

H.A.C. (HOLDINGS) LIMITED

FINANCIAL STATEMENTS

31 MARCH 1997

Company No: 135614



H.A.C. (HOLDINGS) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

DIRECTORS:

P.G. Bird (Chairman)
G. Zambra (Managing Director)
A.E.G. Bird
G.W. Morton
P.G. King
C.S.D. Campbell

SECRETARY:

J.A. Zambra

REGISTERED OFFICE:

Spring Road
Ettingshall
Wolverhampton
WV4 6JT

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H.A.C. (HOLDINGS) LIMITED**REPORT OF THE DIRECTORS**

The directors present their report with the financial statements for the year ended 31 March 1997.

STATEMENT OF 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 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;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; 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.

PRINCIPAL ACTIVITIES

The principal activities of the group continued to be the manufacture of belting and sale of belting and pulleys.

DIRECTORS

The directors who served during the year and their interests in the issued share capital of the company were as follows:

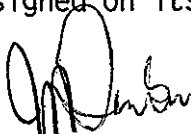
	<u>Shares held</u>	
	<u>1997</u>	<u>1996</u>
P.G. Bird	18,148	18,148
A.E.G. Bird	5,188	5,188
G.W. Morton	24,412	24,412
P.G. King	-	-
G. Zambra	-	-
C.S.D. Campbell	2,687	2,687

AUDITORS

The auditors, Messrs Blease Lloyd & Co., will be proposed for re-appointment in accordance with section 384 of the Companies Act 1985.

In preparing the above report the directors have taken advantage of special exemptions applicable to small groups.

Approved by the board on 6 August 1997
and signed on its behalf by



.....
G. Zambra Secretary

REPORT OF THE AUDITORS**TO THE MEMBERS OF H.A.C. (HOLDINGS) LIMITED**

We have audited the financial statements on pages 3 to 14 which have been prepared following the accounting policies set out on pages 7 and 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 those statements and to report our opinion to you.

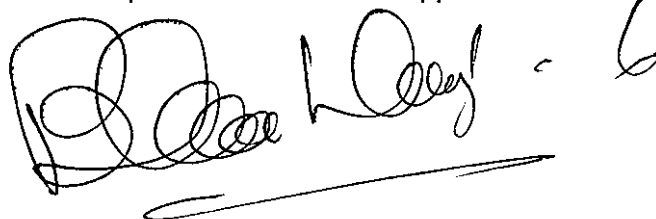
BASIS OF OPINION

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 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 affairs of the company and the group as at 31 March 1997 and of the group's profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small groups.

A handwritten signature in dark ink, appearing to read 'Blease Lloyd & Co.', with a long horizontal line underneath it.

BLEASE LLOYD & CO.
CHARTERED ACCOUNTANTS
and Registered Auditors

Birkenhead

18 August 1997

H.A.C. (HOLDINGS) LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 1997**

	<u>Notes</u>	£	<u>1997</u>	£	£	<u>1996</u>	£
TURNOVER	2			959,276			944,457
Cost of sales				595,370			580,110
GROSS PROFIT				363,906			364,347
Distribution costs		82,405				77,825	
Administration expenses		247,119				226,282	
				329,524			304,107
OPERATING PROFIT				34,382			60,240
Profit on disposal of fixed assets				508			349
				34,890			60,589
Interest payable				23			1,004
				34,867			59,585
Interest receivable				138			-
PROFIT on ordinary activities before taxation	3			35,005			59,585
TAXATION				12,176			8,916
PROFIT for the financial year 18				22,829			50,669
DIVIDENDS				4,401			4,401
RETAINED PROFIT for the financial year	17			18,428			46,268

The group's turnover and expenses all relate to continuing operations.

The group has no recognised gains or losses other than the profit for the year.

To be read in conjunction with the notes on pages 7 to 14.

H.A.C. (HOLDINGS) LIMITEDNOTE OF HISTORICAL COST PROFITS AND LOSSESFOR THE YEAR ENDED 31 MARCH 1997

	<u>1997</u> £	<u>1996</u> £
Reported profit on ordinary activities before taxation	35,005	59,585
Difference between the historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount.	<u>1,051</u>	<u>1,051</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u><u>36,056</u></u>	<u><u>60,636</u></u>
 HISTORICAL COST PROFIT RETAINED FOR THE YEAR	 <u><u>19,479</u></u>	 <u><u>47,319</u></u>

H.A.C. (HOLDINGS) LIMITED**CONSOLIDATED BALANCE SHEET AT 31 MARCH 1997**

	<u>Notes</u>	£	<u>1997</u>	£	£	<u>1996</u>	£
FIXED ASSETS							
Tangible assets	7			245,443			248,948
CURRENT ASSETS							
Stocks			176,674			169,211	
Debtors	9		235,193			243,523	
Cash at bank and in hand			32,374			32,444	
			<u>444,241</u>			<u>445,178</u>	
CREDITORS: amounts falling due within one year	10		<u>185,739</u>			<u>217,869</u>	
NET CURRENT ASSETS				258,502			227,309
TOTAL ASSETS LESS CURRENT LIABILITIES				503,945			476,257
CREDITORS: amounts falling due after more than one year							
Hire purchase	11			1,991			660
				<u>501,954</u>			<u>475,597</u>
DEFERRED ASSET							
A.C.T. recoverable				9,097			17,394
				<u>511,051</u>			<u>492,991</u>
DEFERRED INCOME							
Regional development grants	13			652			1,020
				<u>510,399</u>			<u>491,971</u>
CAPITAL AND RESERVES							
Called up share capital	16			58,685			58,685
Share premium account	15			18,685			18,685
Revaluation reserve	15			31,573			32,624
Profit and loss account	15			401,456			381,977
SHAREHOLDERS' FUNDS	16			<u>510,399</u>			<u>491,971</u>

The directors have taken advantage of special exemptions conferred by Schedule 8 to the Companies Act 1985 applicable to small groups in the preparation of the financial statements and have done so on the grounds that, in their opinion, the company is entitled to do so.

Approved by the board on 6 August 1997
and signed on its behalf by 

P.G. Bird, Director

To be read in conjunction with the notes on pages 7 to 15

H.A.C. (HOLDINGS) LIMITED**BALANCE SHEET AT 31 MARCH 1997**

	<u>Notes</u>	£	<u>1997</u>	£	£	<u>1996</u>	£
FIXED ASSETS							
Tangible assets	7			192,466			199,007
Investments	8			<u>96,867</u>			<u>96,867</u>
				289,333			295,874
CURRENT ASSETS							
Debtors	9	221,113			187,836		
CREDITORS: amounts falling due within one year	10	<u>62,424</u>			<u>68,504</u>		
NET CURRENT ASSETS				<u>158,689</u>			<u>119,332</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				448,022			415,206
DEFERRED ASSET							
A.C.T. recoverable				<u>13,297</u>			<u>19,009</u>
				<u>461,319</u>			<u>434,215</u>
CAPITAL AND RESERVES							
Called up share capital	14			58,685			58,685
Share premium account	15			18,685			18,685
Revaluation reserve	15			31,573			32,624
Other reserves	15			5,990			5,990
Profit and loss account	15			<u>346,386</u>			<u>318,231</u>
SHAREHOLDERS' FUNDS	16			<u>461,319</u>			<u>434,215</u>

The directors have taken advantage of special exemptions conferred by Schedule 8 to the Companies Act 1985 applicable to small companies in the preparation of the financial statements and have done so on the grounds that, in their opinion, the company is entitled to do so.

Approved by the board on 6 August 1997
and signed on its behalf by:

P.G. Bird, Director 

To be read in conjunction with the notes on pages 7 to 15

H.A.C. (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings.

Consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up to 31 March 1997. The profits and losses of subsidiary undertakings are consolidated from the date of acquisition to the date of disposal. The differences between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is written off to reserves in the year in which it arises.

Turnover

Turnover represents the amounts receivable by the group, excluding value added tax, for total sales invoiced outside the group.

Tangible fixed assets

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

Freehold buildings	- 2% on cost
Plant and equipment	- 12½% on reducing balance
Fixtures and fittings	- 12½% on reducing balance
Computer equipment	- 10%/20% on reducing balance
Motor vehicles	- 25% on cost

Stocks

Stocks have been valued at the lower of cost and net realisable value less a provision for obsolescence where appropriate.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all timing differences.

Finance leases and hire purchase contracts

Assets obtained under financial leases and 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 repayment outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the terms of the agreement.

H.A.C. (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (continued)****1. ACCOUNTING POLICIES (cont)****Deferred government grants**

Government grants on capital expenditure are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset by equal annual instalments.

Grants of a revenue nature are credited to income in the period to which they relate.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. TURNOVER

During the year under review, export sales accounted for 4.1% of the turnover (1996 : 6.3%).

**3. PROFIT ON ORDINARY ACTIVITIES
BEFORE TAXATION**

	<u>1997</u> £	<u>1996</u> £
This is stated after charging(crediting):		
Vehicle leasing	17,048	13,954
Goodwill amortisation	-	940
Depreciation of owned assets	11,297	15,891
Depreciation of assets held under finance lease and hire purchase contracts	2,937	2,682
Finance charges on hire purchase agreements	23	539
Auditors' remuneration	9,750	11,925
Regional development grant credit	(368)	(368)
Pension contributions	<u>17,725</u>	<u>11,408</u>

4. DIRECTORS' EMOLUMENTS

	£	£
Fees as directors	19,000	17,900
Management remuneration (including benefits in kind and pension contributions)	<u>100,698</u>	<u>94,122</u>
	<u>119,698</u>	<u>112,022</u>
Chairman's emoluments	<u>10,000</u>	<u>10,000</u>
Highest paid director	<u>54,157</u>	<u>45,805</u>
Other directors	<u>Number</u>	<u>Number</u>
£ Nil - £ 5,000	2	2
£ 5,001 - £10,000	1	1
£25,001 - £30,000	-	-
£30,001 - £35,000	-	-
£40,001 - £45,000	-	1
£45,001 - £50,000	1	-

H.A.C. (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (continued)**

5. DIVIDENDS	<u>1997</u> £	<u>1996</u> £
Proposed (7½p per share)	<u>4,401</u>	<u>4,401</u>

6. PARENT COMPANY RESULTS

As permitted by section 230 Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £27,104 (1996: £32,859).

7. TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u> £	<u>Plant and equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
GROUP				
COST OR VALUATION				
At 1 April 1996	205,000	98,655	29,487	333,142
Additions	-	4,261	13,160	17,421
Disposal	-	-	(15,095)	(15,095)
At 31 March 1997	<u>205,000</u>	<u>102,916</u>	<u>27,552</u>	<u>335,468</u>
Cost	-	102,916	27,552	130,468
Valuation 1994	<u>205,000</u>	-	-	<u>205,000</u>
	<u>205,000</u>	<u>102,916</u>	<u>27,552</u>	<u>335,468</u>
DEPRECIATION				
At 1 April 1996	8,356	65,057	10,781	84,194
On disposals	-	-	(8,403)	(8,403)
Charge for year	4,178	4,944	5,112	14,234
At 31 March 1997	<u>12,534</u>	<u>70,001</u>	<u>7,490</u>	<u>90,025</u>
WRITTEN DOWN VALUE				
At 31 March 1997	<u>192,466</u>	<u>32,915</u>	<u>20,062</u>	<u>245,443</u>
Owned assets	192,466	32,915	4,672	230,053
Lease & hire purchase assets	-	-	15,390	15,390
	<u>192,466</u>	<u>32,915</u>	<u>20,062</u>	<u>245,443</u>
At 31 March 1996	<u>196,644</u>	<u>33,598</u>	<u>18,706</u>	<u>248,948</u>

H.A.C. (HOLDINGS) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (continued)

7. TANGIBLE FIXED ASSETS (cont)

	Freehold land and buildings £	Motor vehicles £	Total £
PARENT COMPANY			
COST OR VALUATION			
1 April 1996	205,000	6,300	211,300
Disposals	-	(6,300)	(6,300)
At 31 March 1997	205,000	-	205,000
Cost	-	-	-
Valuation 1994	205,000	-	205,000
	205,000	-	205,000
DEPRECIATION			
On 1 April 1996	8,356	3,937	12,293
Charge for year	4,178	-	4,178
On disposals	-	(3,937)	(3,937)
At 31 March 1997	12,534	-	12,534
WRITTEN DOWN VALUE			
At 31 March 1997	192,466	-	192,466
At 31 March 1996	196,644	2,363	199,007

The historical cost of the freehold land and buildings included above at a valuation of £205,000 was £186,355 and the aggregate depreciation thereon would have been £25,465 (1996: £22,338).

H.A.C. (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (continued)**

8. INVESTMENTS: SHARES IN GROUP UNDERTAKINGS	<u>1997</u> £	<u>1996</u> £
At 31 March 1997	<u>96,867</u>	<u>96,867</u>

At 31 March 1997 the company owned 100% of the issued ordinary shares of the following companies registered in England and Wales.

<u>Name</u>	<u>Nature of business</u>
Cozens & Cole Limited	Factory equipment stockists
Henry A. Cole & Co. Limited	Dormant company
Simpson Belting and Industrial Products Limited	Dormant company

9. DEBTORS	<u>1997</u>		<u>1996</u>	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Trade debtors	230,252	-	240,179	-
Due from group companies	-	220,108	-	187,686
Other debtors	1,448	-	460	-
Prepayments	3,493	1,005	2,884	150
	<u>235,193</u>	<u>221,113</u>	<u>243,523</u>	<u>187,836</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1997</u>		<u>1996</u>	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Trade creditors	109,989	-	122,621	-
Due to group companies	-	11,694	-	10,376
Hire purchase	4,072	-	2,622	-
Social security and other taxes	21,632	8,697	19,771	7,719
Other creditors	88	88	-	-
Accruals	13,034	5,021	15,197	5,382
	<u>148,815</u>	<u>25,500</u>	<u>160,211</u>	<u>23,477</u>
Bank overdraft	29,802	29,802	52,157	39,526
Taxation	2,721	2,721	1,100	1,100
Dividend	4,401	4,401	4,401	4,401
	<u>185,739</u>	<u>62,424</u>	<u>217,869</u>	<u>68,504</u>

11. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	<u>1997</u>		<u>1996</u>	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
The aggregate amount of the obligations is as follows:				
Falling due within one year	4,072	-	2,622	-
Falling due after more than one year and within five years	1,991	-	660	-
	<u>6,036</u>	<u>-</u>	<u>3,282</u>	<u>-</u>

H.A.C. (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (continued)****12. DEFERRED TAXATION**

	<u>1997</u>		<u>1996</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
The amounts provided were as follows:				
Accelerated capital allowances	11,828	7,628	8,977	7,362
Losses available for future relief	-	-	(546)	(546)
	<u>11,828</u>	<u>7,628</u>	<u>8,431</u>	<u>6,816</u>
Advance corporation tax	(11,828)	(7,628)	(8,431)	(6,816)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13. REGIONAL DEVELOPMENT GRANTS

	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
At 1 April 1996	1,020	-	1,388	-
Credit to profit and loss account	(368)	-	(368)	-
	<u>652</u>	<u>-</u>	<u>1,020</u>	<u>-</u>
At 31 March 1997				

14. SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£	£
Authorised:		
100,000 ordinary shares of £1 each	100,000	100,000
Allotted, issued and fully paid:		
58,685 ordinary shares of £1 each	<u>58,685</u>	<u>58,685</u>

15. RESERVES

	<u>Share premium account</u>	<u>Revaluation reserve</u>	<u>Profit & loss account</u>	<u>Total</u>
	£	£	£	£
GROUP				
At 1 April 1996	18,685	32,624	381,977	433,286
Retained profit	-	-	18,428	18,428
Transfer of amount equivalent to additional depreciation on revalued assets	-	(1,051)	1,051	-
At 31 March 1997	<u>18,685</u>	<u>31,573</u>	<u>401,456</u>	<u>451,714</u>

Of the total reserves, £50,258 is not available for distribution.

H.A.C. (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (continued)**

15. RESERVES	Share premium account £	Revaluation reserve £	Capital reserve £	Profit & loss account £	Total £
COMPANY					
At 1 April 1996	18,685	32,624	5,990	318,231	375,530
Retained profit	-	-	-	27,104	27,104
Transfer of amount equivalent to additional depreciation on revalued assets	-	(1,051)	-	1,051	-
At 31 March 1997	18,685	31,573	5,990	346,386	402,634

Of the total reserves, £56,248 is not available for distribution.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u>		<u>1996</u>	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Profit for the financial year	22,829	31,505	50,669	37,260
Dividends paid	(4,401)	(4,401)	(4,401)	(4,401)
Cost of shares repurchased	-	-	(7,200)	(7,200)
Net addition to shareholders' funds	18,428	27,104	39,068	25,659
Shareholders' funds at 1 April 1996	491,971	434,215	452,903	408,556
Shareholders' funds at 31 March 1997	510,399	461,319	491,971	434,215

H.A.C. (HOLDINGS) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (continued)

17. CAPITAL COMMITMENTS

	<u>1997</u>		<u>1996</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Capital expenditure contracted for but not provided in the financial statements	-	-	2,520	-
Capital expenditure authorised by the board but not yet contracted for	-	-	-	-

18. OTHER FINANCIAL COMMITMENTS

At 31 March 1997 the group had annual commitments under non-cancellable operating leases as set out below:

	<u>1997</u>		<u>1996</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Land and buildings:				
Operating leases which expire:				
Within two to five years	3,600	-	3,600	-
	<u>3,600</u>	<u>-</u>	<u>3,600</u>	<u>-</u>
Others:				
Operating leases which expire:				
Within one year	2,722	-	3,690	-
Within two to five years	7,645	6,031	9,433	-
	<u>10,367</u>	<u>6,031</u>	<u>13,123</u>	<u>-</u>