining			297			343
Discount			106			68
Sales Salaries			—			10,243
			<u>38,861</u>			<u>54,432</u>
ADMINISTRATIVE EXPENSES						
Personnel costs						
Directors salaries	72,309				70,045	
Administrative staff salaries	60,086				62,529	
Pension to former director	37,030				36,894	
Directors pensions	8,498				6,116	
Staff pension contributions	6,840				6,887	
			<u>184,763</u>			<u>182,471</u>
Establishment expenses						
Rent, rates and water	9,846				10,403	
Insurance	9,544				10,699	
Light and heat	3,350				3,303	
Repairs and maintenance	563				292	
			<u>23,303</u>			<u>24,697</u>
General expenses						
Management charges payable	80,000				80,000	
Sundry expenses	7,060				7,890	
Accountancy fees	4,050				3,050	
Telephone	3,939				4,800	
Printing, stationery and postage	1,297				1,972	
Depreciation of fixtures and fittings	771				851	
			<u>97,117</u>			<u>98,563</u>
Financial costs						
Bank charges	1,825				1,767	
Provision for doubtful debts	(66)				863	
			<u>1,759</u>			<u>2,630</u>
			<u>306,942</u>			<u>308,361</u>
INTEREST RECEIVABLE						
Bank interest receivable			<u>1,500</u>			<u>1,158</u>