

J & F POOL LIMITED

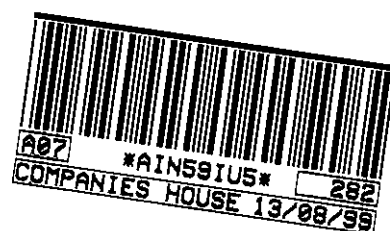
Company Number 85599

A Wholly owned subsidiary of

Ash & Lacy plc

REPORT AND ACCOUNTS

Year 1998



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

PRINCIPAL ACTIVITIES

The company perforates a wide range of materials, including mild and stainless steel, carbon fibre, copper, plastic and paper, using a vast range of standard designs. To complement these, a range of expanded metals is produced.

REVIEW

The company was busy throughout the year and registered another good performance. Recent investment to improve productivity and quality has made it possible to offer increasing value to our customers.

YEAR 2000

Some computer processors and program codes throughout the world are not able to cope with the date change to the year 2000 in which case serious malfunctions could occur. The company has plans in place to identify and deal with the potential problems arising from this situation. These plans have been reviewed by the management and many have already been fully implemented. Although some work still remains the Board is satisfied that all systems replacements and modifications will be implemented in due time. This is, however, a complex issue and it is not possible to give any guarantees that no problems will arise. No evaluation has been made of the cost of all the changes since many of the solutions are part of the normal re-equipping cycle of the business.

RESULTS

The results for the year are set out in the Profit and Loss Account on page 4.

DIVIDENDS

An interim dividend of £66,000 (1997: £38,000) has been paid during the year.
A final dividend is not recommended (1997: £250,000).

DIRECTORS

The directors of the company during the year were:

H C Marshall	Chairman
C J Burr	
J F Keating	
T J Newman	
B G Pascoe	
D T A Underhill	

None of the directors have any interest in the shares of the company.

The beneficial interests in the shares of the parent undertaking, Ash & Lacy plc, of the directors in office on 31 December 1998 are as follows:

	Ordinary shares of 5p each		Options on ordinary shares of 5p each			
	At 31.12.98	At 31.12.97	At 31.12.98	Exercised	Granted	At 31.12.97
J F Keating	-	-	57,316	-	-	57,316
T J Newman	211	211	15,961	-	-	15,961
B G Pascoe	168	168	15,300	-	-	15,300
D T A Underhill	-	-	14,251	-	-	14,251

Messrs Marshall & Burr are directors of Ash & Lacy plc and their interests in the shares of that company are shown in its accounts

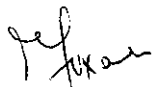
DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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.
- * state whether applicable accounting standards have been followed.

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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



R Foxall
Secretary

11 March 1999

We have audited the financial statements on pages 4 to 10 .

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.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants and Registered Auditor

11 March 1999

J & F POOL LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1998

Note	1998 £000	1997 £000
2 Turnover	6,548	6,505
Cost of sales	(4,470)	(4,362)
Gross Profit	<u>2,078</u>	<u>2,143</u>
Distribution Costs	(364)	(371)
Administrative Expenses	(495)	(506)
Operating Profit	<u>1,219</u>	<u>1,266</u>
3 Interest receivable	49	43
4 Profit on ordinary activities before taxation	<u>1,268</u>	<u>1,309</u>
6 Taxation	(361)	(370)
Profit on ordinary activities after taxation	<u>907</u>	<u>939</u>
7 Dividends	(66)	(288)
15 Retained Profit for the financial year	<u>841</u>	<u>651</u>

All recognised gains and losses are included in the profit and loss account and arose from continuing activities.

There is no material difference between the results reported above and those on an unmodified historical cost basis.

J & F POOL LIMITED

BALANCE SHEET

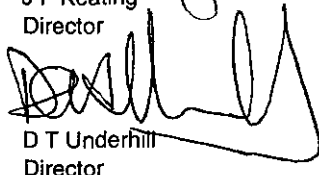
At 31 December 1998

Note	31 December 1998 £000	31 December 1997 £000
8 Fixed assets		
Tangible assets	1,121	678
Current assets		
9 Stocks	295	278
10 Debtors	2,282	2,198
Cash at bank and in hand	905	1,337
	<u>3,482</u>	<u>3,813</u>
11 Creditors - amounts falling due within one year	(1,427)	(2,143)
Net current assets	<u>2,055</u>	<u>1,670</u>
Total assets less current liabilities	3,176	2,348
12 Creditors - amounts falling due after more than one year	-	(13)
13 Deferred taxation	-	-
Net assets	<u>3,176</u>	<u>2,335</u>
Capital and reserves		
14 Share capital	66	66
15 Profit & Loss account	3,110	2,269
16 Shareholders' funds including non-equity interests	<u>3,176</u>	<u>2,335</u>

The financial statements were approved by the board on 11 March 1999.



J F Keating
Director



D T Underhill
Director

1 ACCOUNTING POLICIES

The following are the main accounting policies of the Company which are consistent with those applied last year. These Financial Statements are drawn up for the year ended on 31 December 1998 and the comparative figures stated are in respect of the year ended on 31 December 1997.

Accounting Convention

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Related Party Disclosures

Advantage has been taken of the exemption under Financial Reporting Standard 8 to dispense with the need to disclose transactions with fellow subsidiary undertakings, 90% or more of whose voting rights are held within the group, consolidated in the group accounts of Ash & Lacy plc.

Stocks

The valuation is at cost or net realisable value whichever is lower. Cost is represented by cost of materials plus applicable factory overhead. Net realisable value is the actual or estimated selling price less all further costs to complete and less selling and distribution expenses.

Depreciation

Depreciation on fixed assets is provided so as to write off the cost or valuation less estimated residual value by the straight line method over their estimated useful lives, as follows:

Plant and Equipment	- 4 to 10 years
Motor Vehicles	- 4 years

No depreciation is provided on assets in course of construction.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. All exchange differences are dealt with through the Profit and Loss Account.

Pensions

The Company participates in pension schemes operated by the Ash & Lacy plc Group for the benefit of its employees. The funds of the schemes are administered by trustees, are separate from the Group and an independent actuary completes valuations every three years. In accordance with the actuary's recommendations, contributions may be adjusted so as to secure the benefits set out in the rules and augmentation of pensions from time to time. The pension cost charged to the profit and loss account is calculated by the actuary so as to spread the cost of pensions over the employees' working lives.

Leased Assets

Assets held under leases which confer rights and obligations similar to those attaching to owned assets are capitalised as tangible fixed assets and the corresponding liability to pay rentals is shown net of interest in the accounts as obligations under finance leases. Interest is calculated on the reducing balance basis and is charged over the period of the lease. All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

2 TURNOVER

Turnover is the total amount receivable by the Company (excluding VAT) in the ordinary course of business for goods sold to third parties.

	1998	1997
	£000	£000
Turnover by destination:		
United Kingdom	6,460	6,486
Rest of Europe	48	11
Middle East	-	6
Far East	35	-
Rest of World	5	2
	<u>6,548</u>	<u>6,505</u>

3 INTEREST RECEIVABLE

	1998	1997
	£000	£000
Bank interest receivable	<u>49</u>	<u>43</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1998	1997
	£000	£000
Profit on ordinary activities before taxation is stated after charging:		

Auditors remuneration	6	6
Other non-audit fees paid to the auditors and their associates	2	2
Depreciation - owned fixed assets	186	153
Operating lease rentals - Buildings	113	102
Operating lease rentals - Plant & Machinery	29	27

5 DIRECTORS AND OTHER EMPLOYEES

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

	1998	1997
	No.	No.
Manufacturing and distribution	103	100
Sales and administration	18	20
	<u>121</u>	<u>120</u>

Their costs during the year were:

	1998	1997
	£000	£000
Wages and salaries	1,811	1,835
Social security costs	183	175
Other pension costs	60	47
	<u>2,054</u>	<u>2,057</u>

Aggregate Directors' Remuneration

	1998	1997
	£000	£000
Emoluments	146	157

Number of directors who are:

Members of defined benefit pension schemes	3	3
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6 TAXATION	1998 £000	1997 £000
UK Corporation tax at 31% (1997 : 31.5%)	360	370
Deferred taxation	-	-
Current year	<u>360</u>	<u>370</u>
Adjustments in respect of previous years	<u>1</u>	<u>-</u>
	<u>361</u>	<u>370</u>
7 DIVIDENDS	1998 £000	1997 £000
Interim dividend paid	66	38
Final dividend proposed	-	250
	<u>66</u>	<u>288</u>
8 TANGIBLE FIXED ASSETS		
Cost	Plant, equipment & vehicles £000	Total £000
At 31 December 1997	5,377	5,377
Additions	604	604
Disposals	(495)	(495)
Intra Group transfers	286	286
At 31 December 1998	<u>5,772</u>	<u>5,772</u>
Depreciation		
At 31 December 1997	4,699	4,699
Provided in the year	185	185
Disposals	(479)	(479)
Intra Group transfers	246	246
At 31 December 1998	<u>4,651</u>	<u>4,651</u>
Net book value		
At 31 December 1998	1,121	1,121
At 31 December 1997	678	678
9 STOCKS	1998 £000	1997 £000
Raw materials	106	79
Work in progress	58	93
Finished goods	<u>131</u>	<u>106</u>
	<u>295</u>	<u>278</u>
10 DEBTORS	1998 £000	1997 £000
Trade debtors	838	912
Amounts owed by group undertakings	1,378	1,230
Other debtors	27	25
Prepayments and accrued income	<u>39</u>	<u>31</u>
	<u>2,282</u>	<u>2,198</u>

11 CREDITORS DUE WITHIN ONE YEAR	1998 £000	1997 £000
Trade creditors	653	866
Amounts owed to group undertakings	48	50
Other creditors	29	36
Taxation and social security	126	188
Corporation tax	301	402
Accruals and deferred income	270	351
Dividend payable	-	250
	<u>1,427</u>	<u>2,143</u>

There is an arrangement with the Company's bankers whereby bank balances and overdrafts of the Company, the parent undertaking and certain fellow subsidiary undertakings are offset.

All companies within the group are party to an upstream/downstream guarantee of group bank balances with the company's bankers.

There were no Ash & Lacy group borrowings under this arrangement at 31 December 1998.

12 CREDITORS DUE AFTER ONE YEAR	1998 £000	1997 £000
Accruals and deferred income	<u>-</u>	<u>13</u>

13 DEFERRED TAXATION

The unprovided deferred taxation and actual provision, calculated at 31% are as follows:

	Unprovided		Provided	
	At 31.12.98 £000	At 31.12.97 £000	At 31.12.98 £000	At 31.12.97 £000
Accelerated capital allowances	48	-	-	-
Other short term timing differences	(37)	18	-	-
	<u>11</u>	<u>18</u>	<u>-</u>	<u>-</u>

14 SHARE CAPITAL	1998 £000	1997 £000
Authorised :		
Non-equity 5% cumulative preference shares of £1 each	3	3
Equity ordinary shares of £1 each	63	63
Unclassified shares of £1 each	<u>84</u>	<u>84</u>
	<u>150</u>	<u>150</u>
Allotted and fully paid :		
Non-equity 5% cumulative preference shares of £1 each	3	3
Equity ordinary shares of £1 each	<u>63</u>	<u>63</u>
	<u>66</u>	<u>66</u>

The cumulative preference shares carry a fixed dividend of 5% per share which has been waived by the parent company up to and including 31 December 1998.

In the event of the company being wound up the preference shareholders are entitled to repayment of capital in preference to the ordinary shareholders. There are no voting rights attached to these shares.

15 PROFIT AND LOSS ACCOUNT

	£000
At 31 December 1997	2,269
Retained profit for the year	841
At 31 December 1998	<u>3,110</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	1998 £000	1997 £000
Profit for the year	907	939
Dividends	<u>(66)</u>	<u>(288)</u>
Net increase in shareholders' funds	841	651
Opening shareholders' funds	2,335	1,684
Closing shareholders' funds	<u>3,176</u>	<u>2,335</u>

Shareholders funds include non-equity interests of £3,000 (31.12.97 £3,000).

17 PENSIONS

The company contributes to defined contribution and defined benefit pension schemes operated within the Group. Details of the most recent actuarial information about the schemes are contained in the accounts of Ash & Lacy plc. The total pension cost in the year was £60,000 (1997 : £47,000)

17 CAPITAL EXPENDITURE

	1998 £000	1997 £000
Contracted for but not provided in the accounts	285	79

18 LEASING COMMITMENTS

	1998		1997	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Leases which expire:				
Within one year	13	-	13	14
Between one and five years	-	-	-	-
After five years	110	15	100	2
	<u>123</u>	<u>15</u>	<u>113</u>	<u>16</u>

19 CASH FLOW STATEMENT

In view of the exemptions made under FRS1 , no cashflow statement has been prepared because the ultimate parent undertaking included a consolidated cashflow statement in its accounts for the year ended 31 December 1998.

20 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Ash & Lacy plc incorporated in Great Britain. Copies of the group accounts may be obtained from the Company Secretary, Ash & Lacy plc, Alma Street, Smethwick, West Midlands, B66 2RP.