

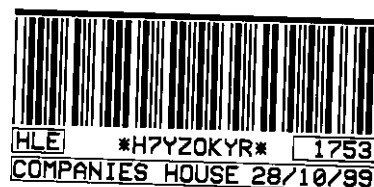
**SIGNED
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Siddall & Hilton Fencing Products Limited

**Directors' report and financial
statements**

31 December 1998

Registered number 228013



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Directors and company information

Directors	PR Siddall JA Firth BA FCA PA Green BSc NC Snowling (resigned 30 April 1998)
Secretary	V Lumb
Registered office	Central Buildings Sowerby Bridge West Yorkshire HX6 2QE
Auditors	KPMG Chartered Accountants 1 The Embankment Neville Street Leeds LS1 4DW
Company number	228013

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Principal activity and business review

On 1 January 1998 the company sold the assets and trade to Siddall & Hilton Products Limited. The Company has not traded since this date. The company was previously a manufacturer of wire products.

Dividend

The deficit for the financial year amounted to £1,575,073 (1997: £84,340) after paying a dividend of £1,575,073 (1997: £nil).

Directors and directors' interests

The composition of the board of directors at the date of this report is shown on page 1.

NC Snowling had no disclosable interest in the shares of the company.

The other directors interests in the shares of group companies are shown in the financial statements of the parent company.

Directors' report *(continued)*

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



V Lumb
Secretary

Central Buildings
Sowerby Bridge
West Yorkshire
HX6 2QE

7 April 1999



1 The Embankment
Neville Street
Leeds
LS1 4DW

Auditors' report to the members of Siddall & Hilton Fencing Products Limited

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to be 'W. M. S.', written in a cursive style.

KPMG
Chartered Accountants
Registered Auditors

7 April 1999

Profit and loss account
for the year ended 31 December 1998

	<i>Note</i>	1998 £	1997 £
Turnover	2	-	293,277
Cost of sales		-	(323,344)
		<hr/>	<hr/>
Gross loss		-	(30,067)
Distribution costs		-	(12,555)
Administration expenses		-	(34,990)
		<hr/>	<hr/>
Operating loss		-	(77,612)
Interest payable and similar charges	6	-	(36,100)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2-6	-	(113,712)
Tax on loss on ordinary activities	7	-	29,372
		<hr/>	<hr/>
Loss on ordinary activities after taxation		-	(84,340)
Dividends		(1,575,073)	-
		<hr/>	<hr/>
Deficit for the financial year		(1,575,073)	(84,340)
		<hr/>	<hr/>

A reconciliation of the movements in shareholders' funds is shown in note 14. There have been no recognised gains or losses during the year other than the loss for the year as stated above.

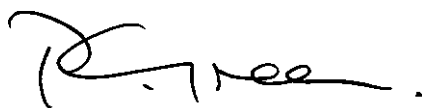


Balance sheet
 at 31 December 1998

	Note	1998		1997	
		£	£	£	£
Fixed assets					
Tangible assets	8		-		334,807
Current assets					
Stocks	9	-		121,918	
Debtors due within one year	10	-		268,656	
Debtors due after more than one year	10	8,112		1,667,525	
		8,112		2,058,099	
Creditors: amounts falling due within one year	11	-		(779,222)	
Net current assets			8,112		1,278,877
Total assets less current liabilities			-		1,613,684
Provisions for liabilities and charges	12		-		(30,499)
Net assets			8,112		1,583,185
Capital and reserves					
Called up share capital	13	8,112		8,112	
Profit and loss account	14	-		1,575,073	
		8,112		1,583,185	

These financial statements were approved by the board of directors on 7 April 1999 and were signed on its behalf by:

P Green
 Director



Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets as follows:

Straight line method

Plant and machinery	-	10% - 33.33% per annum
Office and computer equipment	-	10% - 33.33% per annum
Motor vehicles	-	25% per annum

Pension costs

The group operates two defined benefit pension schemes. The assets of the scheme are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

Notes (continued)

2 Turnover

	1998 £	1997 £
Home	-	147,024
Export	-	146,253
	<u>-</u>	<u>293,277</u>

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

3 Loss on ordinary activities before taxation

	1998 £	1997 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
- As auditors	-	2,000
Depreciation written off tangible fixed assets	-	40,102
Hire of plant and machinery and rentals payable under operating leases	-	4,727
	<u>-</u>	<u>46,829</u>

4 Remuneration of directors

	1998 £	1997 £
Directors' emoluments:		
Remuneration as executives	-	49,215
	<u>-</u>	<u>49,215</u>

Retirement benefits are accruing to the following number of directors under:

	1998	1997
Defined benefit scheme	-	1
	<u>-</u>	<u>1</u>

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	1998	1997
Production	-	12
Administration	-	3
Selling and distribution	-	1
	<hr/>	<hr/>
	-	16
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	1998 £	1997 £
Wages and salaries	-	193,144
Social security costs	-	13,610
Other pension costs (see note 17)	-	8,617
	<hr/>	<hr/>
	-	215,371
	<hr/>	<hr/>

6 Interest payable

	1998 £	1997 £
Interest payable and similar charges	-	36,100
	<hr/>	<hr/>

7 Taxation

	1998 £	1997 £
Group relief	-	59,871
Deferred taxation	-	(30,499)
	<hr/>	<hr/>
	-	29,372
	<hr/>	<hr/>

Notes (continued)

8 Tangible fixed assets

	Plant, machinery and equipment £
<i>Cost</i>	
At beginning of year	374,909
Disposals	(374,909)
	<hr/>
At end of year	-
	<hr/>
<i>Depreciation</i>	
At beginning of year	40,102
Disposals	(40,102)
	<hr/>
At end of year	-
	<hr/>
<i>Net book value</i>	
At 31 December 1998	-
	<hr/>
<i>Net book value</i>	
At 31 December 1997	334,807
	<hr/>

9 Stocks

	1998 £	1997 £
Raw materials and consumables	-	17,795
Work in progress	-	8,205
Finished goods and goods for resale	-	95,918
	<hr/>	<hr/>
	-	121,918
	<hr/>	<hr/>

Notes (continued)

10 Debtors

	1998 £	1997 £
Due within one year		
Trade debtors	-	41,997
Recoverable VAT	-	7,128
Prepayments	-	4,140
Amounts due by parent and fellow subsidiary undertaking	-	215,391
	<hr/>	<hr/>
	-	268,656
	<hr/>	<hr/>
Due after more than one year		
Amounts due by parent and fellow subsidiary undertaking	8,112	1,667,525
	<hr/>	<hr/>

The loan to the ultimate parent company is not subject to interest or to any terms as to repayment.

11 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank loan and overdraft	-	719,430
Amounts owed to parent and fellow subsidiary undertakings	-	5,235
Accruals and deferred income	-	54,557
	<hr/>	<hr/>
	-	779,222
	<hr/>	<hr/>

12 Provisions for liabilities and charges

	1998 £	1997 £
Deferred taxation		
At beginning of year	30,499	-
Disposal of business	(30,499)	30,499
	<hr/>	<hr/>
At end of year	-	30,499
	<hr/>	<hr/>

Notes (continued)

12 Provisions for liabilities and charges (continued)

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1998		1997	
	Provided £	Unprovided £	Provided £	Unprovided £
Difference between accumulated depreciation and amortisation and capital allowances	-	-	30,949	-
Other timing differences	-	-	(450)	-
	<u>-</u>	<u>-</u>	<u>30,499</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>30,499</u>	<u>-</u>

13 Called up share capital

	1998 £	1997 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>15,000</u>	<u>15,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>8,112</u>	<u>8,112</u>

14 Reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total £
At 1 January 1998	8,112	1,575,073	1,583,185
Dividends	-	(1,575,073)	(1,575,073)
	<u>8,112</u>	<u>-</u>	<u>8,112</u>
At 31 December 1998	<u>8,112</u>	<u>-</u>	<u>8,112</u>

15 Contingent liabilities

The company has guaranteed payment to the bank, on demand, of all present, future, actual or contingent liabilities of its parent company and fellow subsidiary companies; the amount outstanding at 31 December 1998 was £1,031,000.

Notes (continued)

16 Commitments

Annual commitments under non cancellable operating leases are as follows:

	1998 Plant, machinery and equipment £	1997 Plant, machinery and equipment £
In the second to fifth years inclusive	-	5,076

17 Pension schemes

As explained in the accounting policies, the Siddall & Hilton Group operates two defined benefit pension schemes providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over the working lives of employees with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuations were on 6 April 1996 and 16 September 1997. It was assumed that the investment returns would exceed pay awards by 2.0% per annum.

18 Ultimate parent company

The company regarded by the directors as the ultimate parent company is Siddall & Hilton Limited, a company registered in England and Wales.

