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Company Registration No. 00899099 (England and Wales)

**WIRE & PLASTIC PRODUCTS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1997**



# WIRE & PLASTIC PRODUCTS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	G C Sampson M S Sorrell
<b>Secretary</b>	D M Green
<b>Company number</b>	00899099
<b>Registered office</b>	Pennypot Industrial Estate Hythe Kent
<b>Auditors</b>	Finn-Kelcey & Chapman Ashford House County Square Ashford Kent
<b>Business address</b>	Pennypot Industrial Estate Hythe Kent
<b>Bankers</b>	Midland Bank plc 47 High Street Hythe Kent
<b>Solicitors</b>	T G Baynes & Sons 27 Upper Wickham Lane Welling Kent

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# WIRE & PLASTIC PRODUCTS LIMITED

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# **WIRE & PLASTIC PRODUCTS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997**

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The directors present their report and financial statements for the year ended 31 December 1997.

### **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.

### **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 £362,812 is transferred to reserves.

### **Directors and their interests**

The following directors have held office since 1 January 1997:

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, M S Sorrell 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 1997

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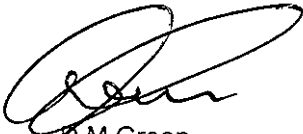
### Directors' responsibilities

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

15 July 1998

# WIRE & PLASTIC PRODUCTS LIMITED

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

We have audited the financial statements on pages 4 to 15 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 7 and 8.

### 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.

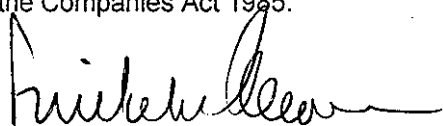
### Basis of opinion

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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Finn-Kelcey & Chapman

15 July 1998

Chartered Accountants  
Registered Auditors

Ashford House  
County Square  
Ashford Kent.

# WIRE & PLASTIC PRODUCTS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	1997 £	1996 £
Turnover	2	3,095,374	3,235,570
Cost of sales		(1,932,579)	(2,100,116)
<b>Gross profit</b>		<u>1,162,795</u>	<u>1,135,454</u>
Distribution costs		(388,244)	(433,033)
Administrative expenses		(547,529)	(541,335)
Other operating income		30,022	36,219
<b>Operating profit</b>	3	<u>257,044</u>	<u>197,305</u>
Investment income	4	94,312	86,714
Other interest receivable and similar income	4	52,823	30,783
<b>Profit on ordinary activities before taxation</b>		<u>404,179</u>	<u>314,802</u>
Tax on profit on ordinary activities	5	(41,367)	(105,700)
<b>Profit on ordinary activities after taxation for the financial year</b>	15	<u><u>362,812</u></u>	<u><u>209,102</u></u>

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

# WIRE & PLASTIC PRODUCTS LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1997

	1997 £	1996 £
Profit for the financial year	362,812	209,102
Unrealised surplus on properties transferred from group undertakings	-	114,812
Total recognised gains and losses relating to the year	<u>362,812</u>	<u>323,914</u>



# WIRE & PLASTIC PRODUCTS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 1997

	Notes	1997 £	£	1996 £	£
<b>Fixed assets</b>					
Intangible assets	6		1		1,183
Tangible assets	7		917,452		945,327
Investments	8		4,609,431		4,646,611
			<u>5,526,884</u>		<u>5,593,121</u>
<b>Current assets</b>					
Stocks	9	559,587		601,874	
Debtors	10	821,492		791,633	
Cash at bank and in hand		1,159,988		1,060,382	
		<u>2,541,067</u>		<u>2,453,889</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(4,978,044)</u>		<u>(5,216,225)</u>	
<b>Net current liabilities</b>			<u>(2,436,977)</u>		<u>(2,762,336)</u>
<b>Total assets less current liabilities</b>			<u>3,089,907</u>		<u>2,830,785</u>
<b>Provisions for liabilities and charges</b>	12		<u>-</u>		<u>(103,690)</u>
			<u>3,089,907</u>		<u>2,727,095</u>
<b>Capital and reserves</b>					
Called up share capital	14	2,498,000		2,498,000	
Revaluation reserve	15	133,144		133,144	
Profit and loss account	15	458,763		95,951	
<b>Shareholders' funds - equity interests</b>	16	<u>3,089,907</u>		<u>2,727,095</u>	

The financial statements were approved by the Board on 15 July 1998

  
G C Sampson  
Director

# WIRE & PLASTIC PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

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### 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 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% 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 1997

### 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	
	1997	1996
	£	£
United Kingdom	2,917,504	2,834,370
Europe	60,311	143,800
USA	14,997	28,800
Australasia	3,108	77,600
Middle East	31,677	36,100
Far East	64,075	110,400
Africa	3,702	2,700
South America	-	1,800
	<u>3,095,374</u>	<u>3,235,570</u>

## 3 Operating profit

	1997	1996
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	41,374	45,105
Operating lease rentals	67,371	87,885
Auditors' remuneration	10,722	19,435

# WIRE & PLASTIC PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

<b>4</b>	<b>Income from investments, other interest receivable and similar income</b>	<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	Income from group undertakings	94,312	86,714
	Bank interest receivable	52,823	30,783
		<u>147,135</u>	<u>117,497</u>
<b>5</b>	<b>Taxation</b>	<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	<b>U.K. current year taxation</b>		
	U.K. corporation tax at 31.50% (1996 - 33.00%)	124,000	98,400
	Deferred taxation	26,431	19,300
		<u>150,431</u>	<u>117,700</u>
	<b>Prior years</b>		
	U.K. Corporation tax	57,420	(12,000)
	Deferred taxation	(166,484)	-
		<u>41,367</u>	<u>105,700</u>
<b>6</b>	<b>Intangible fixed assets</b>		
			<b>Trade mark</b>
			<b>£</b>
	<b>Cost</b>		
	At 1 January 1997		1,183
	Disposals		(1,182)
			<u>1</u>
	At 31 December 1997		
			<u>1,183</u>

# WIRE & PLASTIC PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

### 7 Tangible fixed assets

	Land and buildings freehold	Land and buildings leasehold short	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 January 1997	802,358	27,140	861,917	79,278	78,586	1,849,279
Additions	-	-	2,988	5,261	23,500	31,749
Disposals	-	-	(2,000)	(18,363)	(37,644)	(58,007)
At 31 December 1997	802,358	27,140	862,905	66,176	64,442	1,823,021
<b>Depreciation</b>						
At 1 January 1997	29,282	21,371	752,736	64,854	35,709	903,952
On disposals	-	-	(1,150)	(17,363)	(21,244)	(39,757)
Charge for the year	-	2,307	22,358	3,880	12,829	41,374
At 31 December 1997	29,282	23,678	773,944	51,371	27,294	905,569
<b>Net book value</b>						
At 31 December 1997	773,076	3,462	88,961	14,805	37,148	917,452
At 31 December 1996	773,076	5,769	109,181	14,424	42,877	945,327

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.

The amount of deferred tax that may potentially arise on property qualifying for industrial buildings allowances has been fully provided within these accounts.

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

	£
<b>Cost</b>	
Historical cost at 1 January 1997 and at 31 December 1997	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 1997

### 8 Fixed asset investments

	Loans to parent undertaking £	Shares in subsidiary undertakings £	Loans in subsidiary undertakings £	Total £
<b>Cost or valuation</b>				
At 1 January 1997	1,650,000	2,916,978	79,633	4,646,611
Disposals	-	(37,180)	-	(37,180)
At 31 December 1997	1,650,000	2,879,798	79,633	4,609,431

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	%
<b>Subsidiary undertakings</b>			
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 subsidiary in the WPP Group plc 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

	1997 £	1996 £
Raw materials and consumables	289,072	301,962
Work in progress	80,138	70,304
Finished goods and goods for resale	190,377	229,608
	559,587	601,874

# WIRE & PLASTIC PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

10 Debtors	1997 £	1996 £
Trade debtors	469,756	441,532
Amounts owed by parent and fellow subsidiary undertakings	278,925	302,104
Other debtors	36,363	-
Prepayments and accrued income	36,448	47,997
	<u>821,492</u>	<u>791,633</u>
11 Creditors: amounts falling due within one year	1997 £	1996 £
Trade creditors	346,185	368,842
Amounts owed to parent and fellow subsidiary undertakings	4,299,260	4,299,260
Corporation tax	158,998	385,765
Other taxes and social security costs	109,691	86,853
Other creditors	8,423	8,849
Accruals and deferred income	55,487	66,656
	<u>4,978,044</u>	<u>5,216,225</u>

# WIRE & PLASTIC PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

### 12 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 January 1997	103,690
Profit and loss account	(140,053)
	<hr/>
Balance at 31 December 1997	(36,363)
	<hr/> <hr/>

Deferred tax is provided at 31% (1996 - 33%) analysed over the following timing differences:

	Fully provided 1997 £	1996 £
Accelerated capital allowances	130,121	103,690
Other timing differences	(166,484)	-
	<hr/>	<hr/>
	(36,363)	103,690
	<hr/> <hr/>	<hr/> <hr/>

The deferred tax asset has been shown under current assets as a debtor.

### 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 (1996 - £9,428).

14 Share capital	1997 £	1996 £
<b>Authorised</b>		
2,500,000 Ordinary shares of £1 each	2,500,000	2,500,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
2,498,000 Ordinary shares of £1 each	2,498,000	2,498,000
	<hr/> <hr/>	<hr/> <hr/>



# WIRE & PLASTIC PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

### 15 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 1997	133,144	95,951
Retained profit for the year	-	362,812
Balance at 31 December 1997	133,144	458,763

### 16 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for the financial year	362,812	209,102
Other recognised gains and losses	-	114,812
Net addition to shareholders' funds	362,812	323,914
Opening shareholders' funds	2,727,095	2,403,181
Closing shareholders' funds	3,089,907	2,727,095

### 17 Contingent liabilities

Under a composite accounting agreement the company's bankers have the right to set-off overdrawn balances arising in fellow group companies against the company's bank account balance.

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 1997 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 1997 £	1996 £
Expiry date:		
Between two and five years	61,500	61,500
In over five years	-	26,385
	61,500	87,885

# WIRE & PLASTIC PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

<b>19 Directors' emoluments</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	54,757	53,822
	<u>          </u>	<u>          </u>
<b>20 Employees</b>		
<b>Number of employees</b>		
The average monthly number of employees (including directors) during the year was:		
	<b>1997</b>	<b>1996</b>
	<b>Number</b>	<b>Number</b>
Production and Administration	85	93
	<u>          </u>	<u>          </u>
<b>Employment costs</b>		
	<b>£</b>	<b>£</b>
Wages and salaries	817,698	865,684
Social security costs	61,488	61,786
Other pension costs	10,047	9,428
	<u>          </u>	<u>          </u>
	889,233	936,898
	<u>          </u>	<u>          </u>

### 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.