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CHAIRMAN'S STATEMENT

Results

Group sales have achieved another record at £24.2 million, 6% up on last year. Group profits were up 35% at £1.8 million without last year's exceptional factory refurbishment costs. Before exceptional items profits showed a small improvement. The main driver for the sales growth has been the Lift Division subsidiaries, both in the UK and overseas.

During the year a major effort was required to launch the new keypad range with a fairly aggressive stock build programme. This was done very successfully but needed a significant effort from the implementation team. I would like to say a special thank you to those involved in this project this year, but would also thank all our employees around the world for their contribution to another successful year for the Group.

Reorganisation

Following the establishment last year of LiftStore, our UK lift fixtures and auxiliaries division, we have now further integrated our UK lift products organisation. LiftStore and Thames Valley Controls (TVC) have been merged into a single company named LiftStore. This company, which commenced trading in this form on 1st October 2002, will offer our full range of products to UK customers. The brands of Dewhurst for Pushbuttons and TVC for Controllers will remain, but offered through a single organisation. The purpose of this change is to improve our service to our customers, by offering a full range of products from a single source. With availability of skilled labour declining in the industry it is becoming ever more important for suppliers to be able to ensure the integration of products so that the lift system works as a whole.

Management

I am very pleased to welcome Jared Sinclair to the Board. Jared has been with us for 5 years following his training as a chartered accountant at Moores Rowland. He has progressed over this period through a number of roles in financial management and has now been appointed Finance Director for the Group.

After three years as a non-executive director Keith Bossard is retiring from the Board. I would like to thank him for his energy and enthusiasm throughout the 23 years he spent with the Company. He was always ready to take on new challenges with a positive approach. We hope he will have a full and happy retirement.

Outlook

In the Lift Division a major contract for components for home lifts is expected to boost sales at Dupar in Canada. Australia has also bounced back from the post Olympic lull and is projected to remain strong during the year. In the UK the current signs are for rather patchy demand, but our aim with LiftStore is to offer customers a wider range of products and at the same time maximise the Group's opportunity on each project.

Rail demand tends to be project based and whilst opportunities exist the timing of contracts is very difficult to predict.

There are good opportunities for growth in keypad product unit sales with the launch of the new keypad range. However there are strong downward pressures on costs and prices, which will hold back revenue growth.

The direction of the major world economies remains uncertain. It is therefore difficult to predict the impact on our businesses. However positive action has been taken by the Group to make the most of available opportunities.

R M Dewhurst
Chairman

REVIEW OF OPERATIONS

Operating Highlights

Group sales increased 6% overall. This year the growth came from the Lift division subsidiaries, both in the UK and overseas. Overseas sales grew more strongly increasing their contribution to 41% of total Group sales.

After strong growth last year Keypad division sales remained flat this year. Rail demand also registered little change year-on-year. In the Lift Division the largest sales gains were in Australia, though all subsidiaries reported record sales for the year.

UNITED KINGDOM

Consolidation at Hounslow, but a strong performance from Thames Valley Controls.

At Hounslow, it was mostly a year of consolidation after the major factory refurbishment of 2001. A small amount of electrical and stores reorganisation carried through into the first half. The cost impact of these items was less than £100,000 and the overall project remained within the originally targeted costs.

Keypad Division

The major event for the keypad division in 2002 was the launch of the new EPP keypad unit for automatic teller machines (ATM's). This unit has been designed to offer easier configuration to customers' needs and is available in stainless steel or polycarbonate key versions. With its third party security module the unit meets the demanding world standards for a high security pinpad. It is retro-fittable to existing machines and a portion of future demand is expected to come from banks and financial institutions taking the unit to upgrade their system security.

Rail Division

We have continued to successfully market a number of indicator and pushbutton products to key customers in the United Kingdom. We have increased the variety and complexity of the products and have maintained our position within the market.

Lift Division

As the UK sales are now all channelled through LiftStore, the Hounslow business lost many hundreds of small external customers and gained one very large internal customer, LiftStore. There was significant focus through the year in ensuring that the Hounslow factory worked effectively with their colleagues at LiftStore to guarantee product availability to meet their needs.

The Hounslow Lift Division is therefore now responsible for developing and supplying pushbutton components for all the subsidiaries as well as other export markets.

On the new product side, this year has been exceptionally busy and it will continue in this way during 2003. We launched the new Compact 2 Micro product through the year and this product won the 'Best New Product under £500' category at this year's British Lift Awards. We have also developed a new range of Digital Display units, which will be launched in the first quarter of this year.

Inclusive Mobility and the Disability Discrimination Act are becoming high profile issues throughout the world but particularly in the United Kingdom. The Lift Code, EN-81, has undergone some revisions to cater for these issues. This has meant that we have had the opportunity to develop a number of new pushbutton products to meet this code.

In Canada, a new code again aligned to Inclusive Mobility has been introduced, which has meant that we have had to adapt the design of all our pushbuttons supplied to Canada. Although this was not too challenging technically, it did throw up some serious logistical problems, which we have overcome.

Demand in the United States for products to meet the Californian code has been quite strong and we have developed a new square plastic button, the US94 to compliment our US92 range of circular pushbuttons.

In terms of sales, the downturn in our established Far Eastern markets that began last year continued this year and the market is likely to follow this pattern for some time. The increase in demand from our overseas subsidiaries as well as other markets ensured that sales remained at a respectable level in difficult times.

LiftStore

Having established LiftStore in July 2001 as the outlet for Dewhurst products in the UK, they have had a full year of operation and we are now seeing some of the benefits of this stand-alone operation starting to come through.

We aim to add value to our core pushbutton products in the UK and this is done by incorporating these products in complete fixtures. The added focus of LiftStore and its sales force, together with a new bespoke drawing package is helping to make the increase in fixture sales a reality. We are confident that our success in this area will grow over the next twelve months.

Demand for Dewhurst lift products started very strongly during the first half of the year, but softened over the second half. This was not totally unexpected, as the summer months always tend to be quieter. We would expect the coming year to follow a similar trend, although there is concern for the second half of 2003.

Thames Valley Controls

Last year was a very positive one for Thames Valley Controls as the company continued to grow sales in both controller and monitoring products.

In the Controller Division, it has essentially been a year for 'more of the same'. We have continued with widening the scope of our Fastrack system, which has ensured that the time taken to engineer each panel has been reduced dramatically. Additionally though, over the year we have developed a system which allows us to link the software used in the Fastrack system to an automated testing module. This significantly reduces the controller testing time and ensures consistency of the test programme.

The gestation period for orders in the Monitoring Division is relatively long and last year was one where a great deal of background work was being done, although this did not show in the results. This year however all that hard work has paid off and the Monitoring Division showed a significant increase in sales together with strong profit growth.

As the Chairman indicated in his report, this year was the last year of operations for Thames Valley as a separate company. It was very pleasing that the final year was so successful. It allows us to move forward in a strong position as we introduce LiftStore as the single source company for the excellent range of Dewhurst Group lift components. We have launched LiftStore with a strong new brand identity and a very informative thirty eight-page brochure illustrating the wide product range. This will be followed up early in this current year with a new website. This new site will also serve as a basis for new sites for all Group Companies.

NORTH AMERICA

Strong growth built on the basis of solid foundations.

Dupar Controls

Last year was indeed a year of reorganisation and consolidation at Dupar Controls and this year we were able to benefit from that and win a considerable amount of additional business primarily in the Canadian market.

Demand for our products continues to be strong and we are currently extending our plant in Cambridge by a further 10,000 sq. ft. This will allow us to install additional capital equipment and extend the office area to help satisfy this demand and continue our growth programme.

Dewhurst at Hounslow designs all pushbutton components, but subsidiary companies are involved at a local level in engineering solutions for their particular customers' requirements. At Dupar a complete range of surface mount fixtures was developed and put into production in six months for a major new customer, which was a great achievement. The benefits of this work should be seen over the coming years.

Early in the year we further cemented our relationship with the infrared safety edge manufacturer Formula Systems to distribute their products in Canada. Early indications for sales of this product in this market are good.

The Fixture Company

We continued our progress of the last two years, although the rate of improvement slowed. However, in a year when many other companies in the United States were suffering, we were able to grow both our fixture and our safety edge sales.

Investment, in terms of personnel, is still an important requirement at The Fixture Company and we have recently added new key staff in the area of sales, engineering and accounting to ensure long-term success in this market.

AUSTRALASIA

The excellent work done in previous years to ensure long-term sales growth has been rewarded with strong results.

Australian Lift Components

The lull in activity in the market following the Sydney Olympics has finished. Activity in that city continues once again to be very strong and ALC have benefited from this. As well as a strong base load, there are also a number of major modernisation projects, again often motivated by the requirement to ensure Inclusive Mobility around the building. These projects have further strengthened the order book.

A key issue now is to find a new property as we are very constrained by our existing factory. The management are therefore actively looking for new larger premises from where we can continue our growth.

The results from the Lift Division this year have been good following last year's concerted effort throughout the Division to ensure that we had a strong platform for growth. That growth has been achieved this year through a lot of hard work from all my colleagues throughout the Division and I would like to extend my thanks to them.

D Dewhurst
Group Managing Director – Lift Division

Directors

1 **RICHARD DEWHURST**
BA (ENG SC), ACMA
Chairman, 46, joined in 1985.
Previously with Ford Motor Co,
Ernst & Whinney Senior Management Consultant.

2 **DAVID DEWHURST**
BSc (Elec Eng)
Group Managing Director - Lift Division,
41, joined in 1987. Previously with Holmes & Marchant Plc.

3 **DAVID MASON**
CEng, MIEE, MI MGT
Production Director, 55, joined in 1992. Previously with Kidde Graviner Ltd. (Williams Holdings Plc) Operations Manager.

4 **MEL WHITE**
BSc, PHD
Engineering Director, 52, joined in 1995. Previously with ITT Cannon, Director of Research Development and Engineering.

5 **RICHARD YOUNG**
BSc, CEng, MIEE
Managing Director – UK Lift Division, 46, joined in 1996. Previously with MBM Technology Ltd, Director and General Manager.

6 **JARED SINCLAIR**
BSc, ACA
Financial Director, 32, joined in 1997.
Previously with Moores Rowland, Chartered Accountants, Audit Senior.

7 **COLIN JOHNSON**
MA, CEng, MIEE
Non-executive Director, 67, joined in 1980. Previously with RCA European General Manager and Development Capital Ltd Director, Group Managing Director Dewhurst plc 1980-1996.

8 **KEITH BOSSARD**
BSc (ENG), ACGI
Non-executive Director 60, joined in 1979. Previously with Marconi Co. Ltd and Plessey Plc Sales Manager. New Business Division Director of Dewhurst plc 1979-1999.

9 **PETER TETT**
MA, MSc
Non-executive Director, 63,
Joined in November 2000.
Previously with Halma plc Director.

FINANCIAL REVIEW

Results

Turnover increased by 6% from £22.9 million to £24.2 million. Operating profits before exceptional items and goodwill rose by £37,000, from £1,974,000 to £2,011,000. There were no exceptional items incurred in the year, as against £460,000 spent on the refurbishment of the factory in the previous year. Goodwill amortisation was £142,000, up from £141,000. Net interest paid of £15,000 rose to £32,000. Profit before tax rose from £1,359,000 to £1,837,000.

Capital Investments

Additions to fixed assets were £614,000 for the year. A major purchase at Thames Valley Controls Ltd was a new fully integrated manufacturing system which was implemented in the current year at both the Flint and Central Park, Hounslow sites. This has given us greater reporting flexibility at local and group management levels whilst enabling better utilisation of resources to improve customer service. The same system has been selected for Australian Lift Components Pty Ltd (ALC), which should be implemented in the coming year. We also purchased a new laser marking system for our keypad section which will enhance our range of products.

Cash Flow

The group ended the year with no material change in cash and investments, which remained at £1.8 million. This position was achieved after spending a net £561,000 on capital investments, £213,000 on repurchase of own shares, as well as repaying £184,000 of the ALC acquisition loan. The loan is denominated in Australian Dollars to match our exposure. Stocks, trade debtors and trade creditors have all increased for a number of reasons. A significant proportion of the increase is to support major contracts coming on stream at two of the overseas subsidiary companies. Operating cash flow for the year was £2.1 million, up from £1.8 million. Dividends paid increased from £388,000 to £406,000.

Treasury Policy

The group seeks to reduce or eliminate financial risk, to ensure sufficient liquidity is available to meet foreseeable needs, and to invest cash assets safely and profitably. The policies and procedures operated are regularly reviewed and approved by the Board. By varying the duration of its fixed and floating cash deposits, the group maximises the return on interest earned. Other than the hedging of the investment in ALC with an Australian denominated loan, there is no formal policy for matching foreign currency cash flows, or matching exposure to foreign currency net assets although a careful watch is kept on the positions. As shown in note 24, there is no material currency exposure to the group at the year end. The group's reported trading profit was not significantly affected by currency movement with approximately 37% being earned in foreign currencies during the year ended 30 September 2002.

Tax and Dividends

The current tax charge for the year rose to £660,000 (35.9%) from £503,000 (37.0%). The main reason for the drop in the current tax rate percentage is due to the reduction of overseas tax rates in Canada and Australia. The proposed total dividend of 4.17p per share, up 5.3% against last year 3.96p, is covered 2.9 times by earnings. Shareholders' funds improved from £9.6 million to £10.1 million, with a reduction of 328,000 shares during the year.

J C Sinclair
Finance Director

Group five-year review

	1998 £000	1999 £000	2000 £000	2001 £000	**2002** **£000**
Turnover	18,224	19,877	21,660	22,903	**24,184**
Profit before tax and exceptional items	1,642	1,885	2,005	1,819	**1,837**
Profit before taxation	1,642	1,885	2,005	1,359	**1,837**
As a percentage of shareholders' funds	21.3%	22.2%	21.1%	14.1%	**18.3%**
Taxation	506	581	663	505	**660**
Profit after taxation	1,136	1,304	1,342	854	**1,177**
Shareholders' funds	7,695	8,492	9,488	9,593	**10,063**
Earnings per share	10.42p	12.46p	13.01p	8.41p	**11.82p**
Earnings per share, diluted	10.34p	12.36p	12.90p	8.36p	**11.82p**
Dividends per share	3.15p	3.45p	3.75p	3.96p	**4.17p**

Report of the directors

The directors present their annual report and the audited accounts of the group for the year ended 30 September 2002.

Results and dividends

The trading profit for the year, after taxation, amounted to £1,177,184 (2001: £853,697).

A final dividend on the Ordinary and 'A' ordinary shares of 2.78p per 10p share (2001: 2.64p) will be proposed at the Annual General Meeting to be held on 3 February 2003. If approved, this dividend will be paid on 3 March 2003 to members on the register at 17 January 2003.

An interim dividend of 1.39p per share (2001: 1.32p) was paid on 2 September 2002.

These dividends absorb £410,823 (2001: £403,115) of the profit for the year leaving a balance retained of £766,361 (2001: £450,582) which has been transferred to group reserves.

Activities and review of the business

The group manufactured, throughout the year, electrical components and control equipment for industrial and commercial capital goods, and maintained its position as a specialist supplier of lift equipment to that industry. A review of the group's operations is dealt with on pages 4-9.

Fixed assets

The last major valuation of the parent company's land and buildings which took place in 1977. The directors believe that the market value of the freehold land and buildings is in excess of the book value. The movements in fixed assets during the year are set out in the notes to the accounts.

DIRECTORS

The members of the board during the year were:

Mr R M Dewhurst
Mr D Dewhurst
Mr D F Mason
Dr M D White
Mr R Young
Mr J C Sinclair (appointed 10 July 2002)
Mr C Johnson (non-executive)
Mr K F C Bossard (non-executive)
Mr P Tett (non-executive)

Mr D F Mason retires by rotation and offers himself for re-election. The unexpired period of Mr D F Mason's service agreement is less than one year. Mr J C Sinclair having been appointed to the Board since the last Annual General Meeting, being eligible, offers himself for re-election. The unexpired period of Mr J C Sinclair's service agreement is less than one year.

Details of directors' interests are stated in the Remuneration Report on page 18.

Authority to purchase shares

On 16 January 2002 the company purchased 327,800 of its own 'A' non-voting Ordinary 10p shares for £213,070. At the time of purchase these shares amounted to 3.22% of the called up share capital of the company and have been cancelled.

Details of shares purchased pursuant to the authority have been notified to the London Stock Exchange and to the Registrar of Companies.

An Ordinary Resolution will be proposed at this year's Annual General Meeting to renew the company's authority to purchase in the market up to 357,070 Ordinary shares and 628,120 'A' non-voting ordinary shares, representing 10% of the issued share capital at a price of not less than 10p and not more than 105% of the average of the middle market quotations for such shares as derived from the Stock Exchange Daily Official List for ten days preceding the day of purchase.

If granted, the authority would expire at the 2004 Annual General Meeting. It would be the intention of the board to request the renewal of the authority at that time.

The board would only intend to exercise such authority after careful consideration and when it was satisfied that it would be for the benefit of the company and in the best interests of shareholders generally, after taking into account alternative investment opportunities and the effect of any such purchases on the overall financial position of the company.

Substantial shareholders

At 4 December 2002 the company had been advised of the following beneficial interests in excess of 3% of the ordinary voting share capital (other than the holdings shown under directors' share interests in the Remuneration Report).

Mr A Dewhurst	370,000
Mrs V E Dewhurst	285,000
R C Greig Nominees Ltd	213,000
Mrs M Meredith	190,208
Value Investments Ltd	185,000
Mrs E Dewhurst	175,333
Mrs R McAlister	164,779
Mr J H Ridley	126,000

At the same date the register shows interests in excess of 3% of the 'A' non-voting ordinary share capital (other than directors' holdings) of:

HSBC Global Custody Nominee (UK) Ltd	1,413,700
Mrs V E Dewhurst	369,377
Barfield Nominees Ltd	200,000
Mrs R McAlister	197,628
Mr A Dewhurst	196,500
R C Greig Nominees Ltd	189,265

Employee involvement

Meetings, chaired by the Chairman, are held with employee representatives. The financial position and prospects of the company are discussed together with details of investment and changes in facilities which are planned by management. Opportunity is given at the meetings to question senior executives about matters which concern the employees.

Health and safety

Constant attention is given to health and safety with particular regard to the requirements of the Health and Safety at Work Act 1974 and related legislation.

Employment of disabled persons

Full and fair consideration is given to the employment of disabled persons, having regard to their particular aptitudes and abilities. Wherever possible, continuing employment is provided for employees who become disabled with appropriate arrangements for re-training being made where necessary.

Training

The Group has a development policy committing it to the training and continuous development of its employees to develop their full potential and to achieve a more flexible and skilled workforce. Dewhurst plc, the company, achieved IiP (Investors in People) status which was awarded in January 2002.

Supplier payments policy

The company's policy concerning the payment of its trade creditors is to arrange the best possible terms with its suppliers and then pay as appropriate to those terms, subject to satisfactory performance by the supplier.

Any contractual or legal obligations would be honoured with creditors being paid by the agreed dates to satisfy such contracts and commitments.

As at the financial year-end the number of days purchases outstanding was thirty five.

Political and charitable contributions

The group has made no political contributions this year (2001: £Nil).

Charitable donations made by the group to local schools, community projects and worthy causes amounted to £1,426 (2001: £2,739).

Auditors

A resolution to re-appoint BDO Stoy Hayward as auditors for the ensuing year will be proposed at the Annual General Meeting.

Corporate governance

Whilst in general we support the objectives of the combined code, we do not feel that some of its recommendations for best practice are appropriate for companies of our size. In certain areas we consider the proposals to be too bureaucratic for a small group with a small board. The board confirms that the group has complied with the provisions set out in Section 1 of the Combined Code, except that the remuneration committee does not consist solely of independent non-executive directors, the audit committee does not consist of the minimum number of non-executive directors and that two of the directors are not required to submit themselves for re-election. The board describes below how the principles identified in the Combined Code already referred to above are applied by the group.

Board of directors

The board consists of nine directors with a chairman and a group managing director responsible for the lift division which forms a major part of the group activities. Three of the directors are non-executive and, whilst two are not independent according to the terms of the code, they have a wealth of experience and understanding of the company. This is valued by the board and the director's views certainly carry weight in the board's decisions.

Independent professional advice for directors is channelled through the company secretary, to whom all directors have access. This practice operates satisfactorily and it is not considered a formal procedure is required.

The procedure adopted for the appointment of new directors to the board is for all directors to be involved in the appointment in place of a formal nomination committee.

The training needs in respect of new appointments to the board are assessed and arrangements put in place as appropriate.

Internal control and risk management

The directors are responsible for the group's system of internal control to safeguard shareholders' investment and the group's assets. The board of directors has overall responsibility for the group's system of internal control. The board meets nine times a year to review the management of the business and has a formal schedule of matters specifically reserved to it for decision.

The group operates a comprehensive annual budgeting and financial operating system which compares results with budget on a monthly basis. At each of its meetings the board reviews the performance of the major business units across the group.

The group has put in place an organisational structure with clearly defined lines of authority and accountability. The Board acknowledges its responsibility for the Group's system of internal control and for monitoring its effectiveness. These systems are designed to manage rather than eliminate the risk of failure. The aim being to achieve business objectives and to provide reasonable, but not absolute, assurance against material mis-statement or loss. The Board regularly review the effectiveness of these procedures which have been established to provide internal control.

Following publication of Guidance for Directors on Internal Control (the Turnbull Guidance) the Board confirms that formal risk management procedures have been implemented and are regularly reviewed by a member of the Audit Committee. All directors are involved in the continuous process for identifying, evaluating and managing the significant risks faced by the Group, including operational and compliance risks. Effective controls, policies and procedures have been in place throughout the year under review and they will be continually monitored.

Shareholder communications

A copy of the Annual Report and Accounts published by the company is sent to every shareholder.

Meetings with institutional investors are held on a regular basis. There is also an opportunity for individual and institutional shareholders to question directors at the Annual General Meeting and to discuss with them any less formal issues at the conclusion of that meeting. Voting at the meeting is by way of a show of hands by members present at the meeting, with the number of proxy votes, for and against being taken into account and announced if required.

Remuneration committee

The group complies with the provisions regarding executive directors, except that directors' remuneration is determined by an informal committee of the chairman and Mr C Johnson, a non-executive director.

The role of the remuneration committee is to establish board policy in respect of terms of employment, including remuneration packages for each executive director. The remuneration committee seeks to ensure that directors are fairly and responsibly rewarded for their individual contributions.

Audit committee

The audit committee is comprised of two non-executive directors being Mr C Johnson and Mr K F Bossard. The audit committee in conjunction with the board review the interim and financial statements together with the reports produced by the auditors.

It receives and reviews a schedule detailing the group risks and how these risks are being managed. Each director takes responsibility for dealing with risks relating to their specific areas and to filtering information back to the Audit Committee.

The Audit Committee reports to the Board relevant matters resulting from its meetings.

The group's pension funds are maintained separately from the group's finances and are invested with Legal and General Investment Management Ltd, a major insurance company, and Friends Provident. The trustees meet regularly and all meetings are minuted.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason the company continues to adopt the going concern basis in preparing the accounts.

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 group and of the profit or loss of the group for that year. In preparing the group's accounts, the directors confirm that they have:

(1) selected suitable accounting policies and applied them consistently;

(2) made judgements and estimates that are reasonable and prudent;

(3) followed applicable accounting standards; and

(4) prepared the accounts on a going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and 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 the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

M.N Green

M N Green
Secretary
4 December 2002

Remuneration report

This report contains the information required by the relevant parts of the Listing Rules of the Financial Services Authority. As stated above, the company has not complied with the Combined Code throughout the year under review in that the Remuneration Committee does not consist exclusively of non-executive directors.

1. **Details of remuneration**

Details of the remuneration packages of each director, their interests in the share capital of the company are given on pages 19 and 20. All executive directors receive bonuses directly related to the profitability of the group.

2. **Fees for non-executive directors**

The remuneration of the non-executive directors is determined by the Chairman of the Board.

3. **Benefits**

Details of benefits are given on pages 19 and 20.

The term "benefits" includes the provision of a car, fuel and private health insurance.

4. **Pension contributions**

The executive directors participate in a pension scheme funded partly by contributions from the company and by directors' own contributions currently 6½% of their basic salary, directors' fees and profit related bonus. It will provide them, at normal retirement age of 65 years, subject to length of service, Inland Revenue limits and other statutory rules, with a pension of up to two thirds of their basic salary, directors' fees and profit related bonus.

5. **Service agreements**

It is the policy of the company to appoint executive directors subject to a service agreement requiring not more than 24 months' notice to be given by either party. These appointments are subject to election and re-election at the relevant Annual General Meeting according to the Memorandum and Articles of Association.

Directors' emoluments and interests

Emoluments

The emoluments of the directors were as follows:	2002 £	2001 £
Salaries and benefits	**495,416**	450,559
Payments made to non-executive directors	**44,710**	32,577
	540,126	483,136

	Basic salary and fees £	Benefits in kind £	Profit related bonus £	2002 Total £	2001 Total £
Executive directors:					
Mr R M Dewhurst	82,448	12,028	31,349	**125,825**	124,111
Mr D Dewhurst	66,744	13,112	25,891	**105,747**	106,821
Mr D F Mason	54,254	8,283	9,241	**71,778**	73,241
Mr J C Sinclair (from 10.7.02)	10,375	1,800	9,241	**21,416**	-
Dr M D White	51,377	10,516	9,241	**71,134**	68,618
Mr R Young	57,503	9,381	32,632	**99,516**	77,768
Non-executive directors:					
Mr C Johnson	15,500	710	-	**16,210**	10,196
Mr K F C Bossard	13,500	-	-	**13,500**	13,630
Mr P Tett	15,000	-	-	**15,000**	8,751

Mr R M Dewhurst was the highest paid director with emoluments of £125,825 (2001: £124,111).

Directors' interests

The table below sets out the names of the persons who were directors of the company during the financial year ended 30 September 2002 together with details of their own and their families' beneficial interests in the shares of the company at that date and corresponding details at 30 September 2001.

	30 September 2002		30 September 2001	
	Ordinary Shares	**'A' ordinary Shares**	Ordinary Shares	'A' ordinary Shares
Mr R M Dewhurst	**494,333**	**133,666**	494,333	133,666
Mr D Dewhurst	**419,595**	**76,836**	419,595	79,836
Mr D F Mason	**1,040**	-	1,040	-
Mr J C Sinclair (from 10.7.02)	**1,000**	-	-	-
Dr M D White	**1,000**	-	1,000	-
Mr R Young	**1,000**	-	1,000	-
Mr C Johnson	**20,000**	**45,000**	20,000	45,000
Mr K F C Bossard	**6,000**	**1,000**	6,000	1,000
Mr P Tett	**1,000**	-	-	-

Mr J C Sinclair had 1,000 Ordinary shares at the date of his appointment as a director.

No transactions have taken place between the end of the financial year and 4 December 2002.

At 30 September 2002 and 30 September 2001 there were no share options allocated to the directors. Mr R M Dewhurst and Mr D F Mason made aggregate gains of £14,080 and £5,200 respectively on exercise of share options during the year ended 30 September 2001.

During the financial year no director was materially interested in any contract which was significant to the group's business.

Directors' pension entitlements

A table of pension benefits for the six directors who participate in a defined benefits scheme is shown below. The pension entitlement shown is that which would be paid annually on retirement, based on service to the end of the year. The increase in accrued pension during the year excludes any increase for inflation. Members of the scheme have the option to pay additional voluntary contributions; neither the contributions nor the resulting benefits are included in the table below.

	Age at year end	Director's contributions in year	(Decrease) / Increase in accrued pension during the year	Accumulated total accrued pension at year end
Mr R M Dewhurst	46	6,582	(1,032)	53,111
Mr D Dewhurst	41	5,164	(737)	36,446
Mr D F Mason	55	4,127	1,063	11,229
Mr J C Sinclair	32	1,275	992	4,149
Dr M D White	52	3,940	901	6,619
Mr R Young	46	5,859	1,966	10,539

A spouse's pension of 50% is payable in the event of the member's death. An increase in pension up to 5% or inflation, whichever is the lower, will be made to pensions after retirement for that service after 5 April 1997 only. Early retirement rights and options are as laid down in the rules of the scheme and apply to all members. The non-executive directors are not members of any pension scheme.

Report of the independent auditors

To the shareholders of Dewhurst plc

We have audited the financial statements of Dewhurst plc for the year ended 30 September 2002 on pages 23 to 35. These financial statements have been prepared under the accounting policies set out on pages 23 to 35.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standard and Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the Corporate Governance Statement reflects the group's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement, the Operating and Financial Review, the Directors' Report, the Corporate Governance Statement and the Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 group'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 group's and the company's affairs as at 30 September 2002 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO Stoy Hayward
Chartered Accountants
and Registered Auditors

Epsom, Surrey
4 December 2002

Consolidated profit and loss account

For the year ended 30 September 2002

	Notes	2002 £	2002 £	2001 £	2001 £
Turnover	2		**24,184,449**		22,902,771
Operating costs	3		**(22,315,830)**		(21,528,910)
Operating profit before exceptional items and amortisation of goodwill			**2,010,715**		1,974,135
Exceptional items	3		–		(459,747)
Amortisation of goodwill	3		**(142,096)**		(140,527)
Operating profit			**1,868,619**		1,373,861
Net interest	5		**(31,592)**		(14,790)
Profit on ordinary activities before taxation			**1,837,027**		1,359,071
Tax on profit on ordinary activities	6		**(659,843)**		(505,374)
Profit for the financial year	7		**1,177,184**		853,697
Dividends per 10p ordinary share	8				
Interim paid of 1.39p (2001: 1.32p)		**(136,940)**		(134,371)	
Proposed final of 2.78p (2001: 2.64p)		**(273,883)**		(268,744)	
			(410,823)		(403,115)
Retained profit for the financial year	19		**766,361**		450,582
Basic earnings per share	8		**11.82p**		8.41p
Diluted earnings per share	8		**11.82p**		8.36p

All amounts relate only to continuing operations.

A statement of movements on reserves can be found in note 19.

Consolidated statement of total recognised gains and losses

	2002 £	2001 £
Profit for the financial year attributable to shareholders	**1,177,184**	853,697
Currency translation differences on foreign currency net investments	**(89,087)**	(190,389)
Taxation in respect of exchange translation differences	**5,830**	(14,860)
Total recognised gains and losses for the financial year	**1,093,927**	648,448

The notes on pages 26 to 35 form part of these financial statements

Consolidated balance sheet

At 30 September 2002

	Notes	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Intangible	9		**981,068**		1,079,018
Tangible					
- Land and buildings	10	**1,340,440**		1,361,440	
- Plant and machinery	10	**1,577,288**		1,540,483	
			2,917,728		2,901,923
			3,898,796		3,980,941
Current assets					
Stocks	12	**4,662,486**		4,368,467	
Debtors	13	**4,703,835**		4,441,429	
Investments	14	**403,198**		175,358	
Cash at bank and in hand		**1,402,449**		1,624,340	
		11,171,968		10,609,594	
Creditors:					
amounts falling due within one year	15	**4,599,649**		4,362,029	
Net current assets			**6,572,319**		6,247,565
Total assets less current liabilities			**10,471,115**		10,228,506
Creditors: due after one year	16		**298,686**		480,111
Provisions for liabilities and charges	17		**109,000**		155,000
Net assets			**10,063,429**		9,593,395
Capital and reserves					
Called up share capital	18		**985,190**		1,017,970
Share premium account	19		**157,083**		157,083
Revaluation reserve	19		**423,001**		423,001
Capital redemption reserve	19		**151,570**		118,790
Profit and loss account	19		**8,346,585**		7,876,551
Equity shareholders' funds	20		**10,063,429**		9,593,395

The financial statements were approved by the board of directors on 4 December 2002 and were signed on its behalf by:

R M Dewhurst Chairman

R M Dewhurst

D Dewhurst Group Managing Director – Lift Division

D. Dewhurst.

The notes on pages 26 to 35 form part of these financial statements

Company balance sheet

At 30 September 2002

	Notes		2002		2001
		£	£	£	£
Fixed assets					
Tangible					
- Land and buildings	10	**703,767**		710,327	
- Plant and machinery	10	**980,048**		1,066,176	
			1,683,815		1,776,503
Investments – shares in subsidiary undertakings	11		**1,858,889**		1,803,005
			3,542,704		3,579,508
Current assets					
Stocks	12	**2,692,808**		2,913,352	
Debtors	13	**3,254,692**		3,142,798	
Cash at bank and in hand		**967,960**		1,353,391	
		6,915,460		7,409,541	
Creditors:					
amounts falling due within one year	15	**2,324,634**		2,576,029	
Net current assets			**4,590,826**		4,833,512
Total assets less current liabilities			**8,133,530**		8,413,020
Creditors: due after one year	16		**288,668**		471,942
Provisions for liabilities and charges	17		**109,000**		155,000
Net assets			**7,735,862**		7,786,078
Capital and reserves					
Called up share capital	18		**985,190**		1,017,970
Share premium account	19		**157,083**		157,083
Revaluation reserve	19		**423,001**		423,001
Capital redemption reserve	19		**151,570**		118,790
Profit and loss account	19		**6,019,018**		6,069,234
Equity shareholders' funds			**7,735,862**		7,786,078

The financial statements were approved by the board of directors on 4 December 2002 and were signed on its behalf by:

R M Dewhurst Chairman

D Dewhurst Group Managing Director – Lift Division

The notes on pages 26 to 35 form part of these financial statements

Consolidated cash flow statement

For the year ended 30 September 2002

			2002		2001
	Notes	£	£	£	£
Net cash inflow from operating activities	23		**2,076,370**		1,842,304
Returns on investments					
and servicing of finance:					
Interest and dividends received		**23,768**		57,067	
Interest paid		**(51,915)**		(65,122)	
Interest element from finance lease rental payments		**(3,445)**		(6,735)	
Net cash outflow from returns on investments					
and servicing of finance			**(31,592)**		(14,790)
Taxation:					
UK taxation		**(372,522)**		(573,646)	
Overseas taxation		**(262,230)**		(125,307)	
Net cash outflow from taxation			**(634,752)**		(698,953)
Capital expenditure and financial investment:					
Purchase of fixed assets		**(614,379)**		(357,071)	
Sale of tangible fixed assets		**53,100**		22,673	
Net cash outflow from capital expenditure					
& financial investment			**(561,279)**		(334,398)
Equity dividends paid			**(405,684)**		(388,126)
Net cash inflow before use					
of liquid resources and financing			**443,063**		406,037
Management of liquid resources					
Purchase of short-term deposits		**(227,840)**		(175,358)	
Sale of investments		–		26,501	
			(227,840)		(148,857)
Financing					
Bank loan repayments		**(184,189)**		(153,891)	
Capital element of finance lease rental payments		**(39,855)**		(46,764)	
Issue of share capital		–		38,375	
Repurchase of shares		**(213,070)**		(177,936)	
			(437,114)		(340,216)
Decrease in cash in year			**(221,891)**		(83,036)

The notes on pages 26 to 35 form part of these financial statements

Notes to the accounts

Note 1 Accounting policies

The group accounts have been prepared under the historical cost convention as modified by the transitional arrangements on adoption of FRS 15 "Tangible Fixed Assets" and the effects of translation of foreign currencies. The accounts are prepared in accordance with applicable accounting standards.

Consolidation The group accounts consolidate the accounts of the company and the subsidiary undertakings using the acquisition accounting method, as at 30 September. A separate profit and loss account dealing with the results of the company has not been presented, as permitted by section 230 of the Companies Act 1985.

Investments Fixed asset investments: In the accounts of the company, investments held as fixed assets are stated at cost less provision for diminution in value. Current asset investments: Investments held as current assets are stated at the lower of cost and net realisable value. These constitute the liquid resources in the cash flow statement.

Goodwill Any difference between the cost of acquisition of a subsidiary undertaking and the fair value of its separable net assets at acquisition is capitalised as goodwill. Goodwill carried in the balance sheet as an intangible asset is amortised, on a straight line basis, over a period of 10 years with such period being chosen to reflect its expected useful life. Impairment tests are undertaken if events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation less residual value over the expected useful life. The annual rates generally applicable are:

Freehold buildings	- 1½% or 5%	- on a declining balance basis
Plant and machinery	- 7½% to 33 1/3%	- on a straight-line basis
Motor vehicles	- 25% to 30%	- on a straight-line basis

Stocks Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost represents direct materials, labour and appropriate production overheads.

Deferred taxation Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the group has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the group anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met. Deferred tax balances are not discounted. This is a change of accounting policy in order to comply with FRS19. This change of policy had no effect on the prior year figures.

Notes to the Accounts

Foreign currencies Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account. The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the profit and loss account at an average rate are taken to reserves. All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, which, to the extent that they are used to finance or provide a hedge against foreign equity investments, are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

Research and development Research and development costs are written off in the year of expenditure.

Leased assets Assets funded through finance leases are capitalised in tangible fixed assets. The interest element is charged to the profit and loss account over the life of the lease in proportion to the outstanding commitment.
Rentals under operating leases are charged to the profit and loss account as incurred.

Pension costs The group operates both a defined benefit and defined contribution type scheme. The majority of the group's employees belong to pension schemes which are funded by both employer's and employees' contributions and which are of the defined benefit type. The pension cost is assessed in accordance with the advice of an independent qualified actuary to recognise the expected cost of providing pensions on a systematic and rational basis over the expected remaining service lives of employees. Any difference between the cost charged and the amounts paid by the group is treated as a prepayment or accrual. Contributions in respect of the defined contribution schemes are charged to the profit and loss account as incurred. As required under the Welfare Reform and Pensions Act 1999 and Stakeholder Pension Schemes regulations 2000 the group has offered access to a stakeholder pension scheme to employees in its UK based companies. The group has adopted the disclosure requirements of FRS 17 "Retirement Benefits".

Financial instruments In relation to the disclosures made in note 24, trade debtors and trade creditors are treated as financial assets or liabilities. The group does not hold or issue derivative financial instruments for trading purposes.

Note 2 Turnover

Turnover represents the invoiced value of sales less returns and sales taxes.
A geographical analysis of turnover by destination is as follows:

	2002		2001	
	£	%	£	%
United Kingdom	**14,408,578**	**59**	14,041,419	61
Africa and Middle East	**138,629**	**1**	140,485	1
The Americas	**4,540,835**	**19**	4,126,047	18
Europe	**773,996**	**3**	852,152	4
Australia and Asia	**4,322,411**	**18**	3,742,668	16
	24,184,449	**100**	22,902,771	100

In the opinion of the directors, disclosure of turnover by origin and class of business, and net assets and profits by both class of business and geographical location would be prejudicial to the activities of the group.

Note 3 Operating costs

	2002 £	2001 £
Movement in trading stocks and work-in-progress	**(294,019)**	(217,847)
Raw materials and consumables	**10,059,194**	9,782,804
Other external charges	**380,192**	366,334
Staff costs (see note 4)	**8,858,866**	8,262,235
Depreciation	**555,882**	553,305
Goodwill amortisation	**142,096**	140,527
Exceptional items - factory refurbishment	–	459,747
Other operating charges	**2,613,619**	2,181,805
Operating costs	**22,315,830**	21,528,910

Depreciation includes £25,309 (2001: £26,839) charged on assets held under finance leases and hire purchase contracts.

Other operating charges include lease rentals on premises £173,210 (2001: £102,907), auditors' remuneration £55,746 (2001: £45,054) of which £38,576 (2001: £31,418) was payable by the holding company, non audit fees paid to the holding company's auditors £23,619 (2001: £29,107) and profit on sale of fixed assets £25,652 (2001: loss £2,923). Expenditure on research and development was £760,000 (2001: £730,000).

Note 4 Staff costs and information regarding employees

Costs during the year, including directors' emoluments which are disclosed in the remuneration report on page 17, were as follows:

	2002 £	2001 £
Wages and salaries	**7,653,193**	7,136,160
Social security costs	**508,149**	501,277
Pension costs	**697,524**	624,798
	8,858,866	8,262,235

The average number of employees of the group during the year was:

	2002 No	2001 No
Office and management	**162**	157
Manufacturing	**210**	210
	372	367

Note 5 Net interest

	2002 £	2001 £
Bank deposit interest	**23,759**	51,137
Other interest receivable	**9**	5,930
	23,768	57,067
Less:		
Interest payable on bank overdraft and loan	**(45,602)**	(65,122)
Interest payable on finance leases	**(3,445)**	(6,735)
Other interest payable	**(6,313)**	–
	(31,592)	(14,790)

Note 6 Tax on profit on ordinary activities

Current tax	2002 £	2001 £
UK Corporation tax at 30% (2001: 30%)	**391,314**	338,846
Adjustment on prior years tax	**21,978**	–
Overseas taxation	**246,551**	164,102
	659,843	502,948
Deferred tax		
Movement in deferred taxation provision	**–**	2,426
Taxation charge	**659,843**	505,374

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	**1,837,027**	1,359,071
Profit on ordinary activities at the standard rate of corporation tax in the UK	**30.0%**	30.0%
Effects of:		
Tax rate difference	**1.2%**	2.5%
Amortisation of goodwill	**2.2%**	3.1%
Other timing differences	**1.3%**	1.4%
Adjustments in respect of previous years	**1.2%**	–
Current tax charge for year	**35.9%**	37.0%

Note 7 Profit for the financial year

This includes £531,397 (2001: £627,747) of profit after tax which has been dealt with in the accounts of the holding company.

Note 8 Earnings per share and dividend per share

Weighted average number of shares

	2002 No	2001 No
For basic earnings per share	**9,955,177**	10,146,095
Share options	**–**	62,076
For diluted earnings per share	**9,955,177**	10,208,171

The calculation of basic earnings per share is based on the profit attributable to shareholders and on 9,955,177 Ordinary 10p and 'A' ordinary 10p shares, being the weighted average number of shares in issue throughout the financial year.

For the comparative diluted earnings per share the weighted average number of ordinary shares in issue was adjusted by assuming that all share options exercised during that year were converted at 1 October 2000.

The final proposed dividend is based on 3,570,700 Ordinary 10p shares and 6,281,198 'A' ordinary 10p shares, being the expected number of shares on the proposed record date.

Note 9 Intangible fixed assets

	The Group		
	Goodwill on consolidation £	Other £	Total £
Cost or valuation:			
At 1 October 2001	1,288,162	5,550	1,293,712
Exchange adjustment	49,030	(1,630)	47,400
At 30 September 2002	**1,337,192**	**3,920**	**1,341,112**
Amortisation:			
At 1 October 2001	214,694	–	214,694
Exchange adjustment	3,378	(124)	3,254
Charge for the year	138,512	3,584	142,096
At 30 September 2002	**356,584**	**3,460**	**360,044**
Net book value:			
At 30 September 2002	**980,608**	**460**	**981,068**
At 30 September 2001	1,073,468	5,550	1,079,018

Note 10 Tangible fixed assets

	The Group		The Company	
	Freehold land and buildings £	Plant and machinery £	Freehold land and buildings £	Plant and machinery £
Cost or valuation:				
At 1 October 2001	1,642,066	4,562,005	888,811	3,275,949
Exchange adjustment	(18,995)	(25,990)	–	–
Additions	14,054	600,325	–	240,817
Disposals	–	(257,036)	–	(111,235)
At 30 September 2002	**1,637,125**	**4,879,304**	**888,811**	**3,405,531**
Depreciation:				
At 1 October 2001	280,626	3,021,522	178,484	2,209,773
Exchange adjustment	(4,702)	(25,039)	–	–
Charge for the year	20,761	535,121	6,560	318,088
Disposals	–	(229,588)	–	(102,378)
At 30 September 2002	**296,685**	**3,302,016**	**185,044**	**2,425,483**
Net book value:				
At 30 September 2002	**1,340,440**	**1,577,288**	**703,767**	**980,048**
At 30 September 2001	1,361,440	1,540,483	710,327	1,066,176

Note 10 Tangible fixed assets CONTINUED

The cost or valuation figures for land and buildings comprise:

	The Group		The Company	
	2002	2001	**2002**	2001
	£	£	**£**	£
Valuation made in 1977	**590,000**	590,000	**590,000**	590,000
Valuation made in 1982	**32,000**	32,000	**32,000**	32,000
Stated at historical cost	**1,015,125**	1,020,066	**266,811**	266,811
	1,637,125	1,642,066	**888,811**	888,811

The net book value of land and buildings comprises:

	£	£	£	£
Freehold land	**395,557**	390,535	**270,000**	270,000
Freehold buildings	**944,883**	970,905	**433,767**	440,327
	1,340,440	1,361,440	**703,767**	710,327

The amount attributed to land and buildings as determined by historical cost accounting rules are:

	The Group		The Company	
	2002	2001	**2002**	2001
	£	£	**£**	£
Cost	**1,214,000**	1,219,000	**466,000**	466,000
Depreciation	**(207,000)**	(197,000)	**(114,000)**	(112,000)
Net book value at 30 September 2002	**1,007,000**	1,022,000	**352,000**	354,000

The net book value of tangible fixed assets for the group includes an amount of £80,181 (2001: £95,577) in respect of assets held under finance leases and hire purchase contracts.

Capital commitments contracted by the group at 30 September 2002 amounted to £438,330 (2001: £201,961) and by the company £197,366 (2001: £93,886).

Note 11 Fixed asset investments – shares in subsidiary undertakings

Investments in subsidiary undertakings are:	**2002**	2001
	£	£
Cost:		
Dupar Controls Inc.	**34,770**	34,770
Thames Valley Controls Ltd	**300,000**	300,000
The Fixture Company	**31,852**	31,852
Australian Lift Components Pty Ltd	**1,524,119**	1,468,235
	1,890,741	1,834,857
Provision for diminution in value	**(31,852)**	(31,852)
	1,858,889	1,803,005

The movement in the investment of Australian Lift Components Pty Ltd is due to exchange gain amounting to £55,884 (2001: loss £145,209). The company has four wholly-owned subsidiaries, Dupar Controls Inc., registered and principally operating in Canada, Thames Valley Controls Ltd, registered in England, The Fixture Company, registered and principally operating in the United States of America, and Australian Lift Components Pty Ltd, registered and principally operating in Australia. All four companies have similar principal activities to Dewhurst plc. The parent company has guaranteed borrowings between two of its subsidiary undertakings of £186,956 (2001: £199,794).

Notes to the Accounts

Note 12 Stocks

	The Group		The Company	
	2002	2001	**2002**	2001
	£	£	**£**	£
Raw materials and consumables	**2,102,321**	1,856,704	**1,102,902**	1,226,933
Work-in-progress	**795,828**	763,327	**528,572**	498,150
Finished goods and goods for re-sale	**1,764,337**	1,748,436	**1,061,334**	1,188,269
	4,662,486	4,368,467	**2,692,808**	2,913,352

There is no material difference between the replacement cost of stocks and the amounts stated above.

Note 13 Debtors

	The Group		The Company	
	2002	2001	**2002**	2001
	£	£	**£**	£
Amounts falling due within one year:				
Trade debtors	**4,538,142**	4,188,029	**2,076,320**	1,932,170
Amounts due from subsidiary undertakings	**–**	–	**582,609**	405,042
Other debtors	**7,640**	850	**1,072**	850
Prepayments and accrued income	**158,053**	252,550	**110,014**	211,523
	4,703,835	4,441,429	**2,770,015**	2,549,585
Amounts falling due after more than one year:				
Amounts due from subsidiary undertakings	**–**	–	**484,677**	593,213
	4,703,835	4,441,429	**3,254,692**	3,142,798

Note 14 Current assets – Investments

	The Group		The Company	
	2002	2001	**2002**	2001
	£	£	**£**	£
Cost and market value:				
Short-term deposits	**403,198**	175,358	**–**	–
	403,198	175,358	**–**	–

Note 15 Creditors – Amounts falling due within one year

	The Group		The Company	
	2002	2001	**2002**	2001
	£	£	**£**	£
Bank loan	**181,653**	163,133	**181,653**	163,133
Trade creditors	**2,214,009**	2,146,819	**1,122,273**	1,404,423
Corporation tax and overseas tax	**346,427**	333,806	**115,144**	155,136
Other taxes and social security costs	**373,643**	290,964	**187,930**	101,425
Obligations under finance leases	**11,748**	49,864	**–**	–
Other creditors	**67,435**	70,555	**58,461**	66,800
Accruals and deferred income	**1,130,851**	1,038,144	**385,290**	416,368
Proposed dividend	**273,883**	268,744	**273,883**	268,744
	4,599,649	4,362,029	**2,324,634**	2,576,029

Note 16 Creditors – Amounts falling due after more than one year

	The Group		The Company	
	2002	2001	**2002**	2001
	£	£	**£**	£
Bank loan (secured)	**288,668**	471,942	**288,668**	471,942
Obligations under finance leases	**9,162**	7,344	**–**	–
Other loans	**856**	825	**–**	–
	298,686	480,111	**288,668**	471,942

The bank loan taken out to fund the acquisition of Australian Lift Components Pty Ltd is subject to interest at 1.5% above the bank's currency base rate. The loan is denominated in Australian dollars and is treated as a hedge against the investment and is secured on the assets of a subsidiary undertaking. The other loans are due between two to five years in 2002 and 2001.

Financial liabilities are due:

	Bank Loan		Finance Leases		Total	
	2002	2001	**2002**	2001	**2002**	2001
	£	£	**£**	£	**£**	£
- one year or less	**181,653**	163,133	**11,748**	49,864	**193,401**	212,997
- between one and two years	**194,192**	174,993	**4,421**	7,344	**198,613**	182,337
- two to five years	**94,476**	296,949	**4,741**	–	**99,217**	296,949
	470,321	635,075	**20,910**	57,208	**491,231**	692,283

Note 17 Provision for liabilities and charges

	The Group	The Company
	£	£
Deferred taxation:		
At 30 September 2002 and 1 October 2001	**–**	**–**

Provision for liabilities and charges provided in full is as follows

	The Group		The Company	
	2002	2001	**2002**	2001
	£	£	**£**	£
Deferred taxation - accelerated capital allowances	**30,916**	24,443	**33,005**	41,458
- other timing differences	**(30,916)**	(24,443)	**(33,005)**	(41,458)
Warranty provision	**109,000**	155,000	**109,000**	155,000
	109,000	155,000	**109,000**	155,000

Warranties are provided in the normal course of business based on an assessment of future claims with reference to past claims. Unused warranty provisions released during the year amounted to £46,000 (2001: £5,000).

Note 18 Called up share capital

Allotted and fully paid:		2002 £	2001 £
Shares of 10p each	- 3,570,700 (2001: 3,570,700) Ordinary	**357,070**	357,070
	- 6,281,198 (2001: 6,608,998) 'A' non-voting ordinary	**628,120**	660,900
		985,190	1,017,970

The company purchased 327,800 of its own Ordinary shares in January 2002. For details see the note in the report of the directors on page 14.

Authorised:		2002 £	2001 £
Shares of 10p each	- 4,500,000 Ordinary	**450,000**	450,000
	- 9,000,000 'A' non-voting ordinary	**900,000**	900,000
		1,350,000	1,350,000

Share options

No share options were outstanding at 30 September 2002 or 2001.

Details of directors' interests in the shares of the company are disclosed in the remuneration report on page 19.

Note 19 Reserves

	The Group				The Company			
	revaluation reserve £	Capital redemption reserve £	Share premium account £	Profit and loss account £	revaluation reserve £	Capital redemption reserve £	Share premium account £	Profit and loss account £
At 1 October 2001	423,001	118,790	157,083	7,876,551	423,001	118,790	157,083	6,069,234
Exchange adjustments on net investments on subsidiaries	–	–	–	(63,822)	–	–	–	61,715
Exchange adjustments on loan	–	–	–	(19,435)	–	–	–	(19,435)
Share repurchases - nominal value	–	32,780	–	(32,780)	–	32,780	–	(32,780)
Share repurchases - premium	–	–	–	(180,290)	–	–	–	(180,290)
Retained profit for the year	–	–	–	766,361	–	–	–	120,574
At 30 September 2002	**423,001**	**151,570**	**157,083**	**8,346,585**	**423,001**	**151,570**	**157,083**	**6,019,018**

Note 20 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Total recognised gains and losses for the year	**1,093,927**	648,448
Dividends	**(410,823)**	(403,115)
Share capital issued	–	38,375
Share capital cancelled	**(213,070)**	(177,936)
Net increase in shareholders' funds	**470,034**	105,772
Shareholders' funds at 1 October 2001	**9,593,395**	9,487,623
Shareholders' funds at 30 September 2002	**10,063,429**	9,593,395

Note 21 Pensions

The group operates pension schemes in the UK, Canada and Australia. The UK operates both a defined contribution scheme and a defined benefit scheme, the assets of which are held in trustee administered funds. The Canadian and Australian schemes are of the defined contribution type. The total pension cost for the group was £697,524 (2001: £624,978), of which £50,708 (2001: £43,363) relates to schemes outside the UK. There were no outstanding or prepaid contributions at the balance sheet date in respect of any scheme. The defined benefit scheme company contribution rates during the year ranged from 14.9% to 16.9% (2001: 12.6% to 16.9%) and cost £626,475 (2001: £566,156). The scheme actuary reviews the company contribution rate on a regular basis.

The pension cost relating to the UK scheme is assessed in accordance with the advice of qualified actuaries using the projected unit method. The latest actuarial valuation of the scheme was on 1 June 2000. Generally, it has been assumed that future investment yields would be at 5.4% per annum and that increases in earnings would average 4.0% per annum.

At the date of the latest actuarial valuation of the UK scheme, the market value of the assets of the scheme exceeded £6.8 million and the funding level on the ongoing valuation basis was 91%. The 2000 actuarial valuation takes account of the position of existing pensioners when assessing the assets and liabilities of the fund. This has become standard actuarial practice. The recommendations made by the scheme's actuary to eliminate the minimum funding requirement funding level deficit have been fully implemented.

FRS17 Retirement Benefits Disclosures

The Accounting Standards Board (ASB) issued FRS 17 "Retirement Benefits" in November 2000, which replaced SSAP 24 "Accounting for Pension Costs". In July 2002 the ASB published for comment an Exposure Draft which would, if implemented, allow an extension to the transitional arrangements of FRS 17. In early December the ASB confirmed that the transitional period for the full implementation of FRS 17 has been extended to accounting periods commencing on or after 1 January 2005. The group will take advice to ensure that it continues to adopt best practice in respect of accounting for retirement benefits. The group is in the second year of the transitional arrangements under FRS 17 and the required disclosures are made below.

Under FRS 17 a snapshot is taken of the retirement benefit fund assets and liabilities to coincide with the sponsoring companies financial year end. Thus movements in equity and bond markets and in discount rates may create some volatility in the calculation of the scheme assets and liabilities. The FTSE-100 index stood at 3,699 at 30 September 2002.

Notes to the Accounts

Assumptions

The following actuarial assumptions, updated to the 30 September 2002 by the scheme actuary, have been used in preparing the disclosures required under FRS17:

	2002	2001
Retail price index expected to rise by	**2.4%**	2.5%
Pensionable salaries will increase by	**4.0%**	4.0%
Statutory revaluation in deferment assumed as	**2.4%**	2.5%
Liabilities discounted at a rate of	**5.4%**	6.0%

The assets in the scheme and the expected rates of return. FRS 17 now requires the value of annuities purchased in respect of pensioners and widow(er)s to be taken into current year calculations.

	Long-term rate of return expected at 30 September 2002	Value at 30 September 2002 £'000	Value at 30 September 2001 £'000
Equities	**8.0%**	**4,634**	4,900
Bonds	**4.5%**	**1,195**	1,307
Other	**4.5%**	**3,344**	505
Total market value of assets		**9,173**	6,712
Present value of scheme liabilities		**(14,568)**	(9,287)
Scheme deficit		**(5,395)**	(2,575)
Related deferred tax asset		**1,619**	773
Net pension liability		**(3,776)**	(1,802)

Amounts which will be charged to operating profit:

	2002 £'000
Current service cost	**297**
Total operating charge	**297**

Amounts which will be credited to other finance income:

	2002 £'000
Expected return on pension scheme assets	**676**
Interest on pension scheme liabilities	**(750)**
Net return	**(74)**

Amounts which would be recognised in the statement of total recognised gains and losses (STRGL):

	2002 £'000
Actual return less expected return on pension scheme assets	**(1,490)**
Experience gains and losses arising on the scheme liabilities	**42**
Changes in assumptions underlying the present value of the scheme liabilities	**(1,468)**
Actuarial deficit recognised in STRGL	**(2,916)**

Movement in the deficit during the year:

		2002 £'000
Deficit in scheme at 1 October 2001		**(2,575)**
Movement in the year	Current service cost	**(297)**
	Contributions	**467**
	Other finance income	**(74)**
	Actuarial deficit	**(2,916)**
Deficit in scheme at 30 September 2002		**(5,395)**

History of experience gains and losses:

	2002 £'000
Difference between the expected and actual return on scheme assets	**(1,490)**
Percentage of scheme assets	**16.2%**
Experience gains and losses on scheme liabilities	**42**
Percentage of the present value of scheme liabilities	**0.3%**
Total amount recognised in STRGL	**(2,916)**
Percentage of the present value of scheme liabilities	**20.0%**

Reconciliation of reserves under FRS 17:

	2002 £'000	2001 £'000
Profit & loss reserve as stated in balance sheet	**8,347**	7,877
FRS 17 net pension liability	**(3,776)**	(1,802)
Profit & loss reserve including amounts relating to defined benefit pension liabilities	**4,571**	6,075

Note 22 Lease commitments

Annual commitments under operating leases expiring:

	The Group	
	2002 Land and buildings £	2001 Land and buildings £
Within one year	–	22,859
Two to five years	**152,347**	105,709
After five years	–	11,599
	152,347	140,167

Notes to the Accounts

Note 23 Notes to the cash flow statement

Reconciliation of operating profit to net cash flow from operating activities:

	2002 £	2001 £
Operating profit	**1,868,619**	1,373,861
Depreciation and amortisation	**697,978**	693,832
(Profit)/loss on sale of fixed assets	**(25,652)**	2,923
Increase in stocks	**(294,019)**	(217,847)
Increase in debtors	**(262,406)**	(391,161)
Increase in creditors	**239,456**	486,591
Increase in creditors – due after one year	**31**	825
(Decrease)/increase in provisions for liabilities and charges	**(46,000)**	10,000
Exchange differences	**(101,637)**	(116,720)
Net cash inflow from operating activities	**2,076,370**	1,842,304

Reconciliation of net cash flows to movement in net funds:

	2002 £	2001 £
Decrease in cash in year	**(221,891)**	(83,036)
Increase in liquid resources in year	**227,840**	148,857
Decrease in debt and lease financing	**224,044**	200,655
Change in net funds resulting from cash flows	**229,993**	266,476
Exchange differences	**(22,992)**	55,532
	207,001	322,008
Net funds at 1 October 2001	**1,107,415**	785,407
Net funds at 30 September 2002	**1,314,416**	1,107,415

Analysis of net funds:	At 1 October 2001 £	Cash flows £	Exchange movements £	At 30 September 2002 £
Cash at bank and in hand	1,624,340	(221,891)	–	**1,402,449**
Liquid resources	175,358	227,840	–	**403,198**
Cash and liquid resources	1,799,698	5,949	–	**1,805,647**
Loans	(635,075)	184,189	(19,435)	**(470,321)**
Finance leases	(57,208)	39,855	(3,557)	**(20,910)**
Financing (excluding share capital)	(692,283)	224,044	(22,992)	**(491,231)**
Net funds	1,107,415	229,993	(22,992)	**1,314,416**

Note 24 Financial instruments

The group's policies towards using financial instruments to manage interest rate, liquidity and currency exposure risks are explained in the Financial Review on page 10.

Currency and interest rate exposure of financial assets and liabilities

	30 September 2002			30 September 2001		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	£	£	£	£	£	£
Sterling	**4,378,478**	**1,545,544**	**2,832,934**	4,467,271	1,737,947	2,729,324
Canadian dollars	**1,112,048**	**181,639**	**930,409**	869,055	76,627	792,428
United States dollars	**271,913**	**95,057**	**176,856**	304,748	127,318	177,430
Australian dollars	**581,350**	**883,000**	**(301,650)**	346,653	840,002	(493,349)
	6,343,789	**2,705,240**	**3,638,549**	5,987,727	2,781,894	3,205,833
Of which cash amounts to	**1,402,449**	**470,321**	**932,128**	1,624,340	635,075	989,265

The cash amount shown above is invested at overnight rates based on the relevant national LIBOR. The short-term deposits of £403,198 (2001: £175,358) attract interest of 2.7%. The floating rate bank loan of £470,321 (2001: £635,075) bears interest at 1.5% above base rates. Other financial assets and liabilities do not attract interest.

The operations do not hold material monetary assets and liabilities in currencies other than their functional currencies.

Hedges

As indicated in note 19 "Reserves" on page 25 the group has on-balance sheet unrealised gains and losses in respect of loans used as hedges at the end of the year. All the gains and losses on the hedging instruments are expected to be matched by losses and gains on the hedged transactions or positions.

Fair value of financial instruments

Fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, excluding accrued interest, and is calculated by reference to market rates discounted to current value.

Accordingly, the group believes that there is no material difference between the carrying amount and the fair value of its financial instruments.

Bank facilities

The group has an un-drawn committed bank overdraft facility of £500,000 (2001: £500,000).

NOTICE OF MEETING

Notice is hereby given that the eighty-third Annual General Meeting of Dewhurst plc will be held at the registered office, Melbourne Works, Inverness Road, Hounslow, Middlesex TW3 3LT on 3 February 2003 at 11:00 am for the following purposes:

1. To receive and adopt the statement of accounts for the year ended 30 September 2002 and the reports of the directors and auditors thereon.
2. To declare a final dividend on the Ordinary and 'A' ordinary shares.
3. To re-elect as a director Mr D F Mason, who retires by rotation under the Articles of Association.
4. To re-elect as a director Mr J C Sinclair who was appointed since the last Annual General Meeting and who retires in accordance with the Articles of Association.
5. To re-appoint the auditors at a fee to be agreed by the directors.
6. As special business to consider and, if thought fit, pass the following ordinary resolution: that the company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the Companies Act 1985) of up to an aggregate of 357,070 Ordinary shares and 628,120 'A' non-voting ordinary shares of 10p each (representing 10% of the issued share capital) in the company at a price per share (exclusive of expenses) of not less than 10p and not more than 105% of the average of the middle market quotations for such Ordinary and 'A' non-voting ordinary shares, as derived from the Stock Exchange Daily Official List, for the ten dealing days immediately preceding the day of the purchase; such authority to expire at the conclusion of the Annual General Meeting to be held in 2004, save that the company may purchase shares at any later date where such purchase is pursuant to any contract made by the company before the expiry of this authority.

7. To transact any other ordinary business of the company.

By order of the board
M N Green
Secretary
31 December 2002

NOTES

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him or her. A proxy need not also be a member of the company. The instrument appointing a proxy should be deposited with the secretary at Melbourne Works, Inverness Road, Hounslow, Middlesex TW3 3LT, at least 48 hours before the time appointed for holding the meeting. **'A' non-voting ordinary shares do not carry the right to attend or vote at meetings of the company.**

2. There will be available for inspection at the company's registered office between 9:30 am and 4:30 pm Monday to Thursday and between 9:30 am and 12:30 pm on Friday, public holidays excluded, from 2 January 2003 to 31 January 2003 inclusive, and on the day of the Annual General Meeting from 10:45 am until the conclusion of that meeting, a statement of transactions of each director (and, so far as he can reasonably ascertain, of his family interests) in the share capital of the company and its subsidiaries

3. The transfer books of the company will be closed at 3:00 pm on 17 January 2003.

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Other overseas representation

The group maintains overseas representation in major
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STOCKBROKERS
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