

Registrar

Company Registration No. 00899099 (England and Wales)

WIRE & PLASTIC PRODUCTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998



WIRE & PLASTIC PRODUCTS LIMITED

COMPANY INFORMATION

Directors	G C Sampson M S Sorrell
Secretary	D M Green
Company number	00899099
Registered office	Pennypot Industrial Estate Hythe Kent
Auditors	Finn-Kelcey & Chapman Ashford House County Square Ashford Kent
Business address	Pennypot Industrial Estate Hythe Kent
Bankers	Midland Bank plc 47 High Street Hythe Kent

WIRE & PLASTIC PRODUCTS LIMITED

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WIRE & PLASTIC PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

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

Principal activities and review of the business

The principal activity of the company during the year was the manufacture, wholesale and distribution of wire and plastic products and holloware and kitchen ware.

The company's compliance for the year 2000 and for the Euro have been addressed in accordance with group policy and adequate resources have been allocated to this issue. The directors are confident that all critical systems and products will be compliant by the year 2000 and the cost of achieving these objectives are not expected to be material and will be expensed as incurred.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

It is proposed that the retained profit of £652,682 is transferred to reserves.

Directors and their interests

The following directors have held office since 1 January 1998;

G C Sampson

M S Sorrell

The interest of G C Sampson and M S Sorrell in the ordinary share capital of the ultimate holding company are disclosed in the accounts of that company.

No director had any beneficial interest in any contract of significance with the company during the year.

In accordance with the Articles of Association, G C Sampson retires by rotation and being eligible, offers himself for re-election at the Annual General Meeting.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Finn-Kelcey & Chapman be reappointed as auditors of the company will be put to the Annual General Meeting.

WIRE & PLASTIC PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998


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 of the company 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;
- 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 keeping 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 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.

By order of the board



D M Green
Secretary

WIRE & PLASTIC PRODUCTS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF WIRE & PLASTIC PRODUCTS LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 6 and 7.

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.

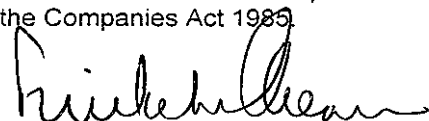
Basis of opinion

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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Finn-Kelcey & Chapman

1 April 1999

Chartered Accountants
Registered Auditors

Ashford House
County Square
Ashford Kent

WIRE & PLASTIC PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
Turnover	2	2,999,002	3,095,374
Cost of sales		(1,911,900)	(1,932,579)
Gross profit		1,087,102	1,162,795
Distribution costs		(242,089)	(388,244)
Administrative expenses		(473,251)	(547,529)
Other operating income		17,129	30,022
Operating profit	3	388,891	257,044
Investment income	4	105,263	94,312
Other interest receivable and similar income	4	88,347	52,823
Profit on ordinary activities before taxation		582,501	404,179
Tax on profit on ordinary activities	5	70,181	(41,367)
Profit on ordinary activities after taxation for the financial year	15	652,682	362,812

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

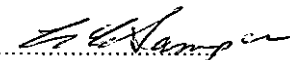
There are no recognised gains and losses other than those passing through the profit and loss account.

WIRE & PLASTIC PRODUCTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1998

	Notes	1998		1997	
		£	£	£	£
Fixed assets					
Intangible assets	6		1		1
Tangible assets	7		901,190		917,452
Investments	8		4,609,431		4,609,431
			<u>5,510,622</u>		<u>5,526,884</u>
Current assets					
Stocks	9	574,341		559,587	
Debtors	10	760,223		821,492	
Cash at bank and in hand		1,725,906		1,159,988	
		<u>3,060,470</u>		<u>2,541,067</u>	
Creditors: amounts falling due within one year	11	(4,828,503)		(4,978,044)	
Net current liabilities			(1,768,033)		(2,436,977)
Total assets less current liabilities			<u>3,742,589</u>		<u>3,089,907</u>
Provisions for liabilities and charges	12		-		-
			<u>3,742,589</u>		<u>3,089,907</u>
Capital and reserves					
Called up share capital	14	2,498,000		2,498,000	
Revaluation reserve	15	133,144		133,144	
Profit and loss account	15	1,111,445		458,763	
Shareholders' funds - equity interests	16	<u>3,742,589</u>		<u>3,089,907</u>	

The financial statements were approved by the Board on 1st April 1999



G C Sampson
Director

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

The company is a wholly owned subsidiary undertaking and the ultimate holding company publishes consolidated financial statements including a consolidated cash flow statement. This statement deals with cash flows of the group. Accordingly the company relies on the exemptions conferred by Financial Reporting Standard No 1 (revised) and does not prepare a cash flow statement.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

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

1.4 Trade mark

The Trade mark is valued at cost less accumulated amortisation.

1.5 Tangible fixed assets and depreciation

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

Land and buildings freehold	No depreciation is provided
Land and buildings leasehold short	Straight line over the life of the lease
Plant and machinery	20% p.a. on written down value.
Fixtures, fittings & equipment	20-30% p.a. on written down value.
Motor vehicles	25% p.a. on written down value.

It is the Company's policy to maintain its properties in a continued state of sound repair. In the case of Freehold Buildings the directors consider that the lives of these assets and their residual values are such that their depreciation is not significant. Accordingly, no depreciation is provided on Freehold Buildings.

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

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

1.8 Stock and work in progress

Stock is valued at the lower of cost and net realisable value.

1.9 Pensions

The pension costs charged in the financial statements represent the contributions payable to a defined money purchase scheme by the company during the year in accordance with SSAP 24.

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

1.10 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of WPP Group plc, a company incorporated in England, and is included in the consolidated accounts of that company.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the following.

Geographical market

	Turnover	
	1998	1997
	£	£
United Kingdom	2,830,758	2,917,504
Europe	99,766	60,311
USA	10,430	14,997
Far East and Australasia	44,280	67,183
Africa and Middle East	13,768	35,379
	<u>2,999,002</u>	<u>3,095,374</u>

3 Operating profit

	1998	1997
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	38,622	41,374
Operating lease rentals	61,500	67,371
Auditors' remuneration	12,937	10,722
	<u></u>	<u></u>

4 Income from investments, other interest receivable and similar income

	1998	1997
	£	£
Income from group undertakings	105,263	94,312
Bank interest receivable	88,347	52,823
	<u>193,610</u>	<u>147,135</u>

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

5	Taxation	1998 £	1997 £
	U.K. current year taxation		
	U.K. corporation tax at 31% (1997 - 31.50%)	163,055	124,000
	Deferred taxation	-	26,431
	Less corporation tax eliminated by group relief	(163,055)	-
		<hr/>	<hr/>
		-	150,431
	Prior years		
	U.K. Corporation tax	(106,544)	57,420
	Deferred taxation	36,363	(166,484)
		<hr/>	<hr/>
		(70,181)	41,367
		<hr/>	<hr/>

Corporation tax has been eliminated by the transfer of losses from another group company which have been surrendered under the group relief provisions, without any corresponding payment.

6 Intangible fixed assets

	Trade mark £
Cost	
At 1 January 1998 & at 31 December 1998	1
	<hr/>

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

7 Tangible fixed assets

	Land and buildings freehold	Land and buildings leasehold short	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 January 1998	802,358	27,140	862,905	66,176	64,442	1,823,021
Additions	-	-	5,902	9,218	14,000	29,120
Disposals	-	-	-	-	(20,891)	(20,891)
At 31 December 1998	802,358	27,140	868,807	75,394	57,551	1,831,250
Depreciation						
At 1 January 1998	29,282	23,678	773,944	51,371	27,294	905,569
On disposals	-	-	-	-	(14,131)	(14,131)
Charge for the year	-	2,308	18,390	6,007	11,917	38,622
At 31 December 1998	29,282	25,986	792,334	57,378	25,080	930,060
Net book value						
At 31 December 1998	773,076	1,154	76,473	18,016	32,471	901,190
At 31 December 1997	773,076	3,462	88,961	14,805	37,148	917,452

The freehold and leasehold land and buildings were valued on an open market basis by a firm of independent Chartered Surveyors in October 1984.

If these properties were sold for their revalued amounts it would be necessary to replace them with similar property, and rollover relief against tax on the gain would be available. Accordingly, no timing differences arise and no provision has been made for deferred tax in respect of the revaluation.

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
Historical cost at 1 January 1998 and at 31 December 1998	639,932

Legal ownership of the Freehold Land and Buildings transferred from group undertakings is held by the subsidiaries. However the rights of access and future economic benefits are held by the holding company and in accordance with Financial Reporting Standard No 5 (Reporting the substance of transactions) these assets have been shown in the books of Wire & Plastic Products Limited.

No distinction has been made between Freehold Land and Buildings for the purposes of providing depreciation on the grounds that such distinction is not possible and that any non - depreciable element is insignificant to the assets concerned.

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

8 Fixed asset investments

	Loans to parent undertaking £	Shares in subsidiary undertakings £	Loans to subsidiary undertakings £	Total £
Cost or valuation				
At 1 January 1998 & at 31 December 1998	<u>1,650,000</u>	<u>2,879,798</u>	<u>79,633</u>	<u>4,609,431</u>

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 dormant companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Alton Wire Products Limited	England	Ordinary	100
Cortursel Limited	England	Ordinary	100
North Kent Plastic Cages Limited	England	Ordinary	100
Staffordshire Holloware Limited	England	Ordinary	100
Wessenden Products Limited	England	Ordinary	100

The shares in Milburn Finance Limited, a fellow group undertaking have in accordance with Financial Reporting Standard No 5 (Reporting the substance of transactions) been shown in the books of Wire & Plastic Products Limited, on the basis that all rights or other access to future economic benefits are controlled by that company.

9 Stocks and work in progress	1998 £	1997 £
Raw materials and consumables	297,051	289,072
Work in progress	82,830	80,138
Finished goods and goods for resale	194,460	190,377
	<u>574,341</u>	<u>559,587</u>

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

10 Debtors	1998	1997
	£	£
Trade debtors	462,675	469,756
Amounts owed by parent and fellow subsidiary undertakings	277,727	278,925
Other debtors	-	36,363
Prepayments and accrued income	19,821	36,448
	<u>760,223</u>	<u>821,492</u>
11 Creditors: amounts falling due within one year	1998	1997
	£	£
Trade creditors	341,995	346,185
Amounts owed to parent and fellow subsidiary undertakings	4,299,260	4,299,260
Corporation tax	-	158,998
Other taxes and social security costs	87,531	109,691
Other creditors	10,444	8,423
Accruals and deferred income	89,273	55,487
	<u>4,828,503</u>	<u>4,978,044</u>

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

12 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 January 1998	(36,363)
Profit and loss account	36,363
	<hr/>
Balance at 31 December 1998	-
	<hr/>

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

	Fully provided 1998 £	1997 £
Accelerated capital allowances	-	130,121
Other timing differences	-	(166,484)
	<hr/>	<hr/>
	-	(36,363)
	<hr/>	<hr/>

The deferred tax asset was shown under current assets as a debtor in the previous year.

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 £10,047 (1997 - £9,428).

14 Share capital	1998 £	1997 £
Authorised		
2,500,000 Ordinary shares of £1 each	2,500,000	2,500,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
2,498,000 Ordinary shares of £1 each	2,498,000	2,498,000
	<hr/>	<hr/>

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

15 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 1998	133,144	458,763
Retained profit for the year	-	652,682
Balance at 31 December 1998	133,144	1,111,445

16 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	652,682	362,812
Opening shareholders' funds	3,089,907	2,727,095
Closing shareholders' funds	3,742,589	3,089,907

17 Contingent liabilities

The company participates in group banking arrangements with its parent, WPP Group plc, and has access to a group cash management facility. The company guarantees the facility to the extent of its cash deposited in Great Britain with its clearing bank.

For VAT purposes the company is grouped with other companies of the WPP Group. Under this agreement the company has a joint and several liability for amounts due to H M Customs and Excise by those other companies.

18 Financial commitments

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1998 £	1997 £
Expiry date:		
Within one year	30,750	-
Between two and five years	-	61,500
	30,750	61,500

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

19 Directors' emoluments	1998	1997
	£	£
Emoluments for qualifying services	62,091	54,757

20 Employees

Number of employees

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

	1998	1997
	Number	Number
Production and Administration	82	85

Employment costs

	£	£
Wages and salaries	819,273	817,698
Social security costs	60,698	61,488
Other pension costs	9,626	10,047
	889,597	889,233

21 Control

The company is a member of a group, of which the ultimate holding company is WPP Group plc, a company registered in England and Wales. The results of Wire & Plastic Products Limited are consolidated into the WPP Group plc group financial statements and copies can be obtained from 27 Farm Street, London, W1X 6RD.

22 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties on the grounds that these details are included in the publicly available consolidated financial statements.