

0033593

07 - 06 - 99

WEST'S DOWELS AND MOULDINGS LIMITED

Financial Statements

For the year ended 31 December 1998

Registered number 333593



**COOPER
LANCASTER
BREWERS**
Chartered Accountants
MANCHESTER

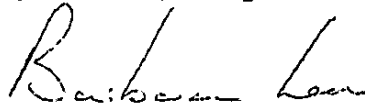
07 - 06 - 99**WEST'S DOWELS AND MOULDINGS LIMITED**

Registered number 333593

Notice to Shareholders in accordance with Section 253, Companies Act 1985.

The Company has dispensed with the need to lay accounts and reports before an annual general meeting.

If any Shareholder requires that a general meeting be held for the purposes of laying the accounts and reports before the Company, they should write, within 28 days of this notice, to the directors at the Company's Registered Office, advising the directors to call such a meeting.

B Lea
Secretary

29 January 1999

Registered Office
South Langworthy Road
Salford
M5 2PX

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WEST'S DOWELS AND MOULDINGS LIMITED

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Directors Report

The Directors present their report and the audited accounts for the year ended 31 December 1998.

Results and dividends

A summary of the results is as follows:

	1998 £	1997 £
Turnover	7,873,618	7,418,256
Profit before taxation	348,205	243,762
Profit after taxation	239,038	165,840
Proposed dividend	(239,038)	(165,840)
Transfer reserves	-	-

Review of the business

The principal activities of the Company during the year were those of manufacturing and distribution of wooden dowels mouldings and broomhandles, timber merchanting and importing.

Despite a difficult market the Directors report excellent results for 1998, and are confident of further improvement in the current year.

Directors and their interests

The Directors holding office during the year were as follows :-

A Adams
W H Gunn

No Director holds shares in the Company and no Director, whose holding is required to be mentioned in this report, holds shares or debentures in other companies in the Group.

Creditors policy

Operating businesses are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is Company policy that payments are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. The number of days purchases outstanding at 31 December 1998 for the Company was 24 days.

Year 2000 compliance

The Directors do not consider that there are any potential risks to the business from the date change to the year 2000. The overall costs involved in the year 2000 issues will not be significant to the Group.

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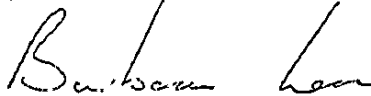
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Directors Report (continued)

Auditors

At a meeting of the members on 2 December 1994, a resolution was approved to "dispense with the need to appoint auditors annually", as required by Section 386 of the Companies Act 1985. Accordingly, Cooper Lancaster Brewers will remain in office until further notice.

By Order of the Board



B Lea
Secretary
29 January 1999

Statement of 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
- state whether applicable accounting standards have been followed
- 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

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AUDITORS REPORT

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To the shareholders of West's Dowels and Mouldings Limited

We have audited the financial statements on pages 4 to 12.

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.

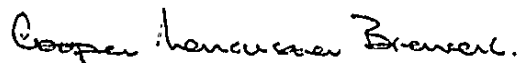
Basis of opinion

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.

**Manchester**

29 January 1999

COOPER LANCASTER BREWERS
Chartered Accountants
Registered Auditors

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Profit and Loss Account
For the year ended 31 December 1998

	Note	1998 £	1997 £
Turnover	1	7,873,618	7,418,256
Cost of sales		(6,362,794)	(6,140,690)
Gross profit		1,510,824	1,277,566
Distribution costs		(912,618)	(822,354)
Administration expenses		(266,761)	(225,959)
Other operating income		60,000	57,000
Operating profit	2	391,445	286,253
Bank interest receivable		6,604	12,771
Interest payable	3	(49,844)	(55,262)
Profit on ordinary activities, before taxation		348,205	243,762
Taxation	5	(109,167)	(77,922)
Profit on ordinary activities, after taxation		239,038	165,840
Dividend	6	(239,038)	(165,840)
Transfer reserves		-	-

All turnover and operating profit arises from continuing operations.

Statement of Total Recognised Gains and Losses

Profit for the year, as stated above	239,038	165,840
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Balance Sheet
As at 31 December 1998

	Note	1998 £	1997 £
ASSETS EMPLOYED			
Fixed assets			
Tangible assets	7	654,527	711,747
Current assets			
Stocks	8	1,705,740	1,659,975
Debtors	9	1,489,766	1,466,038
Cash at bank and in hand		91,921	1,518
		3,287,427	3,127,531
Creditors : amounts falling due within one year	10	(2,449,686)	(2,316,368)
Net current assets		837,741	811,163
Total assets less current liabilities		1,492,268	1,522,910
FINANCED BY			
Creditors : amounts falling due after more than one year	10	1,500,000	1,500,000
Provision for liabilities and charges	11	(13,816)	16,826
Capital and reserves			
Called up share capital	12	980	980
Reserves	13	5,104	5,104
Total shareholders' funds	14	6,084	6,084
		1,492,268	1,522,910

These accounts were approved by the Board of Directors on 29 January 1999 and signed on its behalf by

A Adams
Director



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Accounting Policies**Basis of accounting**

These accounts have been prepared using the historical cost basis of accounting and in accordance with applicable accounting standards.

Cash flow statement

The Company is exempt from the requirements to prepare a statement under Financial Reporting Standard 1 "Cash Flow Statements".

Turnover

Turnover represents amounts charged to customers for goods sold, excluding value added tax, including sales to fellow subsidiaries of the Company.

Depreciation

No depreciation is provided on land.

Other fixed assets are written off in equal annual instalments over their useful lives, the principal rates applied being :-

Freehold buildings	3%
Plant and equipment	15%
Commercial vehicles	20%
Display equipment	25%
Cars and internal transport	25%

Stocks

Stock is valued at the lower of cost and net realisable value. Cost includes a proportion of overheads, where appropriate.

Deferred taxation

Deferred taxation is provided where, in the opinion of the Directors, a liability is likely to arise in the foreseeable future.

Leased assets

The rental costs arising from operating leases are charged against profit as they arise.

Pensions

The Company is a member of the RK Timber Limited Group Pension and Life Assurance Scheme. Contributions to the scheme are made by both employees and the Company as fixed by independent actuaries. The contributions are based on pension costs across the Group as a whole. The cost of these are charged against profits on a systematic basis over the service lives of the employees.

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Notes to the Accounts

	1998	1997
	£	£
1 Turnover		
All sales were made in the United Kingdom.		
2 Operating profit		
Operating profit is stated after including :-		
Operating leases - plant and vehicles	167,558	177,645
Depreciation	123,609	128,673
Group rents received	(60,000)	(57,000)
Profit on sale of fixed assets	(5,900)	(2,172)
Auditors remuneration	11,500	11,000
3 Interest payable		
Group interest	49,844	55,262
Bank interest	-	-
	49,844	55,262
4 Employees		
The aggregate payroll costs during the year amounted to :-		
Wages and salaries	1,162,755	1,105,844
Social security costs	81,801	73,291
Other pension costs	45,958	72,651
Redundancy	-	30,000
	1,290,514	1,281,786
The average monthly number of employees during the year was	Number 74	Number 73

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Notes to the Accounts (continued)

	1998 £	1997 £
4 Employees (continued)		
The emoluments of the Directors, which are included in the aggregate payroll costs, were as follows :-		
Emoluments, excluding pension contributions	73,839	65,794
	Number	Number
Directors accruing benefits under a defined benefits pension scheme in respect of contributions charged to the company :-	2	2
5 Taxation on ordinary activities		
The charge for the year comprises :-	£	£
Corporation tax at 31% (1997 31.5%)	128,729	81,672
Adjustment in respect of prior year	11,080	767
Transfer deferred taxation	(30,642)	(4,517)
	109,167	77,922
6 Dividend		
Ordinary - proposed	239,038	165,840

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Notes to the Accounts (continued)

7 Tangible assets

Cost	Freehold Land & Buildings £	Plant Equipment & Vehicles £	Total £
At 1 January 1998			
Additions	642,372	1,060,797	1,703,169
Disposals	2,200	64,189	66,389
Group transfers	-	(52,116)	(52,116)
At 31 December 1998	644,572	1,072,870	1,717,442
Depreciation			
At 1 January 1998			
Charge for the year	219,687	771,735	991,422
Disposals	16,503	107,106	123,609
Group transfers	-	(52,116)	(52,116)
At 31 December 1998	236,190	826,725	1,062,915
Net book value			
31 December 1998	408,382	246,145	654,527
31 December 1997	422,685	289,062	711,747

Land included above and not depreciated amounted to £101,000 (1996 £101,000).

	1998 £	1997 £
8 Stocks		
Raw materials and goods for resale	992,891	933,990
Finished goods	712,849	725,985
	1,705,740	1,659,975
9 Debtors		
Trade debtors	1,409,719	1,379,453
Amounts due from group undertakings	23,678	9,365
Prepayments and accrued income	56,369	77,220
	1,489,766	1,466,038

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Notes to the Accounts (continued)

	1998 £	1997 £
10 Creditors		
Amounts falling due within one year		
Bank overdraft	-	81,284
Trade creditors	320,277	339,636
Amounts due to group undertakings	1,408,192	1,350,877
Corporation tax	128,729	81,672
Other taxes and social security costs	96,745	60,962
Accruals	256,705	236,097
Proposed dividend	239,038	165,840
	2,449,686	2,316,368
Amounts falling due after more than one year		
Group finance loan	1,500,000	1,500,000

11 Provision for liabilities and charges**Deferred taxation**

Balance 1 January 1998	16,826	21,343
Transfer profit and loss account	(30,642)	(4,517)
Balance 31 December 1998	(13,816)	16,826

The balance represents :

Capital allowances	(13,816)	21,194
Other timing differences	-	(4,368)
	(13,816)	16,826

The deferred tax asset represents the excess of remaining capital allowances over future depreciation costs, which the directors anticipate will materialise in the current year.

12 Called up equity share capital

	Authorised	Allotted, issued and fully paid	
	£	£	£
Ordinary shares of £1 each	1,000	980	980

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Notes to the Accounts (continued)

13 Reserves	£
Balance at 1 January 1998	5,104
Profit and loss account	-
Balance at 31 December 1998	5,104

	1998 £	1997 £
14 Reconciliation of movements in shareholders' funds		
Net profit for the financial year	239,038	165,840
Dividends	(239,038)	(165,840)
Shareholders' funds brought forward	6,084	6,084
Shareholders' funds carried forward	6,084	6,084

15 Contingent liabilities

The Company has given guarantees as follows :-

In connection with the bank indebtedness of other undertakings in the group, which at 31 December 1998 amounted to £7 87 m

To certain banks in respect of guarantees by them amounting to £40,000 given to II M Customs & Excise for potential value added tax liabilities of the Company.

16 Future financial commitments**Capital commitments**

Contracted but not provided in the accounts	118,950	Nil
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Operating lease commitments

Annual charges in respect of operating leases terminating :-

Plant

Within 1 year	18,195	9,059
Within 2 - 5 years	161,933	69,822

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Notes to the Accounts (continued)**17 Pensions**

The Group scheme is a funded, defined benefit pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held in an independent trust. An independent actuarial valuation was carried out on 6 April 1997 which disclosed that the scheme was in excess of funding.

Particulars of the actuarial valuation of the Group scheme are disclosed in the financial statements of RK Timber Limited.

18 Related party transactions

The Company has taken advantage of exemption 3(e) of Financial Reporting Standard 8 and has not disclosed related party transactions.

19 Ultimate holding company

The ultimate holding company is Veba AG, a company registered in Germany.

The immediate holding company is RK Timber Limited, a company incorporated in England and Wales.

Group accounts are drawn up for Raab Karcher Shareholdings Limited, a company incorporated in England and Wales, which is the United Kingdom parent company of RK Timber Limited. These are available from South Langworthy Road, Salford.