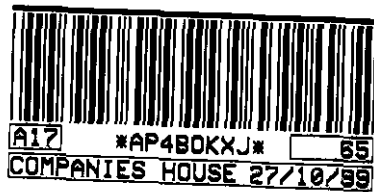


WATTS & COMPANY LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1998



WATTS & COMPANY LIMITED

CONTENTS

| | Page |
|-----------------------------------|-------------|
| Auditors' report | 1 |
| Abbreviated balance sheet | 2 |
| Notes to the abbreviated accounts | 3 - 4 |

WATTS & COMPANY LIMITED

AUDITORS' REPORT TO WATTS & COMPANY LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 4, together with the financial statements of the company for the year ended 31 December 1998 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 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions 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 sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 4 are properly prepared in accordance with those provisions.



Freeman Baker

26 October 1999

Chartered Accountants
Registered Auditor

The Old Church
48 Verulam Road
St Albans
Hertfordshire
AL3 4DH

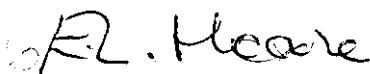
WATTS & COMPANY LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 1998

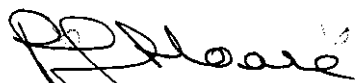
| | Notes | 1998 £ | £ | 1997 £ | £ |
|---|-------|-----------------|----------------|-----------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 2 | | 22,184 | | 23,099 |
| Investments | 2 | | 30 | | 30 |
| | | | <u>22,214</u> | | <u>23,129</u> |
| Current assets | | | | | |
| Stocks | | 94,123 | | 61,079 | |
| Debtors | 3 | 84,647 | | 76,339 | |
| Cash at bank and in hand | | 65,887 | | 64,432 | |
| | | <u>244,657</u> | | <u>201,850</u> | |
| Creditors: amounts falling due within one year | | <u>(96,338)</u> | | <u>(81,194)</u> | |
| Net current assets | | | <u>148,319</u> | | <u>120,656</u> |
| Total assets less current liabilities | | | <u>170,533</u> | | <u>143,785</u> |
| Capital and reserves | | | | | |
| Called up share capital | 4 | | 10,000 | | 10,000 |
| Profit and loss account | | | 160,533 | | 133,785 |
| Shareholders' funds | | | <u>170,533</u> | | <u>143,785</u> |

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 26 October 1999



E.L.Hoare
Director



P.G.Hoare
Director

WATTS & COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1998

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

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

1.3 Tangible fixed assets and depreciation

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

| | |
|--------------------------------|--|
| Leasehold properties | Straight line over the life of the lease |
| Wallpaper blocks | 33.33% Reducing balance |
| Fixtures, fittings & equipment | 20% Reducing balance |

1.4 Investments

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

1.5 Stock

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

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

WATTS & COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1998

2 Fixed assets

| | Tangible assets £ | Investments £ | Total £ |
|-----------------------|-------------------------|------------------|------------|
| Cost | | | |
| At 1 January 1998 | 50,521 | 30 | 50,551 |
| Additions | 4,654 | - | 4,654 |
| Disposals | (1,023) | - | (1,023) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 1998 | 54,152 | 30 | 54,182 |
| | <hr/> | <hr/> | <hr/> |
| Depreciation | | | |
| At 1 January 1998 | 27,422 | - | 27,422 |
| On disposals | (119) | - | (119) |
| Charge for the year | 4,665 | - | 4,665 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 1998 | 31,968 | - | 31,968 |
| | <hr/> | <hr/> | <hr/> |
| Net book value | | | |
| At 31 December 1998 | 22,184 | 30 | 22,214 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 1997 | 23,099 | 30 | 23,129 |
| | <hr/> | <hr/> | <hr/> |

3 Debtors

Debtors include an amount of £10,500 (1997 - £10,500) which is due after more than one year.

4 Share capital

| | 1998 £ | 1997 £ |
|---|-----------|-----------|
| Authorised | | |
| 1,000 Ordinary shares of £ 50 each | 50,000 | 50,000 |
| | <hr/> | <hr/> |
| Allotted, called up and fully paid | | |
| 200 Ordinary shares of £ 50 each | 10,000 | 10,000 |
| | <hr/> | <hr/> |