

REGISTRAR

WEBSTER & HORSFALL LIMITED

ACCOUNTS

YEAR ENDED 31ST DECEMBER 1998

(As abbreviated by Section 246, Companies Act 1985)

Registered no. 35630



**WENHAM MAJOR
CHARTERED ACCOUNTANTS
BIRMINGHAM**

WEBSTER & HORSFALL LIMITED

REPORT AND ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 1998

CONTENTS	PAGE
Directors' report	1 and 2
Auditors' report	3
Accounting policies	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7 and 8
Notes to the financial statements	9 to 13

COMPANY INFORMATION

DIRECTORS:

P J C Robinson
C A C Horsfall
G H G C Horsfall
Col J H C Horsfall
J M C Horsfall
C A L C Horsfall
B P Knox-Peebles
C W Bragg
W I Lawrie

SECRETARY:

W I Lawrie

REGISTERED OFFICE:

Hay Mills
Birmingham
B25 8DW

AUDITORS:

Wenham Major
89 Cornwall Street
Birmingham
B3 3BY

BANKERS:

National Westminster Bank Plc
Bennetts Hill Branch
Birmingham Business Centre
8 Bennetts Hill
Birmingham
B2 5RT

WEBSTER & HORSFALL LIMITED

DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 1998

The Directors present their report together with the audited financial statements of the company for the year ended 31st December 1998.

PRINCIPAL ACTIVITIES

The principal activity of the company throughout the year was that of manufacture of wire from steel rod.

REVIEW OF BUSINESS

The results for the year and the financial position at the year end were considered satisfactory by the directors.

RESULTS AND DIVIDENDS

The results of the year's trading, the financial position of the company and the transfer to reserves are shown in the annexed accounts.

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will therefore require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The Board has commissioned a company-wide programme to address the impact of the Year 2000 issue on our activities, and this is currently under way. Resources have been allocated and the Board receives regular reports on progress.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However, the Board believes that it will achieve an acceptable state of readiness and has also provided resources to deal promptly with significant failures or issues that may arise.

DIRECTORS' INTERESTS

The directors in office who have served during the year and their interests in the shares of the company at the beginning and end of the year, was as follows:

	31.12.98		31.12.97	
	£1	£1	£1	£1
	"A" Ord.	"B" Ord.	"A" Ord.	"B" Ord.
P J C Robinson	8,000	17,875	8,000	17,875
C A C Horsfall	21,340	2,291	21,340	2,291
G H G C Horsfall	12,740	2,272	12,740	2,272
Col J H C Horsfall	21,220	7,200	21,220	7,200
J M C Horsfall	11,100	4,612	11,100	4,612
C A L C Horsfall	160	6,525	160	6,525
B P Knox-Peebles	12,040	18,060	12,040	18,060
C W Bragg	500	3,650	500	3,650
W I Lawrie	1,370	5,500	1,370	5,500

The directors retiring by rotation are Mr C A C Horsfall, Mr G H G C Horsfall and Col J H C Horsfall who, being eligible, offer themselves for re-election.

WEBSTER & HORSFALL LIMITED

DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 1998

DIRECTORS' RESPONSIBILITIES

Company law requires us as 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, we are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable us to ensure that the financial statements comply with the Companies Act 1985. We 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.

FIXED ASSETS

The movement in fixed assets is shown in the notes to the financial statements.

FREEHOLD LAND AND BUILDINGS

The directors are of the opinion that the market value of properties at 31st December 1998 would significantly exceed the net book values included in the financial statements, but they are unable to quantify this excess in the absence of a professional valuation, the costs of which are not considered justifiable in view of the Company's intention to retain ownership of its existing properties for use in its business for the foreseeable future.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies which have resulted in the company's growth in recent years.

RESEARCH AND DEVELOPMENT

The company will continue its policy of investment in research and development in order to retain a competitive position in the market.

DONATIONS

During the year the company made various charitable donations totalling £114 (1997: £396).

CLOSE COMPANY STATUS

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors, Wenham Major, have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

ON BEHALF OF THE BOARD

.....

P J C ROBINSON - DIRECTOR



Date: 25TH MAY 1999

AUDITORS' REPORT TO WEBSTER & HORSFALL LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 13 together with the financial statements of the company for the year ended 31st December 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 whether the company is entitled to the 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 you.

BASIS OF OPINION

We have carried out the procedures we considered 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 properly 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 sections 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 13 are properly prepared in accordance with that provision.



.....
Wenham Major

Chartered Accountants and
Registered Auditors

Date: 25th May 1999

89 Cornwall Street
Birmingham
B3 3BY

WEBSTER & HORSFALL LIMITED

ACCOUNTING POLICIES

YEAR ENDED 31ST DECEMBER 1998

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

DEPRECIATION

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Freehold buildings	Over 40 years
Plant, machinery and motor vehicles	Written off as expenditure incurred.

STOCKS

Stocks have been valued at the lower of cost and net realisable value.

FOREIGN EXCHANGE

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of transaction.

FIXED ASSET INVESTMENTS

Long term investments are described as participating interests and are classified as fixed assets. Participating interest and unlisted investments are stated at cost.

PENSION COSTS

The company contributes to a defined contribution pension scheme for the benefit of its employees. The company contributions to the scheme are charged to the profit and loss account as they accrue.

TURNOVER

The Company's turnover represents the value, excluding Value Added Tax, of goods and services supplied to customers during the year.

WEBSTER & HORSFALL LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 1998

	Note	1998 £	1997 £
GROSS PROFIT		1,797,785	1,829,222
Net operating expenses	1	1,637,582	1,630,521
OPERATING PROFIT		160,203	198,701
Profit on disposal of assets		3,300	13,341
		163,503	212,042
Investment income	4	46,947	68,426
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		210,450	280,468
Taxation	5	45,371	91,557
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		165,079	188,911
Dividends	6	151,750	151,750
RETAINED PROFIT FOR THE YEAR	15	13,329	37,161

NOTES

1. This account relates to continuing operations.
2. Profit after taxation equals total recognised gains and losses for the year.
3. Retained Profit is the only addition to shareholders funds for the year.

WEBSTER & HORSFALL LIMITED

ABBREVIATED BALANCE SHEET

31ST DECEMBER 1998

	Note	1998	1997
		£	£
FIXED ASSETS			
Tangible Assets	7	21,007	21,007
Investments	8	18,340	18,340
		<u>39,347</u>	<u>39,347</u>
CURRENT ASSETS			
Stocks	9	1,116,015	1,386,759
Debtors	10	1,307,985	1,812,425
Latch & Batchelor Limited		416,174	542,282
Cash at bank and in hand		697,316	303,697
		<u>3,537,490</u>	<u>4,045,163</u>
Deferred taxation asset	11	-	17,510
		<u>3,537,490</u>	<u>4,062,673</u>
CREDITORS			
Amounts falling due within one year	12	693,545	1,232,057
NET CURRENT ASSETS		<u>2,843,945</u>	<u>2,830,616</u>
NET ASSETS		<u><u>2,883,292</u></u>	<u><u>2,869,963</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	233,461	233,461
Capital reserves	14	336,888	336,888
Profit and loss account	15	2,312,943	2,299,614
		<u><u>2,883,292</u></u>	<u><u>2,869,963</u></u>

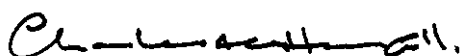
The directors have taken advantage of the exemptions conferred by Part VII of the Companies Act 1985 and have done so on the grounds that in their opinion the Company is entitled to those exemptions as a medium-sized company.

Approved by the Board of Directors and signed on their behalf on 25th May 1999

P J C ROBINSON - DIRECTOR



C A C HORSFALL - DIRECTOR



WEBSTER & HORSFALL LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 1998

	1998 £	1997 £
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit	160,203	198,701
Depreciation charges	104,662	159,989
Decrease/(increase) in stocks	270,744	(259,795)
Decrease/(increase) in debtors	632,256	(2,870)
(Decrease)/increase in creditors	(450,708)	296,163
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>717,157</u>	<u>392,188</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities	717,157	392,188
Returns on investments and servicing of finance	46,947	68,426
Taxation	(105,700)	(128,581)
Capital expenditure	(101,362)	(146,648)
Equity dividends paid	(163,423)	(151,750)
INCREASE IN CASH	<u>393,619</u>	<u>33,635</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Increase in cash in the period	393,619	33,635
Net debt at 1st January 1998	303,697	270,062
Net debt at 31st December 1998	<u>697,316</u>	<u>303,697</u>

WEBSTER & HORSFALL LIMITED

NOTES TO THE CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 1998

GROSS CASH FLOWS	1998	1997
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	£	£
Investment income received	-	8,411
Interest received	31,509	34,285
Dividends received	15,438	25,730
	<u>46,947</u>	<u>68,426</u>

CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(104,662)	(159,989)
Receipts from sales of tangible fixed assets	3,300	13,341
	<u>(101,362)</u>	<u>(146,648)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1998	Cash Flows	At 1997
	£	£	£
Cash in hand, at bank	<u>697,316</u>	<u>393,619</u>	<u>303,697</u>

WEBSTER & HORSFALL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 1998

1. OTHER OPERATING EXPENSES (NET)

	1998	1997
	£	£
Salaries costs and social security	729,414	641,354
Depreciation and amounts written off tangible fixed assets	104,662	159,989
Other operating income	(66,674)	(44,005)
Other operating charges	870,180	873,183
	<u>1,637,582</u>	<u>1,630,521</u>
Operating profit is stated after charging:		
Loss on exchange	22	-
Directors' remuneration	133,937	128,196
Depreciation on tangible fixed assets - Own assets	104,662	159,989
Auditors' remuneration and expenses	<u>25,500</u>	<u>24,160</u>
And after crediting:		
Rents received and sundry income	<u>66,674</u>	<u>44,005</u>

2. DIRECTORS REMUNERATION

Company contributions to money purchase pension schemes	8,952	8,760
Directors' emoluments		
- Paid by this company	124,985	119,436
- Paid by associated company	<u>34,317</u>	<u>33,236</u>

During the year 2 directors (1997:2) were accruing benefits under money purchase schemes.

3. STAFF COSTS

The average weekly number of persons employed by the company, including directors, during the year was as follows:

	Number	Number
Administration	14	16
Production	104	103
Sales	5	4
	<u>123</u>	<u>123</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	1,869,846	1,869,707
Social security	183,740	182,594
Other pension costs	108,892	104,886
	<u>2,162,478</u>	<u>2,157,187</u>

WEBSTER & HORSFALL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 1998

4. INVESTMENT INCOME

	1998	1997
	£	£
Income from fixed asset investments - Unlisted	15,438	34,141
Other interest receivable	31,509	34,285
	<u>46,947</u>	<u>68,426</u>

5. TAXATION

Current Year:

Corporation tax	41,651	78,823
UK Corporation tax payable on subsidiary company profits	499	629
Tax attributable to franked investment income	3,088	5,146

Prior Year:

Corporation tax	133	6,959
	<u>45,371</u>	<u>91,557</u>

6. DIVIDENDS

Dividends paid - 1st interim at 15p (1997: 10p)	35,019	23,346
Dividends paid - 2nd interim at 25p (1997: 25p)	58,366	58,366
Dividends payable - final at 25p (1997: 30p)	58,365	70,038
	<u>151,750</u>	<u>151,750</u>

7. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Plant and Machinery	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 31st December 1997	115,536	901,006	122,600	363,646	1,502,788
Additions	-	39,878	21,391	43,393	104,662
Disposals	-	-	-	(30,921)	(30,921)
At 31st December 1998	<u>115,536</u>	<u>940,884</u>	<u>143,991</u>	<u>376,118</u>	<u>1,576,529</u>
Depreciation					
At 31st December 1997	94,529	901,006	122,600	363,646	1,481,781
Charge for the year	-	39,878	21,391	43,393	104,662
Disposals	-	-	-	(30,921)	(30,921)
At 31st December 1998	<u>94,529</u>	<u>940,884</u>	<u>143,991</u>	<u>376,118</u>	<u>1,555,522</u>
Net book value					
At 31st December 1998	<u>21,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,007</u>
At 31st December 1997	<u>21,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,007</u>

The cost of depreciable assets included in land and buildings at 31st December 1998 is £94,529.

WEBSTER & HORSFALL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 1998

8. FIXED ASSET INVESTMENTS

	1998	1997
	£	£
COST AND NET BOOK VALUE:-		
31st December 1997 and 31st December 1998		
Latch and Batchelor Limited	13,340	13,340
Webster and Horsfall (Canada) Limited	5,000	5,000
	<u>18,340</u>	<u>18,340</u>

The investment in Latch & Batchelor, a Company incorporated in England and Wales, represents a holding of 42.9% of the issued ordinary share capital. The aggregate of the share capital and reserves of Latch & Batchelor Limited at 31st December 1998 amount to £589,561 (1997: £548,047) and its profit on ordinary activities before taxation for the year then ended was £139,469 (1997: profit £50,049).

The investment in Webster & Horsfall (Canada) Limited, a Company incorporated in Canada, represents a holding of 100% of the issued ordinary share capital. The Company ceased trading on 28th January 1993.

9. STOCKS

	1998	1997
	£	£
Raw materials and consumables	485,741	935,540
Work in progress	394,551	269,311
Finished goods	235,723	181,908
	<u>1,116,015</u>	<u>1,386,759</u>

10. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

Trade debtors	1,276,507	1,743,313
Other debtors	10,254	3,340
Prepayments and accrued income	21,224	65,772
	<u>1,307,985</u>	<u>1,812,425</u>

11. DEFERRED TAXATION ASSET

This comprises recoverable advance corporation tax on proposed dividends in accordance with the Statement of Standard Accounting Practice No 8.

-	17,510
<u>-</u>	<u>17,510</u>

WEBSTER & HORSFALL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 1998

12. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	1998	1997
	£	£
Trade creditors	275,695	724,103
Proposed dividend	58,365	70,038
Corporation tax	6,090	82,221
Other tax and social security	188,743	117,248
Accruals and deferred income	164,652	238,447
	<u>693,545</u>	<u>1,232,057</u>

13. SHARE CAPITAL

Authorised:

161,539 11% non-cumulative preference shares of £1 each	161,539	161,539
97,982 "A" ordinary shares of £1 each	97,982	97,982
135,479 "B" ordinary shares of £1 each	135,479	135,479
	<u>395,000</u>	<u>395,000</u>

Issued and fully paid:

97,982 "A" ordinary shares of £1 each	97,982	97,982
135,479 "B" ordinary shares of £1 each	135,479	135,479
	<u>233,461</u>	<u>233,461</u>

14. RESERVES

	Balance 31.12.97	Additions During Year	Balance 31.12.98
	£	£	£
Plant replacement reserve	31,000	-	31,000
Capital reserve	100,000	-	100,000
General reserve	44,349	-	44,349
Capital redemption reserve	161,539	-	161,539
	<u>336,888</u>	<u>-</u>	<u>336,888</u>

WEBSTER & HORSFALL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 1998

15. PROFIT AND LOSS ACCOUNT

	1998	1997
	£	£
Profit and loss account		
At 31st December 1997	2,299,614	2,262,453
Retained profit for the year	13,329	37,161
At 31st December 1998	<u>2,312,943</u>	<u>2,299,614</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit for the financial year	165,079	188,911
Dividends	151,750	151,750
Net addition to shareholders' funds	<u>13,329</u>	<u>37,161</u>
Opening shareholders' funds	2,869,963	2,832,802
Closing shareholders' funds	<u>2,883,292</u>	<u>2,869,963</u>

17. CAPITAL COMMITMENTS

Commitments for capital expenditure at the end of the year were as follows:

Authorised and contracted for	<u>Nil</u>	<u>Nil</u>
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18. PENSION COSTS

The company operates a defined contribution pension scheme. The funds of the scheme are administered by Trustees and are separate from the company. The company's contribution for the year was £108,892 (1997: £104,886).

19. RELATED PARTY TRANSACTIONS

The company undertook the following transactions with companies that are related to it.

Year Ended 31st December 1998

Company Name	Relationship	Sales	Other Recharges	Year End Debtor
		£	£	£
Latch & Batchelor Limited	Associated Company	<u>1,001,515</u>	<u>433,757</u>	<u>416,174</u>

Year Ended 31st December 1997

Latch & Batchelor Limited	Associated Company	<u>968,272</u>	<u>415,168</u>	<u>542,282</u>
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20. CONTROLLING PARTY

There is no controlling party with the ability to direct the financial and operating policies of the Company with a view to gaining economic benefits from its activities.