

REGISTRAR

WEBSTER & HORSFALL LIMITED

ACCOUNTS

YEAR ENDED 31ST DECEMBER 1997

(As abbreviated by Section 246, Companies Act 1985)

Registered no. 35630

WENHAM MAJOR  
CHARTERED ACCOUNTANTS  
BIRMINGHAM



# WEBSTER & HORSFALL LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1997

CONTENTS	PAGE
Directors' report	1
Auditors' report	3
Accounting policies	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	9 to 13

## COMPANY INFORMATION

### DIRECTORS:

P J C Robinson  
C A C Horsfall  
G H G C Horsfall  
Col J H C Horsfall  
J M C Horsfall  
C A L C Horsfall  
B P Knox-Peebles  
C W Bragg  
W I Lawrie

### SECRETARY:

W I Lawrie

### REGISTERED OFFICE:

Hay Mills  
Birmingham  
B25 8DW

### AUDITORS:

Wenham Major  
89 Cornwall Street  
Birmingham  
B3 3BY

### BANKERS:

National Westminster Bank Plc  
Bennetts Hill Branch  
Birmingham Business Centre  
8 Bennetts Hill  
Birmingham  
B2 5RT

# WEBSTER & HORSFALL LIMITED

## DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 1997

The Directors present their report together with the audited financial statements of the company for the year ended 31st December 1997.

### PRINCIPAL ACTIVITIES

The principal activity of the company throughout the year was that of manufacture of wire from steel rod.

### REVIEW OF BUSINESS

The results for the year and the financial position at the year end were considered satisfactory by the directors.

### RESULTS AND DIVIDENDS

The results of the year's trading, the financial position of the company and the transfer to reserves are shown in the annexed accounts.

### DIRECTORS' INTERESTS

The directors in office who have served during the year and their interests in the shares of the company at the beginning and end of the year, was as follows:

	31.12.97		31.12.96	
	£1	£1	£1	£1
	"A" Ord.	"B" Ord.	"A" Ord.	"B" Ord.
P J C Robinson	8,000	17,875	8,000	17,875
C A C Horsfall	21,340	2,291	-	2,291
G H G C Horsfall	12,740	2,272	12,740	2,272
Col J H C Horsfall	21,220	7,200	21,220	7,200
J M C Horsfall	11,100	4,612	11,100	4,612
C A L C Horsfall	160	6,525	21,500	6,525
B P Knox-Peebles	12,040	18,060	12,040	18,060
C W Bragg	500	3,650	500	3,650
W I Lawrie	1,370	5,500	1,370	5,500

The directors retiring by rotation are W I Lawrie, C W Bragg and B P Knox-Peebles who, being eligible, offer themselves for re-election.

### DIRECTORS' RESPONSIBILITIES

Company law requires us as 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, we 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable us to ensure that the financial statements comply with

# WEBSTER & HORSFALL LIMITED

## DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 1997

the Companies Act 1985. We 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.

### FIXED ASSETS

The movement in fixed assets is shown in the notes to the financial statements.

### FREEHOLD LAND AND BUILDINGS

The directors are of the opinion that the market value of properties at 31st December 1997 would significantly exceed the net book values included in the financial statements, but they are unable to quantify this excess in the absence of a professional valuation, the costs of which are not considered justifiable in view of the Company's intention to retain ownership of its existing properties for use in its business for the foreseeable future.

### FUTURE DEVELOPMENTS

The directors aim to maintain the management policies which have resulted in the company's growth in recent years.

### RESEARCH AND DEVELOPMENT

The company will continue its policy of investment in research and development in order to retain a competitive position in the market.

### DONATIONS

During the year the company made various charitable donations totalling £396 (1996: £340).

### CLOSE COMPANY STATUS

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

### AUDITORS

The auditors, Wenham Major, have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

### ON BEHALF OF THE BOARD



P J C ROBINSON - DIRECTOR

Date: 12TH MAY 1998

**AUDITORS' REPORT TO WEBSTER & HORSFALL LIMITED**

**UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 4 to 13 together with the financial statements of the company for the year ended 31st December 1997 prepared under section 226 of the Companies Act 1985.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

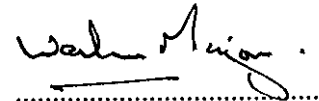
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to the deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision for medium companies and to report our opinion to you.

**BASIS OF OPINION**

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

**OPINION**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 13 are properly prepared in accordance with that provision.



.....  
**Wenham Major**  
Chartered Accountants and  
Registered Auditors  
Date: 12th May 1998

89 Cornwall Street  
Birmingham  
B3 3BY

# WEBSTER & HORSFALL LIMITED

## ACCOUNTING POLICIES

YEAR ENDED 31ST DECEMBER 1997

### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention.

### DEPRECIATION

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Freehold buildings	Over 40 years
Plant, machinery and motor vehicles	Written off as expenditure incurred.

### STOCKS

Stocks have been valued at the lower of cost and net realisable value.

### FOREIGN EXCHANGE

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of transaction.

### FIXED ASSET INVESTMENTS

Long term investments are described as participating interests and are classified as fixed assets. Participating interest and unlisted investments are stated at cost.

### PENSION COSTS

The company contributes to a defined contribution pension scheme for the benefit of its employees. The company contributions to the scheme are charged to the profit and loss account as they accrue.

### TURNOVER

The Company's turnover represents the value, excluding Value Added Tax, of goods and services supplied to customers during the year.

**WEBSTER & HORSFALL LIMITED**

**ABBREVIATED PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31ST DECEMBER 1997**

	Note	1997 £	1996 £
<b>GROSS PROFIT</b>		1,829,222	1,863,782
Net operating expenses	1	1,630,521	1,557,519
<b>OPERATING PROFIT</b>		198,701	306,263
Profit on disposal of assets		13,341	29,900
		212,042	336,163
Interest receivable	4	68,426	52,277
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		280,468	388,440
Taxation	5	91,557	127,141
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		188,911	261,299
Dividends	6	151,750	151,750
<b>RETAINED PROFIT FOR THE YEAR</b>	15	37,161	109,549

**NOTES**

1. This account relates to continuing operations.
2. Profit after taxation equals total recognised gains and losses for the year.
3. Retained Profit is the only addition to shareholders funds for the year.

**STATEMENT OF RETAINED PROFITS**

At the beginning of the year	2,262,453	2,152,904
Retained profit for the year, as above	37,161	109,549
At the end of the year	2,299,614	2,262,453

**WEBSTER & HORSFALL LIMITED**

**ABBREVIATED BALANCE SHEET**

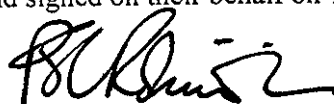
**31ST DECEMBER 1997**

	Note		1997		1996
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible Assets	7		21,007		21,007
Investments	8		18,340		18,340
			39,347		39,347
<b>CURRENT ASSETS</b>					
Stocks	9	1,386,759		1,126,964	
Debtors	10	1,812,425		1,561,951	
Latch & Batchelor Limited		542,282		789,886	
Cash at bank and in hand		303,697		270,062	
			4,045,163		3,748,863
Deferred taxation asset	11	17,510		17,510	
			4,062,673		3,766,373
<b>CREDITORS</b>					
Amounts falling due within one year	12	1,232,057		972,918	
<b>NET CURRENT ASSETS</b>			2,830,616		2,793,455
<b>NET ASSETS</b>			2,869,963		2,832,802
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		233,461		233,461
Capital reserves	14		336,888		336,888
Profit and loss account	15		2,299,614		2,262,453
			2,869,963		2,832,802

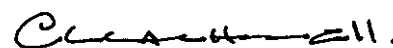
The directors have taken advantage of the exemptions conferred by Part VII of the Companies Act 1985 and have done so on the grounds that in their opinion the Company is entitled to those exemptions as a medium-sized company.

Approved by the Board of Directors and signed on their behalf on 12th May 1998

P J C ROBINSON - DIRECTOR



C A C HORSFALL - DIRECTOR





**WEBSTER & HORSFALL LIMITED**

**CASH FLOW STATEMENT**

**YEAR ENDED 31ST DECEMBER 1997**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Operating profit	198,701	306,263
Depreciation charges	159,989	145,942
(Increase)/decrease in stocks	(259,795)	211,992
(Increase) in debtors	(2,870)	(350,316)
Increase/(decrease) in creditors	296,163	(126,839)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>392,188</b>	<b>187,042</b>

**CASH FLOW STATEMENT**

Net cash inflow from operating activities	392,188	187,042
Returns on investments and servicing of finance	68,426	48,160
Taxation	(128,581)	(200,693)
Capital expenditure	(146,648)	(116,042)
Equity dividends paid	(151,750)	(151,750)
<b>INCREASE/(DECREASE) IN CASH</b>	<b>33,635</b>	<b>(233,283)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

Increase in cash in the period	33,635	(233,283)
Net debt at 1st January 1997	270,062	503,345
Net debt at 31st December 1997	<b>303,697</b>	<b>270,062</b>

**WEBSTER & HORSFALL LIMITED**

**NOTES TO CASH FLOW STATEMENT**

**YEAR ENDED 31ST DECEMBER 1997**

<b>GROSS CASH FLOWS</b>	<b>1997</b>	<b>1996</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>£</b>	<b>£</b>
Investment income received	8,411	4,258
Interest received	34,285	27,435
Dividends received	25,730	16,467
	<u>68,426</u>	<u>48,160</u>

**CAPITAL EXPENDITURE**

Payments to acquire tangible fixed assets	(159,989)	(145,942)
Receipts from sales of tangible fixed assets	13,341	29,900
	<u>(146,648)</u>	<u>(116,042)</u>

**ANALYSIS OF CHANGES IN NET DEBT**

	<b>At 1997</b>	<b>Cash Flows</b>	<b>At 1996</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash in hand, at bank	<u>303,697</u>	<u>33,635</u>	<u>270,062</u>

**WEBSTER & HORSFALL LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**

**YEAR ENDED 31ST DECEMBER 1997**

**1. OTHER OPERATING EXPENSES (NET)**

	1997	1996
	£	£
Salaries costs and social security	641,354	610,201
Depreciation and amounts written off tangible fixed assets	159,989	145,942
Other operating income	(44,005)	(33,418)
Other operating charges	873,183	834,794
	<u>1,630,521</u>	<u>1,557,519</u>
Operating profit is stated after charging:		
Directors' remuneration	128,196	112,574
Depreciation on tangible fixed assets - Own assets	159,989	145,942
Auditors' remuneration and expenses	24,160	19,225
	<u>44,005</u>	<u>33,418</u>
And after crediting:		
Rents received - Sundry income	44,005	33,418

**2. DIRECTORS REMUNERATION**

Company contributions to money purchase pension schemes	8,760	8,588
Directors' emoluments		
- Paid by this company	119,436	103,986
- Paid by associated company	33,236	-

During the year 2 directors (1996:2) were accruing benefits under money purchase schemes.

**3. STAFF COSTS**

The average weekly number of persons employed by the company, including directors, during the year was as follows:

	Number	Number
Administration	16	16
Production	103	109
Sales	4	4
	<u>123</u>	<u>129</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	1,869,707	1,793,345
Social security	182,594	179,544
Other pension costs	104,886	91,995
	<u>2,157,187</u>	<u>2,064,884</u>

**WEBSTER & HORSFALL LIMITED**

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 1997

**4. INVESTMENT INCOME**

	1997	1996
	£	£
Income from fixed asset investments - Unlisted	34,141	24,842
Other interest receivable	34,285	27,435
	68,426	52,277

**5. TAXATION**

**Current Year:**

Corporation tax	78,823	122,485
UK Corporation tax payable on subsidiary company profits	629	539
Tax attributable to franked investment income	5,146	4,117

**Prior Year:**

Corporation tax	6,959	-
	91,557	127,141

**6. DIVIDENDS**

Dividends paid - 1st interim at 10p (1996: 10p)	23,346	23,346
Dividends paid - 2nd interim at 25p (1996: 25p)	58,366	58,366
Dividends payable - final at 30p (1996: 30p)	70,038	70,038
	151,750	151,750

**7. TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings	Plant and Machinery	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 31st December 1996	115,536	861,077	104,385	313,301	1,394,299
Additions	-	89,929	18,215	51,845	159,989
Disposals	-	(50,000)	-	(1,500)	(51,500)
At 31st December 1997	115,536	901,006	122,600	363,646	1,502,788
<b>Depreciation</b>					
At 31st December 1996	94,529	861,077	104,385	313,301	1,373,292
Charge for the year	-	89,929	18,215	51,845	159,989
Disposals	-	(50,000)	-	(1,500)	(51,500)
At 31st December 1997	94,529	901,006	122,600	363,646	1,481,781
<b>Net book value</b>					
At 31st December 1997	21,007	-	-	-	21,007
At 31st December 1996	21,007	-	-	-	21,007

**WEBSTER & HORSFALL LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**

**YEAR ENDED 31ST DECEMBER 1997**

**8. FIXED ASSET INVESTMENTS**

	1997	1996
	£	£
<b>COST AND NET BOOK VALUE:-</b>		
31st December 1996 and 31st December 1997		
Latch and Batchelor Limited	13,340	13,340
Webster and Horsfall (Canada) Limited	5,000	5,000
	18,340	18,340

The investment in Latch & Batchelor, a Company incorporated in England and Wales, represents a holding of 42.9% of the issued ordinary share capital. The aggregate of the share capital and reserves of Latch & Batchelor Limited at 31st December 1997 amount to £548,047 (1996: £535,210) and its profit on ordinary activities before taxation for the year then ended was £50,049 (1996: profit £251,302).

The investment in Webster & Horsfall (Canada) Limited, a Company incorporated in Canada, represents a holding of 100% of the issued ordinary share capital. The Company ceased trading on 28th January 1993.

**9. STOCKS**

	1997	1996
	£	£
Raw materials and consumables	935,540	681,180
Work in progress	269,311	228,512
Finished goods	181,908	217,272
	1,386,759	1,126,964

**10. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR**

Trade debtors	1,743,313	1,538,677
Other debtors	3,340	3,128
Prepayments and accrued income	65,772	20,146
	1,812,425	1,561,951

**11. DEFERRED TAXATION ASSET**

This comprises recoverable advance corporation tax on proposed dividends in accordance with the Statement of Standard Accounting Practice No 8.

	17,510	17,510
--	--------	--------

**WEBSTER & HORSFALL LIMITED**

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 1997

**12. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR**

	1997	1996
	£	£
Trade creditors	724,103	378,773
Proposed dividend	70,038	70,038
Corporation tax	82,221	119,245
Other tax and social security	117,248	168,466
Accruals and deferred income	238,447	236,396
	1,232,057	972,918

**13. SHARE CAPITAL**

**Authorised:**

161,539 11% non-cumulative preference shares of £1 each	161,539	161,539
97,982 "A" ordinary shares of £1 each	97,982	97,982
135,479 "B" ordinary shares of £1 each	135,479	135,479
	395,000	395,000

**Issued and fully paid:**

97,982 "A" ordinary shares of £1 each	97,982	97,982
135,479 "B" ordinary shares of £1 each	135,479	135,479
	233,461	233,461

**14. RESERVES**

	Balance 31.12.96	Additions During Year	Balance 31.12.97
	£	£	£
Plant replacement reserve	31,000	-	31,000
Capital reserve	100,000	-	100,000
General reserve	44,349	-	44,349
Capital redemption reserve	161,539	-	161,539
	336,888	-	336,888

**WEBSTER & HORSFALL LIMITED**

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 1997

**15. PROFIT AND LOSS ACCOUNT**

	1997	1996
	£	£
<b>Profit and loss account</b>		
At 31st December 1996	2,262,453	2,152,904
Retained profit for the year	37,161	109,549
At 31st December 1997	2,299,614	2,262,453

**16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

Profit for the financial year	188,911	261,299
Dividends	151,750	151,750
Net addition to shareholders' funds	37,161	109,549
 Opening shareholders' funds	 2,832,802	 2,723,253
Closing shareholders' funds	2,869,963	2,832,802

**17. CAPITAL COMMITMENTS**

Commitments for capital expenditure at the end of the year were as follows:

Authorised and contracted for	Nil	Nil
-------------------------------	-----	-----

**18. PENSION COSTS**

The company operates a defined contribution pension scheme. The funds of the scheme are administered by Trustees and are separate from the company. The company's contribution for the year was £104,886 (1996: £91,955).

**19. RELATED PARTY TRANSACTIONS**

The company undertook the following transactions with companies that are related to it.

**Year Ended 31st December 1997**

Company Name	Relationship	Sales	Other Recharges	Year End Debtor
		£	£	£
Latch & Batchelor Limited	Associated Company	968,272	415,168	542,282

**Year Ended 31st December 1996**

Latch & Batchelor Limited	Associated Company	1,224,512	407,342	789,886
---------------------------	--------------------	-----------	---------	---------