

Company Number 00899099

WIRE & PLASTIC PRODUCTS LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1996

Finn-Kelcey & Chapman
Chartered Accountants
Ashford House
County Square
Ashford, Kent
TN23 1YB



WIRE & PLASTIC PRODUCTS LIMITED

DIRECTORS

G. C. Sampson
M. S. Sorrell

SECRETARY

D. M. Green

COMPANY NUMBER

00899099

REGISTERED OFFICE

Pennypot Industrial Estate
Hythe
Kent
CT21 6PE

AUDITORS

Finn-Kelcey & Chapman
Ashford House
County Square
Ashford
Kent TN23 1YB

BUSINESS ADDRESS

Pennypot Industrial Estate
Hythe
Kent
CT21 6PE

PRINCIPAL BANKERS

Midland Bank plc
47 High Street
Hythe
Kent
CT21 5AF

SOLICITORS

T.G. Baynes & Sons
27 Upper Wickham Lane
Welling
Kent
DA16 3AB

WIRE & PLASTIC PRODUCTS LIMITED

INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

Page

1 - 2	Directors' Report
3	Auditors' Report
4	Profit and Loss Account
5	Balance Sheet
6 - 17	Notes to the Financial Statements

WIRE & PLASTIC PRODUCTS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31st December 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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.

On 1st January 1996 the manufacturing and trading business net assets of the subsidiaries of Wire & Plastic Products Limited and of two other companies who are members of the WPP Group plc were transferred to Wire & Plastic Products Limited, which now carries on the trades of those undertakings in separate divisions.

DIVIDEND AND TRANSFER TO RESERVES

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

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £209,102 is transferred to reserves.

FIXED ASSETS

Details of movements in fixed assets during the year are set out in notes 6 and 7 and 8 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year in the company were as stated below.

G. C. Sampson

M. S. Sorrell

R. E. Lerwill

(Resigned 5th December 1996)

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.

WIRE & PLASTIC PRODUCTS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

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:

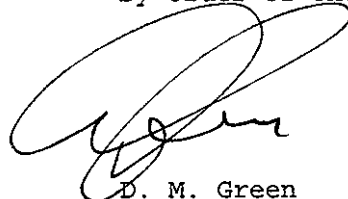
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

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.

By Order of the Board



D. M. Green
Secretary

10th October 1997

WIRE & PLASTIC PRODUCTS LIMITED

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

We have audited the financial statements on pages 4 to 17 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 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 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 31st December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Finn-Kelcey & Chapman
Registered Auditors &
Chartered Accountants

Ashford: 10th October 1997

WIRE & PLASTIC PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1996

	Notes	1996 £	1995 £
TURNOVER	2	3,235,570	-
COST OF SALES		(2,100,116)	-
GROSS PROFIT		1,135,454	-
DISTRIBUTION COSTS		(433,033)	-
ADMINISTRATIVE EXPENSES		(541,335)	(156,392)
OTHER OPERATING INCOME		36,219	-
OPERATING PROFIT	3	197,305	(156,392)
Investment income	4	86,714	98,253
Other interest receivable and similar income	4	30,783	29,938
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		314,802	(28,201)
Tax on profit on ordinary activities	5	(105,700)	9,839
PROFIT FOR THE FINANCIAL YEAR	15	209,102	(18,362)

WIRE & PLASTIC PRODUCTS LIMITED

BALANCE SHEET AT 31ST DECEMBER 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Intangible assets	6	1,183	1
Tangible assets	7	945,327	176,543
Investments	8	4,646,611	4,646,511
		<u>5,593,121</u>	<u>4,823,055</u>
CURRENT ASSETS			
Stocks	9	601,874	-
Debtors	10	791,633	241,784
Cash at bank and in hand		1,060,382	15,058
		<u>2,453,889</u>	<u>256,842</u>
CREDITORS: amounts falling due within one year	11	<u>(5,216,225)</u>	<u>(2,669,789)</u>
NET CURRENT LIABILITIES		<u>(2,762,336)</u>	<u>(2,412,947)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,830,785</u>	<u>2,410,108</u>
PROVISION FOR LIABILITIES AND CHARGES	12	<u>(103,690)</u>	<u>(6,927)</u>
		<u>2,727,095</u>	<u>2,403,181</u>
CAPITAL AND RESERVES			
Called up share capital	13	2,498,000	2,498,000
Revaluation reserve	14	133,144	18,332
Profit and loss account	15	95,951	(113,151)
EQUITY SHAREHOLDERS' FUNDS	16	<u>2,727,095</u>	<u>2,403,181</u>

The financial statements were approved by the Board on 10th October 1997 and signed on its behalf by



G. C. Sampson

Director

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

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 and include the results of the company's operations as indicated in the directors' report along with the results of the trading activities of subsidiary undertakings transferred to Wire & Plastic Products Limited from 1st January 1996 all of which are continuing.

As this was an expansion of activities at the same time as an amalgamation this has not been treated as an acquisition for Financial Reporting Standard No 3 purposes. (1995 Results for the year were in respect of the holding company in isolation, with the individual subsidiary accounts showing trading activities during the year in their respective financial statements.)

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.

Under the requirements of Financial Reporting Standard No 5 (Reporting the substance of transactions) certain assets and liabilities of subsidiary undertakings are recognised in the accounts of Wire & Plastic Products Limited as the rights of access and future economic benefits are held by that company.

1.2 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.

1.3 TURNOVER

Turnover represents amounts receivable for goods and services provided in the UK net of VAT and trade discounts.

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

1.4 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:

Leasehold properties	-	Straight line over the life of the lease
Plant and machinery	-	20% p.a. on written down value.
Fixtures, fittings and equipment	-	20% p.a. on written down value.
Motor vehicles	-	25% p.a. on written down value.

Freehold land and buildings are not depreciated because, in the opinion of the directors, any effect on the results for the year would be immaterial.

1.5 LEASING

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

1.6 INVESTMENTS

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

1.7 STOCK AND WORK IN PROGRESS

Stock and work in progress are 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.

1.9 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.

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

2. **TURNOVER**

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

	Turnover	
	1996	1995
	£	£
Geographical market		
United Kingdom	2,834,370	-
Europe	143,800	-
Middle East	36,100	-
USA	28,800	-
Far East	110,400	-
Australasia	77,600	-
Africa	2,700	-
South America	1,800	-
	<hr/>	<hr/>
	3,235,570	-
	<hr/>	<hr/>

3. **OPERATING PROFIT**

	1996	1995
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	45,105	4,740
Operating lease rentals		
- Land and buildings	87,885	-
Auditors' remuneration	19,435	7,770
and after crediting:		
Rents receivable	36,219	-
	<hr/>	<hr/>

4. **INCOME FROM INVESTMENTS AND
OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	1996	1995
	£	£
Income from group undertakings	86,714	98,253
Bank interest receivable	30,783	29,938
	<hr/>	<hr/>

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

5. TAXATION	1996	1995
	£	£
U.K. Current year taxation		
U.K. Corporation tax at 33% (1995 - 33%)	98,400	(9,354)
Transfer to deferred taxation	19,300	(485)
	<u>117,700</u>	<u>(9,839)</u>
Prior years		
U.K. Corporation tax	(12,000)	-
	<u>105,700</u>	<u>(9,839)</u>

6. INTANGIBLE FIXED ASSETS	Trade Mark
	£
Cost	
At 1st January 1996	1
Transfer from group undertaking	1,182
	<u>1,183</u>
At 31st December 1996	<u>1,183</u>
Net book value	
At 31st December 1996	<u>1,183</u>
At 31st December 1995	<u>1</u>

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

7. TANGIBLE ASSETS

	Land and buildings Freehold	Land and buildings Leasehold (short)	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1st January 1996	162,000	-	-	7,777	20,000	189,777
Transfer from group undertakings	640,358	27,140	851,792	67,201	59,145	1,645,636
Additions	-	-	10,125	4,300	24,451	38,876
Disposals	-	-	-	-	(25,010)	(25,010)
At 31st December 1996	802,358	27,140	861,917	79,278	78,586	1,849,279
Depreciation						
At 1st January 1996	-	-	-	6,484	6,750	13,234
Transfer from group undertakings	29,282	19,064	725,198	55,375	28,715	857,634
On disposals	-	-	-	-	(12,021)	(12,021)
Charge for year	-	2,307	27,538	2,995	12,265	45,105
At 31st December 1996	29,282	21,371	752,736	64,854	35,709	903,952
Net book values						
At 31st December 1996	773,076	5,769	109,181	14,424	42,877	945,327
At 31st December 1995	162,000	-	-	1,293	13,250	176,543

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.

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

The amount shown as cost or valuation of land and buildings comprises:	1996 £	1995 £
Cost	389,776	143,668
Valuation	383,300	18,332
	<u>773,076</u>	<u>162,000</u>
Land and buildings would have been included on an historical cost basis at:	1996 £	1995 £
Cost	639,932	143,668
Depreciation	-	-
Net book value	<u>639,932</u>	<u>143,668</u>

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

8.	FIXED ASSET INVESTMENTS	1996	1995
		£	£
	Subsidiary undertakings	2,996,611	2,996,511
	Loans to Parent undertaking	1,650,000	1,650,000
		<u>4,646,611</u>	<u>4,646,511</u>

Investment in subsidiary undertakings

	Shares £	Loans £	Total £
Cost			
At 1st January 1996	2,916,878	79,633	2,996,511
Transferred from group undertakings	100	-	100
	<u>2,916,978</u>	<u>79,633</u>	<u>2,996,611</u>
At 31st December 1996	2,916,978	79,633	2,996,611
Net Book Values			
At 31st December 1996	<u>2,916,978</u>	<u>79,633</u>	<u>2,996,611</u>
At 31st December 1995	<u>2,916,878</u>	<u>79,633</u>	<u>2,996,511</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.

Loans to Parent undertaking

	£
Cost	
At 1st January 1996 & at 31st December 1996	<u>1,650,000</u>
Net Book Values	
At 31st December 1996	<u>1,650,000</u>
At 31st December 1995	<u>1,650,000</u>

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

Holdings of more than 10%

The company holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Alton Wire Products Ltd	England	Ordinary	100
Cortursel Ltd	England	Ordinary	100
County Electro Plating Ltd	England	Ordinary	100
North Kent Plastic Cages Ltd	England	Ordinary	100
Staffordshire Holloware Ltd	England	Ordinary	100
Wessenden Products Ltd	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	1996 £	1995 £
Raw materials and consumables	301,962	-
Work in progress	70,304	-
	<hr/>	<hr/>
	372,266	-
Finished goods and goods for resale	229,608	-
	<hr/>	<hr/>
	£ 601,874	£ -
	<hr/>	<hr/>

10. DEBTORS	1996 £	1995 £
Trade debtors	441,532	-
Amounts owed by group undertakings	302,104	10,139
Corporation tax	-	227,888
Other debtors	-	1,652
Prepayments and accrued income	47,997	2,105
	<hr/>	<hr/>
	791,633	241,784
	<hr/>	<hr/>

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

11. CREDITORS: amounts falling due within one year	1996 £	1995 £
Trade creditors	368,842	-
Amounts owed to group undertakings	4,299,260	2,662,694
Corporation tax	385,765	-
Other taxes and social security costs	86,853	-
Other creditors	8,849	-
Accruals and deferred income	66,656	7,095
	<u>5,216,225</u>	<u>2,669,789</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is provided at 33% (1995 - 33%) analysed over the following timing differences:

	Fully Provided	
	1996 £	1995 £
Accelerated capital allowances	103,690	6,232
Other timing differences	-	695
	<u>103,690</u>	<u>6,927</u>

Movements on the provision for deferred taxation are:

	£
At 1st January 1996	6,927
Transferred from group undertakings	77,463
Transferred from profit and loss account	19,300
At 31st December 1996	<u>103,690</u>

The potential deferred taxation liability arising on the revaluation of the company's freehold property has not been provided for as the directors have no intention of disposing of that property in the foreseeable future.

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

13.	SHARE CAPITAL	1996 £	1995 £
	Authorised		
	2,500,000 Ordinary shares of £1 each	2,500,000	2,500,000
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	2,498,000 Ordinary shares of £1 each	2,498,000	2,498,000
		<u> </u>	<u> </u>
14.	REVALUATION RESERVE	1996 £	1995 £
	Balance brought forward at 1st January 1996	18,332	18,332
	Revaluation transferred from group undertakings	114,812	-
		<u> </u>	<u> </u>
	Balance carried forward at 31st December 1996	£ 133,144	£ 18,332
		<u> </u>	<u> </u>
15.	PROFIT AND LOSS ACCOUNT	1996 £	1995 £
	Accumulated losses at 1st January 1996	(113,151)	(94,789)
	Retained profit for the year	209,102	(18,362)
		<u> </u>	<u> </u>
	Retained profits at 31st December 1996	95,951	(113,151)
		<u> </u>	<u> </u>
16.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1996 £	1995 £
	Profit for the financial year	209,102	(18,362)
	Transfer of Revaluation Reserve from group undertakings	114,812	-
		<u> </u>	<u> </u>
	Net addition to shareholders' funds	323,914	(18,362)
	Opening shareholders' funds	2,403,181	2,421,543
		<u> </u>	<u> </u>
	Closing shareholders' funds	2,727,095	2,403,181
		<u> </u>	<u> </u>

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

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 arrangement 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 31st December 1996 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1996	1995
	£	£
Expiry date:		
Between two and five years	61,500	-
In over five years	26,385	-
	<u>£ 87,885</u>	<u>£ -</u>

19. DIRECTORS

	1996	1995
	£	£
Remuneration		
Emoluments	<u>47,862</u>	<u>46,340</u>

Emoluments disclosed above
(excluding pension contributions) include
amounts paid to:

The chairman and the highest-paid director	<u>47,862</u>	<u>46,340</u>
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Other directors' emoluments (excluding
pension contributions) were in the
following ranges:

	Number	Number
£Nil - £5,000	<u>2</u>	<u>2</u>

WIRE & PLASTIC PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

20. EMPLOYEES

Number of employees

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

	1996 Number	1995 Number
Production and Administration	93	4
	<u> </u>	<u> </u>

Employment costs

	£	£
Wages and salaries	865,684	69,165
Social security costs	61,786	7,377
Other pension costs	9,428	1,123
	<u> </u>	<u> </u>
	<u>936,898</u>	<u>77,665</u>

21. ULTIMATE PARENT COMPANY

The company is a member of a group, of which the ultimate company is WPP Group plc. The results of Wire & Plastic Products Limited are consolidated into those of its ultimate holding company, whose principal place of business is at 27 Farm Street, London, W1X 6RD. The consolidated accounts are available at that address.