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**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY**

Company Registration No. 607717 (England and Wales)

**ANNUAL REPORT
FOR THE YEAR ENDED
31 AUGUST 1998**

**Paul Da Costa & Co.
13/17 High Beech Road
Loughton, Essex.
IG10 4BN**



DW GENERAL WOOD MACHINISTS LIMITED

DIRECTORS AND ADVISERS

Directors	E.E. Dossett Esq B Dossett Esq A Howard Esq D Howard Esq M Howard Esq M Dossett Esq
Secretary	B Dossett Esq
Company number	607717
Registered office	855/857 High Road Tottenham London N17
Registered auditors	Paul Da Costa & Co 13/17 High Beech Road Loughton Essex IG10 4BN
Business address	855/857 High Road Tottenham London N17
Bankers	Barclays Bank plc PO box 2403 London N18 2BY

**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
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**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 1998**

The directors present their report and financial statements for the year ended 31 August 1998.

Directors

The following directors have held office since 1 September 1997:

E.E. Dossett Esq	
B Dossett Esq	
A Howard Esq	
D Howard Esq	(Appointed 22 December 1997)
M Howard Esq	(Appointed 22 December 1997)
M Dossett Esq	(Appointed 22 December 1997)

Principal activities and review of the business

The principal activity of the company continued to be that of wood machinists, wood moulders and general timber merchants.

Results and dividends

The consolidated profit and loss account for the year is set out on page 4.

It is proposed that the retained profit of £47,767 is transferred to the group's reserves.

Fixed assets

The significant changes in fixed assets during the year are explained in notes 7 and 8 to the financial statements.

Directors' interests

The directors' beneficial interests in the shares of the company and other group companies were as stated below:

D.W. General Wood Machinists Limited

	Ordinary of £ 1 each	
	31 August 1998	1 September 1997
E.E. Dossett Esq	5,416	5,416
B Dossett Esq	16,184	16,859
A Howard Esq	84	13,559
D Howard Esq	3,961	-
M Howard Esq	3,961	-
M Dossett Esq	1,262	-

D W Mouldings Limited

	ordinary shares of £ 1 each	
	31 August 1998	1 September 1997
E.E. Dossett Esq	1	1
B Dossett Esq	1	1
A Howard Esq	1	1
M Dossett Esq	-	-
D Howard Esq	-	-
M Howard Esq	-	-

**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 1998**

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Paul Da Costa & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

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 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 group will continue in business.

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

By order of the board



.....
B Dossett Esq

Director

Date: 22 January 1999

**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
AUDITORS' REPORT
TO THE SHAREHOLDERS OF DW GENERAL WOOD MACHINISTS LIMITED**

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 and 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 company's and the group's affairs as at 31 August 1998 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Paul Da Costa & Co
Chartered Accountants
and Registered Auditors**

**13/17 High Beech Road
Loughton, Essex
IG10 4BN**

Date : 23 January 1999

**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 1998**

	Notes	1998 £	1997 £
Turnover	2	2,561,717	2,349,589
Cost of sales		(2,078,643)	(1,922,105)
Gross profit		<u>483,074</u>	<u>427,484</u>
Distribution costs		(54,070)	(70,896)
Administrative expenses		(451,576)	(386,094)
Other operating income		53,944	53,679
Operating profit	3	<u>31,372</u>	<u>24,173</u>
Other interest receivable and similar income	4	30,233	24,432
Profit on ordinary activities before taxation	3	<u>61,605</u>	<u>48,605</u>
Tax on profit on ordinary activities	5	(13,838)	(11,198)
Profit on ordinary activities after taxation		<u><u>47,767</u></u>	<u><u>37,407</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
BALANCE SHEETS
AS AT 31 AUGUST 1998**

	Notes	Group 1998 £	1997 £	Company 1998 £	1997 £
Fixed assets					
Tangible assets	7	839,355	775,065	771,991	722,326
Investments	8	-	7,657	7,657	7,657
		<u>839,355</u>	<u>782,722</u>	<u>779,648</u>	<u>729,983</u>
Current assets					
Stocks	9	378,507	355,654	108,307	109,116
Debtors	10	723,381	632,927	508,365	371,981
Cash at bank and in hand		364,277	523,044	247,285	339,525
		<u>1,466,165</u>	<u>1,511,625</u>	<u>863,957</u>	<u>820,622</u>
Creditors: amounts falling due within one year	11	(599,877)	(632,974)	(363,419)	(307,324)
Net current assets		<u>866,288</u>	<u>878,651</u>	<u>500,538</u>	<u>513,298</u>
Total assets less current liabilities		<u>1,705,643</u>	<u>1,661,373</u>	<u>1,280,186</u>	<u>1,243,281</u>
Provisions for liabilities and charges	12	(111,267)	(107,107)	(111,267)	(107,107)
		<u>1,594,376</u>	<u>1,554,266</u>	<u>1,168,919</u>	<u>1,136,174</u>
Capital and reserves					
Called up share capital	14	50,000	55,000	50,000	50,000
Profit and loss account	15	1,544,376	1,499,266	1,118,919	1,086,174
Shareholders' funds - equity interests	16	<u>1,594,376</u>	<u>1,554,266</u>	<u>1,168,919</u>	<u>1,136,174</u>

The financial statements were approved by the board on 22 January 1999



M Dossett Esq
Director



B Dossett Esq
Director

**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998**

1 Accounting policies

1.1 Accounting convention

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 August 1998. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.2 Basis of consolidation

The financial statements are prepared under the historical cost convention.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Over 100 years
Land and buildings Leasehold	Over the life of the lease
Plant and machinery	Over 6 years
Fixtures, fittings & equipment	10% reducing balance
Motor vehicles	25% reducing balance

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

Work in progress is valued at the lower of cost and net realisable value.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998**

3	Operating profit	1998	1997
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	50,877	31,041
	Auditors' remuneration (company £5,000; 1997 : £4,742)	9,300	8,992
	and after crediting:		
	Rents receivable	21,094	23,679
		<u>21,094</u>	<u>23,679</u>
4	Other interest receivable and similar income	1998	1997
		£	£
	Bank interest	30,233	24,432
		<u>30,233</u>	<u>24,432</u>
5	Taxation		
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 21% (1997 - 21%)	9,272	9,157
	Deferred taxation	4,160	2,055
		<u>13,432</u>	<u>11,212</u>
	Prior years		
	U.K. Corporation tax	406	(14)
		<u>13,838</u>	<u>11,198</u>
6	Profit for the financial year		
	As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:		
		1998	1997
		£	£
	Holding company's profit for the financial year	32,745	27,680
		<u>32,745</u>	<u>27,680</u>

DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998

7 Tangible fixed assets

Group

	Land and buildings Freehold	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 1997	487,089	317,724	831,864	59,617	68,557	1,764,851
Additions	-	5,448	52,492	8,913	49,630	116,483
Disposals	-	-	-	-	(7,395)	(7,395)
At 31 August 1998	487,089	323,172	884,356	68,530	110,792	1,873,939
Depreciation						
At 1 September 1997	56,816	56,519	782,029	40,218	54,204	989,786
On disposals	-	-	-	-	(6,079)	(6,079)
Charge for the year	4,871	3,303	24,083	2,954	15,666	50,877
At 31 August 1998	61,687	59,822	806,112	43,172	63,791	1,034,584
Net book value						
At 31 August 1998	425,402	263,350	78,244	25,358	47,001	839,355
At 31 August 1997	430,273	261,205	49,835	19,399	14,353	775,065

**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998**

7 Tangible fixed assets (continued)

Company

	Land and buildings Freehold	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 1997	487,089	317,724	246,619	59,617	43,549	1,154,598
Additions	-	-	34,150	6,457	37,980	78,587
At 31 August 1998	487,089	317,724	280,769	66,074	81,529	1,233,185
Depreciation						
At 1 September 1997	56,816	56,519	242,564	40,218	36,155	432,272
Charge for the year	4,871	3,303	6,819	2,586	11,343	28,922
At 31 August 1998	61,687	59,822	249,383	42,804	47,498	461,194
Net book value						
At 31 August 1998	425,402	257,902	31,386	23,270	34,031	771,991
At 31 August 1997	430,273	261,205	4,055	19,399	7,394	722,326

**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998**

8 Fixed asset investments

Company

**Shares in
subsidiary
undertakings
£**

Cost

At 1 September 1997 & at 31 August 1998

7,657

At 31 August 1997

7,657

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
DW Mouldings Limited	United kingdom	Ordinary	99.92%

The principal activity of these undertakings for the last relevant financial year that of wood moulders and general timber merchants.

9 Stocks

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Raw materials and consumables	378,507	355,654	108,307	109,116

**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998**

10 Debtors

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Trade debtors	609,223	420,655	214,218	183,953
Other debtors	46,474	162,494	248,568	162,494
Prepayments and accrued income	67,684	49,778	45,579	25,534
	<u>723,381</u>	<u>632,927</u>	<u>508,365</u>	<u>371,981</u>

11 Creditors : amounts falling due within one year

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Trade creditors	376,128	244,093	200,201	135,077
Corporation tax	9,272	9,157	6,425	7,008
Taxes and social security costs	60,644	66,906	21,082	29,619
Directors current accounts	108,559	116,169	108,559	116,169
Other creditors	1,889	163,794	1,300	1,300
Accruals and deferred income	43,385	32,855	25,852	18,151
	<u>599,877</u>	<u>632,974</u>	<u>363,419</u>	<u>307,324</u>

**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998**

12 Provisions for liabilities and charges

Group

	Deferred taxation £
Balance at 1 September 1997	107,107
Revaluation reserve	4,160
	<u>111,267</u>
Balance at 31 August 1998	<u>111,267</u>

Company

Balance at 1 September 1997	107,107
Revaluation reserve	4,160
	<u>111,267</u>
Balance at 31 August 1998	<u>111,267</u>

Deferred tax is provided at 31% (1997 - 33%) analysed over the following timing differences:

Group

	Fully provided 1998 £	1997 £
Surplus on revaluation of land and buildings	111,267	107,107
	<u>111,267</u>	<u>107,107</u>

Company

	Fully provided 1998 £	1997 £
Surplus on revaluation of land and buildings	111,267	107,107
	<u>111,267</u>	<u>107,107</u>

**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998**

13 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9197 (1997 - £11301).

14 Share capital	1998	1997
	£	£
Authorised		
50,000 Ordinary Shares of £ 1 each	50,000	50,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
50,000 Ordinary Shares of £ 1 each	50,000	55,000
	<u> </u>	<u> </u>

**15 Statement of movements on profit and loss account
Group**

	Profit and loss account
	£
Balance at 1 September 1997	1,496,609
Retained profit for the year	47,767
	<u> </u>
Balance at 31 August 1998	1,544,376
	<u> </u>

Company

	Profit and loss account
	£
Balance at 1 September 1997	1,086,174
Retained profit for the year	32,745
	<u> </u>
Balance at 31 August 1998	1,118,919
	<u> </u>

**DW GENERAL WOOD MACHINISTS LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998**

16 Reconciliation of movements in shareholders' funds	1998	1997
Group	£	£
Profit for the financial year	47,767	37,407
Opening shareholders' funds	1,554,266	1,516,859
	<u> </u>	<u> </u>
Closing shareholders' funds	1,594,376	1,554,266
	<u> </u>	<u> </u>
Company	1998	1997
	£	£
Profit for the financial year	32,745	27,680
Opening shareholders' funds	1,136,174	1,108,494
	<u> </u>	<u> </u>
Closing shareholders' funds	1,168,919	1,136,174
	<u> </u>	<u> </u>

17 Contingent liabilities

Group

The Group has provided a guarantee to Midland Bank in respect of duty deferment to H.M. Customs & Excise, the maximum liability under which amounts to £nil (1997-£20000).

18 Employees

Number of employees

The average weekly number of employees (including directors) during the year was:

	1998	1997
	Number	Number
Office and Management	7	6
Production and Sales	46	55
	<u> </u>	<u> </u>
	53	61
	<u> </u>	<u> </u>
Employment costs		
	£	£
Wages and salaries	935,483	854,057
Social security costs	3,099	2,963
Other pension costs	9,197	11,301
	<u> </u>	<u> </u>
	947,779	868,321
	<u> </u>	<u> </u>