

WEBSTER & HORSFALL LIMITED

ACCOUNTS

YEAR ENDED 31ST DECEMBER 1999

(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 1999

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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 1999

The Directors present their report together with the audited financial statements of the company for the year ended 31st December 1999.

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 unsatisfactory 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 commissioned a company-wide programme to address the impact of the Year 2000 issue on our activities, and this was completed during 1999. 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 achieved 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:

	31.12.99		31.12.98	
	£1 "A" Ord.	£1 "B" Ord.	£1 "A" Ord.	£1 "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 L C Horsfall, Mr J M C Horsfall and Mr P J Robinson who, being eligible, offer themselves for re-election.

DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 1999

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 1999 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 survival 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 £30 (1998: £114).

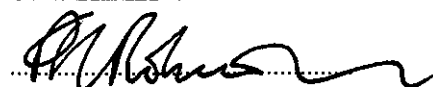
CLOSE COMPANY STATUS

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: 23RD MAY 2000

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 1999 prepared under section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

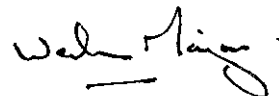
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to the deliver abbreviated accounts prepared in accordance with sections 246A(3) 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: 23rd May 2000

89 Cornwall Street
Birmingham
B3 3BY

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards..

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 1999

	Note	1999 £	1998 £
GROSS PROFIT		1,319,278	1,797,785
Net operating expenses	1	1,484,512	1,637,582
OPERATING (LOSS)/PROFIT		(165,234)	160,203
Profit on disposal of assets		3,500	3,300
		(161,734)	163,503
Investment income	4	50,899	46,947
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(110,835)	210,450
Taxation	5	(35,641)	45,371
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(75,194)	165,079
Dividends	6	81,711	151,750
RETAINED (LOSS)/PROFIT FOR THE YEAR	14	(156,905)	13,329

NOTES

1. This account relates to continuing operations.
2. (Loss)/profit after taxation equals total recognised gains and losses for the year.
3. Retained (loss)/profit is the only movement in shareholders funds for the year.

WEBSTER & HORSFALL LIMITED

ABBREVIATED BALANCE SHEET

31ST DECEMBER 1999

	Note	1999	1998
		£	£
FIXED ASSETS			
Tangible Assets	7	21,007	21,007
Investments	8	<u>18,340</u>	<u>18,340</u>
		39,347	39,347
CURRENT ASSETS			
Stocks	9	883,699	1,116,015
Debtors	10	1,291,493	1,307,985
Latch & Batchelor Limited		479,169	416,174
Cash at bank and in hand		<u>696,637</u>	<u>697,316</u>
		3,350,998	3,537,490
CREDITORS			
Amounts falling due within one year	11	<u>663,958</u>	<u>693,545</u>
NET CURRENT ASSETS		2,687,040	2,843,945
NET ASSETS		<u><u>2,726,387</u></u>	<u><u>2,883,292</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	233,461	233,461
Capital reserves	13	336,888	336,888
Profit and loss account	14	<u>2,156,038</u>	<u>2,312,943</u>
		<u><u>2,726,387</u></u>	<u><u>2,883,292</u></u>

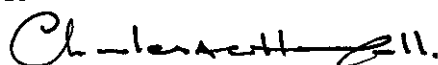
The directors have taken advantage of the exemptions conferred by Part VII of the Companies Act 1985 and have done so on the grounds that in their opinion the Company is entitled to those exemptions as a medium-sized company.

Approved by the Board of Directors and signed on their behalf on 23rd May 2000

P J C ROBINSON - DIRECTOR



C A C HORSFALL - DIRECTOR



WEBSTER & HORSFALL LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 1999

	1999	1998
	£	£
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating (loss)/profit	(165,234)	160,203
Depreciation charges	80,454	104,662
Decrease in stocks	232,316	270,744
(Increase)/decrease in debtors	(11,088)	632,256
Increase/(decrease) in creditors	11,402	(450,708)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>147,850</u>	<u>717,157</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities	147,850	717,157
Returns on investments and servicing of finance	50,899	46,947
Taxation	(5,864)	(105,700)
Capital expenditure	(76,954)	(101,362)
Equity dividends paid	(116,610)	(163,423)
(DECREASE)/INCREASE IN CASH	<u>(679)</u>	<u>393,619</u>

**RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET DEBT**

(Decrease)/increase in cash in the period	(679)	393,619
Net funds at 1st January 1999	697,316	303,697
Net funds at 31st December 1999	<u>696,637</u>	<u>697,316</u>

WEBSTER & HORSFALL LIMITED

NOTES TO THE CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 1999

GROSS CASH FLOWS

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	1999	1998
	£	£
Interest received	30,264	31,509
Dividends received	20,635	15,438
	<u>50,899</u>	<u>46,947</u>

CAPITAL EXPENDITURE

Payments to acquire tangible fixed assets	(80,454)	(104,662)
Receipts from sales of tangible fixed assets	3,500	3,300
	<u>(76,954)</u>	<u>(101,362)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1999	Cash Flows	At 1998
	£	£	£
Cash in hand, at bank	<u>696,637</u>	<u>(679)</u>	<u>697,316</u>

1. OTHER OPERATING EXPENSES (NET)

	1999	1998
	£	£
Salaries costs and social security	692,889	729,414
Depreciation and amounts written off tangible fixed assets	80,454	104,662
Other operating income	(54,268)	(66,674)
Other operating charges	765,437	870,180
	<u>1,484,512</u>	<u>1,637,582</u>
Operating profit is stated after charging:		
Loss on exchange	-	22
Directors' remuneration	136,910	133,937
Depreciation on tangible fixed assets - Own assets	80,454	104,662
Auditors' remuneration and expenses	<u>20,180</u>	<u>25,500</u>
And after crediting:		
Rents received and sundry income	<u>54,268</u>	<u>66,674</u>

2. DIRECTORS REMUNERATION

Company contributions to money purchase pension schemes	10,376	8,952
Directors' emoluments		
- Paid by this company	126,534	124,985
- Paid by associated company	<u>34,103</u>	<u>34,317</u>

During the year 2 directors (1998:2) 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	17	14
Production	100	104
Sales	5	5
	<u>122</u>	<u>123</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	1,704,367	1,869,846
Social security	158,610	183,740
Other pension costs	102,928	108,892
	<u>1,965,905</u>	<u>2,162,478</u>

WEBSTER & HORSFALL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 1999

4. INVESTMENT INCOME

	1999	1998
	£	£
Income from fixed asset investments - Unlisted	20,635	15,438
Other interest receivable	30,264	31,509
	<u>50,899</u>	<u>46,947</u>

5. TAXATION (CREDIT)/CHARGE

Current Year:

Corporation tax	(37,123)	41,651
UK Corporation tax payable on subsidiary company profits	-	499
Tax attributable to franked investment income	-	3,088

Prior Year:

Corporation tax	1,482	133
	<u>(35,641)</u>	<u>45,371</u>

6. DIVIDENDS

Dividends paid - 1st interim at 10p (1998: 15p)	23,346	35,019
Dividends paid - 2nd interim at 15p (1998: 25p)	35,019	58,366
Dividends payable - final at 10p (1998: 25p)	23,346	58,365
	<u>81,711</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 1998	115,536	940,884	143,991	376,118	1,576,529
Additions	-	35,287	3,828	41,339	80,454
Disposals	-	-	-	(26,179)	(26,179)
At 31st December 1999	<u>115,536</u>	<u>976,171</u>	<u>147,819</u>	<u>391,278</u>	<u>1,630,804</u>
Depreciation					
At 31st December 1998	94,529	940,884	143,991	376,118	1,555,522
Charge for the year	-	35,287	3,828	41,339	80,454
Disposals	-	-	-	(26,179)	(26,179)
At 31st December 1999	<u>94,529</u>	<u>976,171</u>	<u>147,819</u>	<u>391,278</u>	<u>1,609,797</u>
Net book value					
At 31st December 1999	<u>21,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,007</u>
At 31st December 1998	<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 1999 is £94,529.

WEBSTER & HORSFALL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 1999

8. FIXED ASSET INVESTMENTS

	1999	1998
	£	£
COST AND NET BOOK VALUE:-		
31st December 1998 and 31st December 1999		
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 1999 amount to £474,270 (1998: £589,561) and its loss on ordinary activities before taxation for the year then ended was £142,240 (1998: profit £139,469). The Company manufactures and factors steel wire rope.

The investment in Webster & Horsfall (Canada) Limited, a Company incorporated in Canada, represents a holding of 100% of the issued ordinary share capital. The aggregate of the share capital and reserves of Webster & Horsfall (Canada) Limited at 31st December 1999 amounted to £5,637 (1998: £34,405 deficit). The Company ceased trading on 28th January 1993.

9. STOCKS

	1999	1998
	£	£
Raw materials and consumables	273,080	485,741
Work in progress	329,467	394,551
Finished goods	281,152	235,723
	<u>883,699</u>	<u>1,116,015</u>

10. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

Trade debtors	1,184,728	1,276,507
Other debtors	41,062	10,254
Prepayments and accrued income	65,703	21,224
	<u>1,291,493</u>	<u>1,307,985</u>

WEBSTER & HORSFALL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 1999

11. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	1999	1998
	£	£
Trade creditors	382,962	275,695
Proposed dividend	23,346	58,365
Corporation tax	-	6,090
Other tax and social security	119,793	188,743
Accruals and deferred income	137,857	164,652
	<u>663,958</u>	<u>693,545</u>

12. 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>

13. RESERVES

	Balance 31.12.98	Additions During Year	Balance 31.12.99
	£	£	£
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 1999

14. PROFIT AND LOSS ACCOUNT

	1999	1998
	£	£
Profit and loss account		
At 31st December 1998	2,312,943	2,299,614
Retained (loss)/profit for the year	(156,905)	13,329
At 31st December 1999	<u>2,156,038</u>	<u>2,312,943</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

(Loss)/profit for the financial year	(75,194)	165,079
Dividends	81,711	151,750
Net (deduction from)/addition to shareholders' funds	<u>(156,905)</u>	<u>13,329</u>
Opening shareholders' funds	2,883,292	2,869,963
Closing shareholders' funds	<u>2,726,387</u>	<u>2,883,292</u>

16. 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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17. 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 £102,928 (1998: £108,892).

18. RELATED PARTY TRANSACTIONS

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

Year Ended 31st December 1999

Company Name	Relationship	Sales £	Other Recharges £	Year End Debtor £
Latch & Batchelor Limited	Associated Company	<u>664,756</u>	<u>443,768</u>	<u>479,169</u>

Year Ended 31st December 1998

Latch & Batchelor Limited	Associated Company	<u>1,001,515</u>	<u>433,757</u>	<u>416,174</u>
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19. 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.