

Webster Drives Limited

**Directors' report and financial
statements**

Registered number 553051

31 March 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2002.

Principal activity

The company is principally engaged in the development, manufacture and merchanting of power take-off equipment, ancillary drives and transmissions for commercial vehicles, vehicle hydraulics and hydraulic tipping rams.

Business review

The profit for the financial year was £205,810 (2001: £234,392).

Research and development

Research and development continues to be directed towards the development of new and existing products. Amounts expended are shown in note 6 to the accounts.

Dividends

An interim dividend of £50,000 was paid during the year (2001: £50,000).

The directors recommend the payment of a final dividend of £45,065 (2001: £67,196).

Creditor payments

Terms of payment with principal suppliers are negotiated as part of the continuing trading relationships with those suppliers. Once negotiated it is policy to follow those agreements. In the absence of specific agreement, standard policy is to settle undisputed amounts due on 60 day terms. At 31 March 2002 the number of days purchases outstanding (including amounts owed to group companies) was 76 (2001: 70 days).

Directors

The directors who held office during the year were as follows:

J Dunn (Chairman)
ML Brown
KG Hurley
N Wilkinson
C Eastham

Directors' report *(continued)*

Directors' interests

J Dunn is also a director of Syltone Industries plc, the immediate parent company. His interest in the share capital of group undertakings is shown in the financial statements of that company.

C Eastham and N Wilkinson have no interest in the share capital of the group.

The interests of the other directors in office at the year end in the share capital of group undertakings were as follows:

		Syltone plc	
		Ordinary shares of 25p each	
		31 March 2002	31 March 2001
M L Brown		2,000	2,000
KG Hurley		7,609	7,609

		Number of options during the year			
		At 31 March 2001	Share options granted	Share options lapsed/exercised	At 31 March 2002
KG Hurley					
Employee sharesave scheme options	1,539	-	-	-	1,539

ML Brown, N Wilkinson and C Eastham held no share options at any point during the financial year.

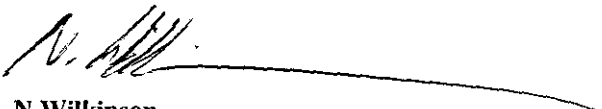
All options are held under Schemes operated by Syltone plc.

Directors' report *(continued)*

Auditors

Pursuant to section 385 Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors to the company will be proposed at the forthcoming Annual General Meeting.

By order of the board


N Wilkinson
Secretary

23 August 2002

Folds Road
Bolton
Lancashire
BL1 2SE

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 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, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

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Neville Street
Leeds
LS1 4DW

Report of the independent auditors to the members of Webster Drives Limited

We have audited the financial statements on pages 6 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 March 2002 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
Registered Auditor

23 August 2002

Profit and loss account

for the year ended 31 March 2002

	Note	2002 £	2001 £
Turnover	2	3,451,588	3,345,755
Change in stocks of finished goods and work in progress		(14,453)	(44,643)
Raw materials and consumables		(941,295)	(1,018,246)
Other external charges		(560,454)	(466,992)
Staff costs	3	(1,521,258)	(1,376,057)
Depreciation		(128,269)	(117,227)
Operating profit		285,859	322,590
Interest receivable	5	11,380	5,894
Profit on ordinary activities before taxation	6	297,239	328,484
Taxation on profit on ordinary activities	7	(91,429)	(94,092)
Profit for the financial year		205,810	234,392
Dividends paid and proposed	8	(95,065)	(117,196)
Retained profit for the financial year	15	110,745	117,196

A reconciliation of movements in shareholders' funds is given in note 16.

In both the current and preceding year, the company made no material acquisitions and had no discontinued operations.

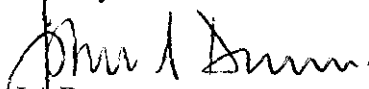
The financial statements are prepared on an unmodified historical cost basis and there were no recognised gains or losses in either the current or preceding year other than those reflected in the profit and loss account above.

Balance sheet

at 31 March 2002

	Note	2002		2001	
		£	£	£	£
Fixed assets					
Tangible assets	9		523,060		481,717
Current assets					
Stocks	10	395,079		422,833	
Debtors	11	718,455		584,584	
Cash at bank and in hand		238,092		223,328	
		1,351,626		1,230,745	
Creditors: amounts falling due within one year	12	(804,525)		(817,820)	
Net current assets			547,101		412,925
Total assets less current liabilities			1,070,161		894,642
Provisions for liabilities and charges	13		(99,207)		(34,433)
Net assets			970,954		860,209
Capital and reserves					
Called up share capital	14		16,950		16,950
Profit and loss account	15		954,004		843,259
Shareholders' funds			970,954		860,209
Shareholders' funds					
Equity			959,654		848,909
Non-equity			11,300		11,300
			970,954		860,209

These financial statements were approved by the board of directors on 23 August 2002 and were signed on its behalf by:


J A Dunn
Chairman

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Cash flow statement

Under Financial Reporting Standard No 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a company registered in England and Wales.

Related party transactions

Under Financial Reporting Standard No 8, the company is exempt from the requirement to disclose related party transactions with other group companies, on the grounds that it is a wholly owned subsidiary undertaking of Syltone plc.

Depreciation

Depreciation is provided by the company to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows:

Long leasehold property	-	up to 50 years
Short leasehold improvements	-	over the residue of the lease
Plant and equipment	-	4 to 10 years
Motor vehicles	-	4 years

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes an appropriate allocation of overheads.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as required by FRS 19.

Research and development

Expenditure on research and development is written off as incurred.

Notes (continued)

1 Accounting policies (continued)

Pension costs

The company participates in a group wide pension scheme providing benefits based upon final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits' accounts for the scheme as if were a defined contribution scheme. As a result, the account charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period.

Foreign exchange

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Gains or losses arising in the ordinary course of business are dealt with in arriving at operating profit.

Leased assets

Rentals under operating leases are charged against profits as incurred.

2 Turnover

Turnover represents the invoiced value of goods sold and services provided in the year, stated exclusive of value added tax.

The geographical analysis of turnover, which arises from the principal activity of the company is as follows:

	2002 £	2001 £
United Kingdom	3,257,185	3,145,574
Other	194,403	200,181
	<hr/> 3,451,588	<hr/> 3,345,755

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	Number of employees 2002	2001
Management and administration	21	21
Manufacturing and development	34	37
	<hr/> 55	<hr/> 58

Notes (continued)

3 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£	£
Wages and salaries	1,216,607	1,201,242
Social security costs	83,083	72,077
Other pension costs (note 17)	221,568	102,738
	<hr/> 1,521,258	<hr/> 1,376,057
	= = = =	= = = =

4 Remuneration of directors

	2002	2001
	£	£
Directors' emoluments:		
Remuneration as executives	230,803	200,710
Pension contributions	28,001	26,486
	<hr/> 258,804	<hr/> 227,196
	= = = =	= = = =

The emoluments of the Chairman were £nil (2001: £nil).

The emoluments of the highest paid director were £53,105 (2001: £48,279).

Pension contributions made by the company on behalf of the highest paid director amounted to £6,539 (2001: £5,613).

Retirement benefits are accruing to 4 (2001: 4) directors under defined benefit schemes.

5 Interest receivable

	2002	2001
	£	£
Bank interest receivable	11,380	5,894
	= = = =	= = = =

Notes (continued)

6 Profit on ordinary activities before taxation

	2002 £	2001 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Payments under operating leases:		
Plant and machinery	5,510	5,510
Other leases	47,500	47,500
Auditors' remuneration:		
Audit	5,100	5,000
Other services	3,050	2,050
Depreciation of fixed assets	128,269	117,227
Research and development costs	101,471	79,568
	=====	=====

7 Taxation on profit on ordinary activities

	2002 £	2001 £
UK Corporation tax at 30% (2001: 30%) on the profit for the year on ordinary activities	104,995	96,536
Adjustments relating to earlier years		
- Corporation tax	2,113	(2,444)
	-----	-----
Total current tax	107,108	94,092
Deferred tax		
- current year	(15,679)	-
	-----	-----
Tax on profit on ordinary activities	91,429	94,092
	=====	=====
Profit on ordinary activities before tax	297,239	328,484
	-----	-----
Profit on ordinary activities multiplied by standard rate of corporation tax (30%)	89,172	98,545
Effects of:		
Expenses not deductible for tax purposes	144	2,858
Deferred tax movement	15,679	-
Unrecognised deferred tax movement	-	(4,867)
Adjustments to tax charge in respect of previous periods	2,113	(2,444)
	-----	-----
Current tax charge for year	107,108	94,092
	=====	=====

Notes (continued)

8 Dividends

	2002 £	2001 £
Ordinary shares:		
Interim dividend paid	50,000	50,000
Final proposal	45,065	67,196
	<hr/> 95,065	<hr/> 117,196

9 Tangible fixed assets

	Long leasehold property £	Short leasehold improvements £	Plant, equipment and vehicles £	Total £
<i>Cost</i>				
At beginning of year	198,568	56,757	2,910,311	3,165,636
Additions	-	-	169,612	169,612
Disposals	-	-	(32,620)	(32,620)
	<hr/> 198,568	<hr/> 56,757	<hr/> 3,047,303	<hr/> 3,302,628
<i>Depreciation</i>				
At beginning of year	46,654	49,871	2,587,394	2,683,919
Charge for year	3,978	927	123,364	128,269
Disposals	-	-	(32,620)	(32,620)
	<hr/> 50,632	<hr/> 50,798	<hr/> 2,678,138	<hr/> 2,779,568
<i>Net book value</i>				
At 31 March 2002	<hr/> 147,936	<hr/> 5,959	<hr/> 369,165	<hr/> 523,060
At 31 March 2001	<hr/> 151,914	<hr/> 6,886	<hr/> 322,917	<hr/> 481,717

10 Stocks

	2002 £	2001 £
Raw materials and consumables	107,845	121,146
Work in progress	277,102	270,392
Finished goods and goods for resale	10,132	31,295
	<hr/> 395,079	<hr/> 422,833

Notes (continued)

11 Debtors

	2002 £	2001 £
Amounts falling due within one year:		
Trade debtors	533,801	419,240
Amounts owed by group undertakings	89,896	139,353
Other debtors	3,515	1,564
Prepayments and accrued income	75,564	24,427
	<hr/> 702,776	<hr/> 584,584
Amounts falling due after one year:		
Deferred tax asset (note 13)	15,679	-
	<hr/> 718,455	<hr/> 584,584
	=====	=====

12 Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	367,239	358,026
Amounts owed to group undertakings	72,080	106,370
Other creditors including taxation and social security:		
Corporation tax	66,189	63,885
Other taxes and social security	69,843	68,510
	<hr/> 136,032	<hr/> 132,395
Taxation and social security	136,032	132,395
Other creditors	3,231	10,433
	<hr/> 139,263	<hr/> 142,828
Accruals and deferred income	180,878	143,400
Proposed dividend	45,065	67,196
	<hr/> 804,525	<hr/> 817,820
	=====	=====

Notes (continued)

13 Provisions for liabilities and charges

	Pension obligations £
At beginning of year	34,433
Charge for the year in the profit and loss account	64,774
At end of year	99,207

The deferred tax asset calculated at 30% (2001: 30%) represents the full potential asset and are as follows:

	2002 Provided £	2002 Unprovided £	2001 Provided £	2001 Unprovided £
Accelerated capital allowances	13,925	-	-	16,162
Provision for pension obligations	(29,762)	-	-	(10,330)
Other timing differences	158	-	-	(3,279)
	(15,679)	-	-	2,553

14 Called up share capital

	2002 £	2001 £
Authorised		
<i>Equity</i>		
17,400 ordinary shares of 50p each	8,700	8,700
<i>Non-equity</i>		
11,300 deferred shares of £1 each	11,300	11,300
	20,000	20,000
Allotted, called up and fully paid		
<i>Equity</i>		
11,300 ordinary shares of 50p each	5,650	5,650
<i>Non-equity</i>		
11,300 deferred shares of £1 each	11,300	11,300
	16,950	16,950

The deferred shares have no rights to a dividend and have restricted rights in the return of capital. In the event of a poll, each ordinary share represents 5,000 votes to a deferred share's one vote.

Notes (continued)

15 Profit and loss account

	£
At beginning of year	843,259
Retained profit for the financial year	110,745
	<hr/>
At end of year	954,004
	=====

16 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	205,810	234,392
Dividends paid and proposed	(95,065)	(117,196)
	<hr/>	<hr/>
Retained profit for the financial year	110,745	117,196
Opening shareholders' funds	860,209	743,013
	<hr/>	<hr/>
Closing shareholders' funds	970,954	860,209
	=====	=====

17 Pensions

The company participates in the group funded defined benefit scheme operated by Syltone plc. Contributions to the scheme are based on pension costs across the group as a whole. Particulars of the most recent actuarial valuation of the group's scheme are contained in the financial statements of Syltone plc.

Under FRS 17 (9), the company is exempt from the disclosure requirements for defined benefit schemes. The full disclosure of the group pension scheme can be found in the financial statements of Syltone plc.

18 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2002 £	2001 £
Property rentals on leases terminating: In more than five years	47,500	47,500
Equipment rentals on leases terminating: In two to five years	3,628	2,970
In more than five years	148	2,540
	<hr/>	<hr/>
	51,276	53,010
	=====	=====

Notes *(continued)*

19 Capital commitments

Capital commitments contracted but not provided for at 31 March 2002 amounted to £1,400 (2001: £82,351).

20 Contingent liabilities

The company has guaranteed the bank borrowings of certain group undertakings which at 31 March 2002 amounted to £16,121,000 (2001: £17,849,000). The company has guaranteed the VAT liability of certain group undertakings which at 31 March 2002 amounted to £343,000 (2001: £257,000).

21 Ultimate parent company

The immediate parent undertaking is Syltone Industries plc.

The ultimate parent company is Syltone plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the group financial statements can be obtained from Springmill Street, Bradford, BD5 7HW.