

HENRY A COLE & CO LIMITED

FINANCIAL STATEMENTS

31 MARCH 1995

Company No: 2189579



HENRY A COLE & CO LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1995

DIRECTORS: G. Zambra (Chairman)
P.G. King

SECRETARY: J. Zambra

REGISTERED OFFICE: Spring Road
Ettingshall
Wolverhampton
WV4 6JT

CONTENTS

Pages

1	Report of the directors
2	Report of the auditors
3	Profit and loss account
4	Balance sheet
5 - 8	Notes to the financial statements

HENRY A COLE & CO LIMITED**REPORT OF THE DIRECTORS**

The directors present their report with the financial statements of the company for the year ended 31 March 1995.

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 ensuring for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

The principal activity of the company is the manufacture of belting and the sale of belting and pulleys.

DIRECTORS

The directors in office during the year and their beneficial interests in the issued ordinary share capital were as follows:-


	<u>Shares held</u>	
	<u>1995</u>	<u>1994</u>
G. Zambra	-	-
P.G. King	-	-

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 companies.

Approved by the board on 3 August 1995
and signed on its behalf by


.....
G. Zambra, Secretary

REPORT OF THE AUDITORS**TO THE MEMBERS OF HENRY A COLE & COMPANY LIMITED**

We have audited the financial statements on pages 3 to 8 which have been prepared following the accounting policies set out on page 5.

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.

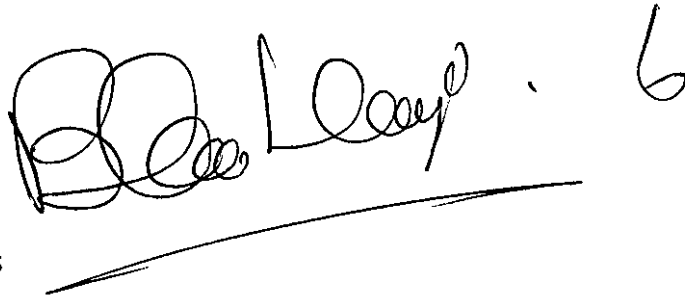
BASIS OF OPINION

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 the company's affairs as at 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small companies.



BLEASE LLOYD & CO.
CHARTERED ACCOUNTANTS
and Registered Auditors

Birkenhead

10 August 1995

HENRY A COLE & CO LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 1995**

	<u>Notes</u>	£	<u>1995</u>	£	£	<u>1994</u>	£
TURNOVER	2			481,419			518,918
Cost of sales				313,776			344,522
GROSS PROFIT				167,643			174,396
Distribution costs		37,024				44,979	
Administrative expenses		116,254				148,497	
				153,278			193,476
OPERATING PROFIT(LOSS)				14,365			(19,080)
Profit on disposal of fixed assets				999			-
				15,364			(19,080)
Interest payable				1,446			1,520
PROFIT(LOSS) on ordinary activities before taxation	3			13,918			(20,600)
TAXATION				-			(1,825)
RETAINED PROFIT(LOSS) for the year	11			13,918			(18,775)

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

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

The profit for the year has been calculated on the historical cost basis.

HENRY A COLE & CO LIMITED

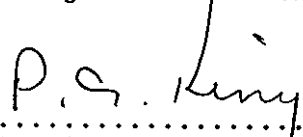
(4)

BALANCE SHEET AT 31 MARCH 1995

	<u>Notes</u>	£	<u>1995</u>	£	£	<u>1994</u>	£
FIXED ASSETS							
Tangible assets	5			23,556			29,280
CURRENT ASSETS							
Stocks			86,815			88,054	
Debtors	6		113,242			131,304	
			<u>200,057</u>			<u>219,358</u>	
CREDITORS: amounts falling due within one year	7		<u>233,516</u>			<u>272,091</u>	
NET CURRENT LIABILITIES				(33,459)			(52,733)
CURRENT LIABILITIES LESS TOTAL ASSETS				(9,903)			(23,453)
DEFERRED INCOME							
Regional Development Grant	8			<u>1,388</u>			<u>1,756</u>
				<u>(11,291)</u>			<u>(25,209)</u>
CAPITAL AND RESERVES							
Called up share capital	10			5,000			5,000
Profit and loss account	11			<u>(16,291)</u>			<u>(30,209)</u>
SHAREHOLDERS' FUNDS	11			<u>(11,291)</u>			<u>(25,209)</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 these exemptions.

Approved by the board on 3 August 1995
and signed on its behalf by


.....
P.G. King, Director

To be read in conjunction with the notes on pages 5 - 8

HENRY A COLE & CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1995****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding valued added tax.

Tangible fixed assets

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

Plant and machinery	- 10% on cost
Fixtures and fittings	- 10% on cost
Motor vehicles	- 25% on cost

Stocks

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

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 finance 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 repayments outstanding.

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

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 for certain employees. Contribution are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

HENRY A COLE & CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1995 (continued)****2. TURNOVER**

During the year under review, export sales accounted for 8% of the turnover (1994 : 7.3%).

3. PROFIT(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging(crediting):	<u>1995</u> £	<u>1994</u> £
Vehicle leasing	11,186	10,462
Depreciation of owned fixed assets	5,802	6,413
Auditors' remuneration	3,500	3,600
Pension contributions	5,675	6,102
Regional development grant credit	(368)	(368)
	<u> </u>	<u> </u>

4. DIRECTORS' EMOLUMENTS

Directors' remuneration amounts to £38,048 (1994 : £33,375) including benefits in kind, and pension contributions

5. TANGIBLE FIXED ASSETS

	<u>Plant & machinery</u> £	<u>Fixtures & fittings</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
COST				
At 1 April 1994	49,588	8,366	6,400	64,354
Additions	-	79	-	79
Disposals	-	-	(6,400)	(6,400)
At 31 March 1995	<u>49,588</u>	<u>8,445</u>	<u>-</u>	<u>58,033</u>
DEPRECIATION				
At 1 April 1994	23,897	4,778	6,399	35,074
On disposals	-	-	(6,399)	(6,399)
Charge for year	4,958	844	-	5,802
At 31 March 1995	<u>28,855</u>	<u>5,622</u>	<u>-</u>	<u>34,477</u>
WRITTEN DOWN VALUES				
At 31 March 1995	<u>20,733</u>	<u>2,823</u>	<u>-</u>	<u>23,556</u>
At 31 March 1994	<u>25,691</u>	<u>3,588</u>	<u>1</u>	<u>29,280</u>

At 31 March 1995 there were no capital expenditure commitments.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1995 (continued)

6.	DEBTORS	<u>1995</u> £	<u>1994</u> £
	Trade debtors	111,641	123,633
	Prepayments	<u>1,601</u>	<u>7,671</u>
		<u>113,242</u>	<u>131,304</u>
7.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	£	£
	Trade creditors	51,250	79,044
	Amounts due to parent company	147,783	148,678
	Social security and other taxes	3,916	3,505
	Accruals	<u>4,004</u>	<u>3,843</u>
		206,953	235,070
	Bank overdraft	<u>26,563</u>	<u>37,021</u>
		<u>233,516</u>	<u>272,091</u>
8.	REGIONAL DEVELOPMENT GRANTS	£	£
	At 1 April 1994	1,756	2,124
	Credit to profit and loss account	<u>368</u>	<u>368</u>
	At 31 March 1995	<u>1,388</u>	<u>1,756</u>
9.	DEFERRED TAXATION	£	£
	The amounts provided for were as follows:		
	Accelerated capital allowances	2,702	2,735
	Losses available for future relief	<u>(2,702)</u>	<u>(2,735)</u>
		<u>-</u>	<u>-</u>
10.	SHARE CAPITAL	£	£
	Authorised 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
	Allotted, issued and fully paid 5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1995 (continued)

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	Total shareholders' funds £
At 1 April 1993	5,000	(11,434)	(6,434)
Loss for the year	-	(18,775)	(18,775)
At 31 March 1994	5,000	(30,209)	(25,209)
Profit for the year	-	13,918	13,918
At 31 March 1995	5,000	(16,291)	(11,291)

12. OTHER FINANCIAL COMMITMENTS

At 31 March 1995 the company had annual commitments under non-cancellable operating leases for plant and equipment as set out below:

	1995 £	1994 £
Operating leases which expire:		
Within one year	-	3,342
Within five years	9,369	-
	<u>9,369</u>	<u>3,342</u>

13. CONTINGENT LIABILITIES

The company has guaranteed bank facilities of the parent company and fellow subsidiary amounting to £19,617 (1994:£17,004).

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

14. PARENT UNDERTAKING

The ultimate parent company is H.A.C. (Holdings) Limited, a company registered in England and Wales.