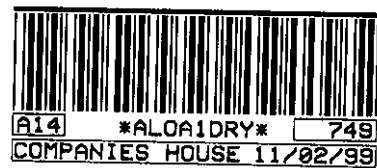


Company number : 2852052

WINKWORTH MACHINERY LIMITED
ABBREVIATED FINANCIAL STATEMENTS
27 MAY 1998



Baker Tilly
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

DIRECTORS AND OFFICERS

DIRECTORS

J F Winkworth (Chairman and Joint Managing Director)
P E Winkworth (Joint Managing Director)
P L Winkworth

SECRETARY

P E Winkworth

REGISTERED OFFICE

Willow Tree Works
Swallowfield Street
Swallowfield
Berkshire RG7 1QX

AUDITORS

Baker Tilly
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

DIRECTORS' REPORT

The directors submit their report and the financial statements of Winkworth Machinery Limited for the year ended 27 May 1998.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the manufacture of mixing machinery and merchanting of used machinery.

REVIEW OF THE BUSINESS

The company incurred a loss for the year but is well placed to take advantage of future developments.

RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £296,347 which is transferred to profit and loss account .

DIRECTORS

The following directors have held office since 28 May 1997:-

Mrs R M L Winkworth (Died 27 February 1998)
J F Winkworth
P E Winkworth
P L Winkworth

DIRECTORS' INTERESTS

All the directors are directors of Winkworth Holdings Limited and their interests in the shareholding of that company are shown in its accounts.

YEAR 2000

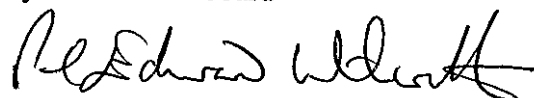
The directors consider that the company's computer systems, telecommunications and other technical systems are compatible with the year 2000.

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



P E WINKWORTH

Secretary

27 November 1998

**DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF
FINANCIAL STATEMENTS**

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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

**AUDITORS' REPORT TO WINKWORTH MACHINERY LIMITED UNDER
SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 6 to 13 together with the financial statements of the company for the period ended 27 May 1998 prepared under section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts 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 abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to your.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are property prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated accounts on pages 6 to 13 are property prepared in accordance with those provisions..

Baker Tilly

BAKER TILLY
Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

27 November 1998

ABBREVIATED PROFIT AND LOSS ACCOUNT
for the year ended 27 May 1998

	Notes	1998	1997
GROSS PROFIT		1,583,091	1,813,917
Other operating expenses (net)	1	1,918,687	1,742,773
OPERATING (LOSS)/PROFIT		<u>(335,596)</u>	<u>71,144</u>
Interest receivable		11,468	11,436
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>(324,128)</u>	<u>82,580</u>
Taxation	4	(27,781)	20,723
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(296,347)</u>	<u>61,857</u>
Dividends	5	-	61,000
RETAINED (LOSS)/PROFIT FOR THE YEAR	13	<u><u>(296,347)</u></u>	<u><u>£ 857</u></u>

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

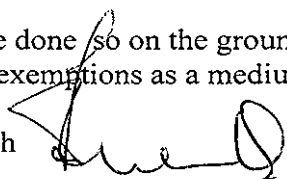
ABBREVIATED BALANCE SHEET
 27 May 1998

	Notes	1998	1997
FIXED ASSETS			
Tangible assets	6	519,041	377,307
CURRENT ASSETS			
Stocks	7	570,770	570,918
Debtors	8	631,455	641,044
Cash at bank and in hand		602,752	304,034
		<u>1,804,977</u>	<u>1,515,996</u>
CREDITORS			
Amounts falling due within one year	9	2,304,614	1,578,433
NET CURRENT LIABILITIES			
		<u>(499,637)</u>	<u>(62,437)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>£ 19,404</u>	<u>£ 314,870</u>
CREDITORS			
Amounts falling due after more than one year	10	250,000	250,000
PROVISIONS FOR LIABILITIES AND CHARGES			
	11	12,303	11,422
CAPITAL AND RESERVES			
Called up equity share capital	12	50,000	50,000
Profit and loss account	13	(292,899)	3,448
		<u>£ 19,404</u>	<u>£ 314,870</u>

In preparing these abbreviated financial statements.

- I have relied upon the exemptions for individual accounts under sections 246A - 247 Companies Act 1985;
- I have done so on the grounds that the company is entitled to the benefits of those exemptions as a medium sized company.

J F Winkworth



.....Director

27 November 1998

Abbreviated financial statements for the year ended 27 May 1998

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant and machinery	over 3 to 8 years
---------------------	-------------------

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

PENSIONS

The company operates a pension scheme for certain employees providing benefits based on contributions. The assets are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid by the company to the fund..

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the year ended 27 May 1998

	1998	1997
1. OTHER OPERATING EXPENSES (NET)		
Distribution costs	522,032	521,771
Administration expenses	1,400,917	1,223,659
Other operating income	(4,262)	(2,657)
	<u>£ 1,918,687</u>	<u>£ 1,742,773</u>
	=====	=====
2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	124,357	118,027
Auditors' remuneration	9,000	8,500
	<u>=====</u>	<u>=====</u>
3. EMPLOYEES		
The average weekly number of persons (including directors) employed by the company during the year was:	No.	No.
Office and management	15	14
Manufacturing	30	32
Selling	7	6
	<u>=====</u>	<u>=====</u>
	52	52
	=====	=====
Staff costs for the above persons:		
Wages and salaries	1,068,062	922,810
Social security costs	101,189	93,495
Other pension costs	39,950	32,917
	<u>£ 1,209,201</u>	<u>£ 1,049,222</u>
	=====	=====

DIRECTORS' REMUNERATION

The directors' are wholly remunerated from the holding company, Winkworth Holdings Limited.

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the year ended 27 May 1998

4. TAXATION	1998	1997
UK Corporation tax	(28,662)	27,553
Deferred taxation	881	(7,129)
Over provision in prior year	-	299
	<u>£ (27,781)</u>	<u>£ 20,723</u>
5. DIVIDENDS		
Proposed ordinary:	-	£ 61,000
	<u> </u>	<u> </u>
6. TANGIBLE FIXED ASSETS		
	Plant and equipment	
Cost:		
28 May 1997	1,064,222	
Additions	311,879	
Disposals	(123,349)	
27 May 1998	<u>1,252,752</u>	
Depreciation:		
28 May 1997	686,915	
Charge in the year	124,357	
Disposals	(77,561)	
27 May 1998	<u>733,711</u>	
Net book value:		
27 May 1998	<u>£ 519,041</u>	
	<u> </u>	
27 May 1997	<u>£ 377,307</u>	

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the year ended 27 May 1998

	1998	1997
7. STOCKS		
Raw materials and consumables	104,118	122,300
Work in progress	135,545	80,919
Finished goods and goods for resale	331,107	367,699
	<u>£ 570,770</u>	<u>£ 570,918</u>
8. DEBTORS		
Trade debtors	498,891	567,031
Other debtors	82,947	57,950
Prepayments and accrued income	20,612	16,063
Corporation tax	29,005	
	<u>£ 631,455</u>	<u>£ 641,044</u>
9. CREDITORS		
Amounts falling due within one year:		
Payments received on account	232,410	198,657
Trade creditors	186,746	361,038
Due to parent company	1,709,362	755,408
Corporation tax	-	21,413
Other taxation and social security costs	28,855	53,040
Other creditors	52,603	55,936
Accruals	94,638	71,941
Proposed dividend	-	61,000
	<u>£ 2,304,614</u>	<u>£ 1,578,433</u>
10. CREDITORS		
Amounts falling due in more than one year:		
Parent company loan	<u>£ 250,000</u>	<u>£ 250,000</u>

The loan is repayable with one year's notice and is interest free.

The loan due to the parent company and inter company indebtedness shown in creditors above are secured by a debenture over the assets of the company.

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the year ended 27 May 1998

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation
Balance at 28 May 1997	£ 11,422
Transfer - profit and loss	881
Balance at 27 May 1998	£ <u>12,303</u>

Deferred taxation provided in the financial statements is the maximum potential and comprises:

	1998	1997
Excess of tax allowances over depreciation	32,833	11,422
Losses	(15,500)	-
Act carried forward	(5,030)	-
	£ <u>12,303</u>	£ <u>11,422</u>

12. EQUITY SHARE CAPITAL

	1998	1997
Authorised: 50,000 ordinary shares of £1 each	£ 50,000	£ 50,000
Allotted, issued and fully paid: 50,000 ordinary shares of £1 each	£ 50,000	£ 50,000

13. PROFIT AND LOSS ACCOUNT

28 May 1997	3,448	2,591
(Loss)/Profit for the year	(296,347)	857
27 May 1998	£ <u>(292,899)</u>	£ <u>3,448</u>

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the year ended 27 May 1998

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

(Loss)/Profit for the financial year	(296,347)	61,857
Dividends	-	61,000
Net (reduction)/addition to shareholders' funds	<u>(296,347)</u>	<u>857</u>
Opening shareholders' funds	53,448	52,591
Closing shareholders' funds	<u>£ (242,899)</u>	<u>£ 53,448</u>

15. RELATED PARTY TRANSACTIONS

The company is wholly controlled by its ultimate parent company Winkworth Holdings Limited which is incorporated in England.

The directors are the directors and shareholders of Winkworth Holdings Limited and Mixer Hire Limited. Mixer Hire Limited hired computers and equipment to the company for £6,657 (1997:£9,711) and the company provided management, storage and administration services of £150,427 (1997:£156,446). Winkworth Holdings Limited provided management and administration services of £985,985 (1997:£847,631).

The above transactions were at normal commercial prices.