

Webster Drives Limited

**Directors' report and financial
statements**

Registered number 553051

31 March 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2000.

Principal activity

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

Business review

The profit for the financial year was £181,077 (1999: £108,256).

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 (1999: £50,000).

The directors recommend the payment of a final dividend of £40,539 (1999: £4,128).

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 2000 the number of days purchases outstanding (including amounts owed to group companies) was 57 (1998: 79 days).

Directors

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

J Dunn (Chairman)	
D Ball	(retired 31 July 2000)
ML Brown	
KG Hurley	
N Wilkinson	
C Eastham	

Directors' report *(continued)*

Directors' interests

D Ball and J Dunn are also directors of Syltone Industries plc, the immediate parent company. Their interests in the share capital of group undertakings are 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 2000	31 March 1999
M L Brown		2,000	2,000
KG Hurley		7,609	7,609

	At 31 March 1999	Number of options during the year		At 31 March 2000
		Share options granted	Share options lapsed/exercised	
ML Brown				
Employee sharesave scheme options	6,047	-	(6,047)	-
KG Hurley				
Employee sharesave scheme options	1,539	-	-	1,539
N Wilkinson				
Employee sharesave scheme options	1,649	-	-	1,649

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

Folds Road
Bolton
Lancashire
BL1 2SE

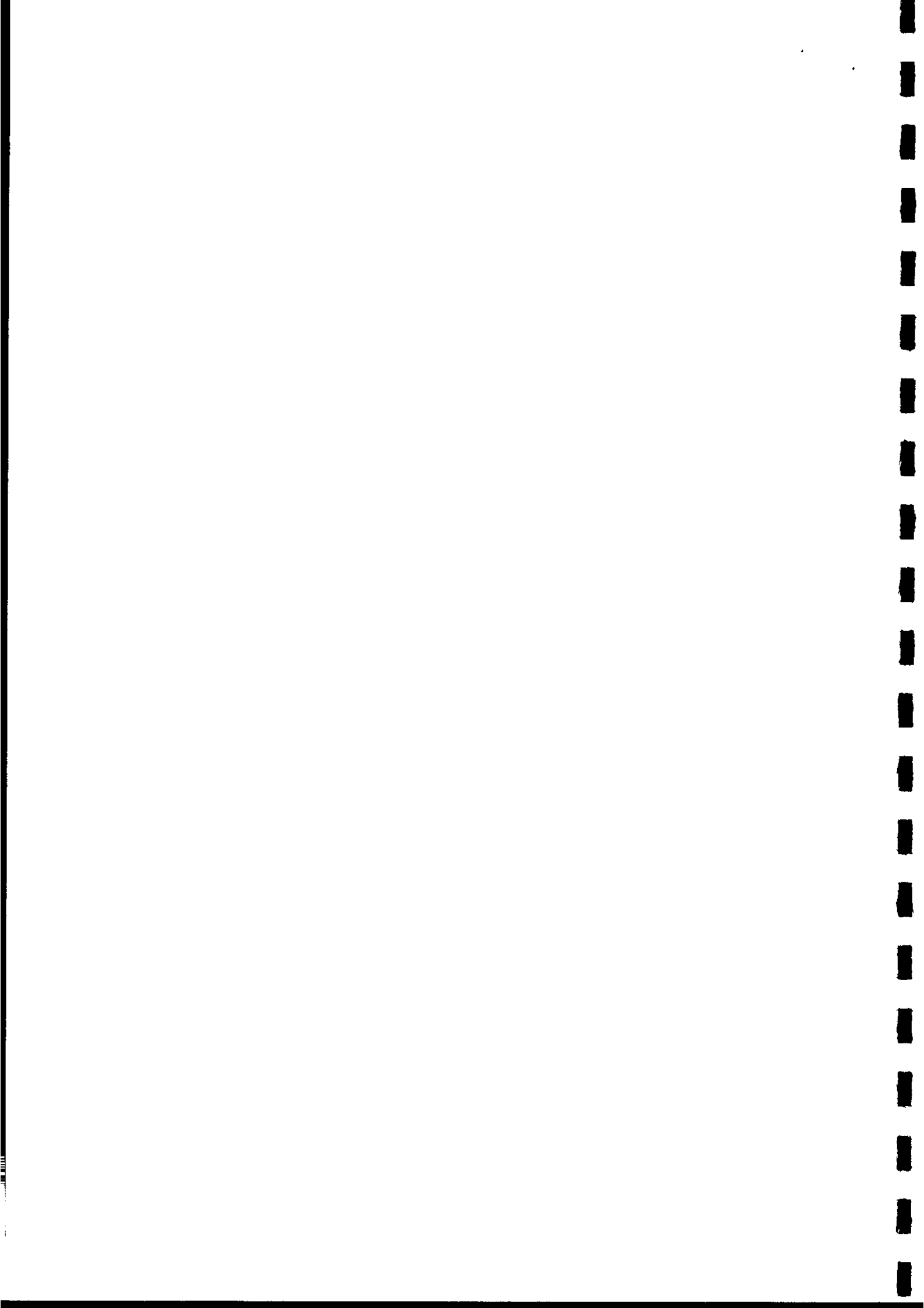
28 November 2000

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

1 The Embankment
Neville Street
Leeds
LS1 4DW

Report of the 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. 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 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

28 November 2000

Profit and loss account
for the year ended 31 March 2000

	<i>Note</i>	2000 £	1999 £
Turnover	2	3,195,286	3,829,750
Change in stocks of finished goods and work in progress		(45,194)	(189,933)
Raw materials and consumables		(1,001,600)	(1,287,911)
Other external charges		(410,775)	(426,093)
Staff costs	3	(1,334,684)	(1,603,333)
Depreciation	9	(137,688)	(134,589)
Operating profit		<u>265,345</u>	<u>187,891</u>
Interest payable	5	(20,461)	(35,761)
Profit on ordinary activities before taxation	6	<u>244,884</u>	<u>152,130</u>
Taxation on profit on ordinary activities	7	(63,807)	(43,874)
Profit for the financial year		<u>181,077</u>	<u>108,256</u>
Dividends paid and proposed	8	(90,539)	(54,128)
Retained profit for the financial year	15	<u><u>90,538</u></u>	<u><u>54,128</u></u>

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

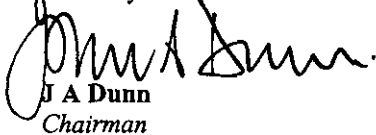
In both the current and preceding year, the company made no material acquisitions and had no discontinued operations.

The financial statements are prepared on an unmodified historical cost basis and there were no recognised gains or losses in the year (1999: £Nil) other than those reflected in the profit and loss account above.

Balance sheet
at 31 March 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	9	502,863	581,815
Current assets			
Stocks	10	458,026	584,428
Debtors	11	578,932	846,956
Cash at bank and in hand		98	170
		<u>1,037,056</u>	<u>1,431,554</u>
Creditors: amounts falling due within one year	12	<u>(761,562)</u>	<u>(1,329,936)</u>
Net current assets		<u>275,494</u>	<u>101,618</u>
Total assets less current liabilities		<u>778,357</u>	<u>683,433</u>
Provisions for liabilities and charges	13	<u>(35,344)</u>	<u>(30,958)</u>
Net assets		<u>743,013</u>	<u>652,475</u>
Capital and reserves			
Called up share capital	14	16,950	16,950
Profit and loss account	15	726,063	635,525
Shareholders' funds		<u>743,013</u>	<u>652,475</u>
Shareholders' funds			
Equity		731,713	641,175
Non-equity		11,300	11,300
		<u>743,013</u>	<u>652,475</u>

These financial statements were approved by the board of directors on 28 November 2000 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.

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

No provision is made for deferred taxation unless there is a reasonable probability that a liability will arise in the foreseeable future. Full recognition is made of the deferred tax asset relating to the pension cost provision made in accordance with Statement of Standard Accounting Practice No 24.

Research and development

Expenditure on research and development is written off as incurred.

Notes (continued)

1 Accounting policies (continued)

Pension costs

The expected cost of pensions is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from the regular cost are spread over the expected service lives of current employees in the scheme. Pension costs are assessed in accordance with the advice of an independent, qualified actuary.

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.

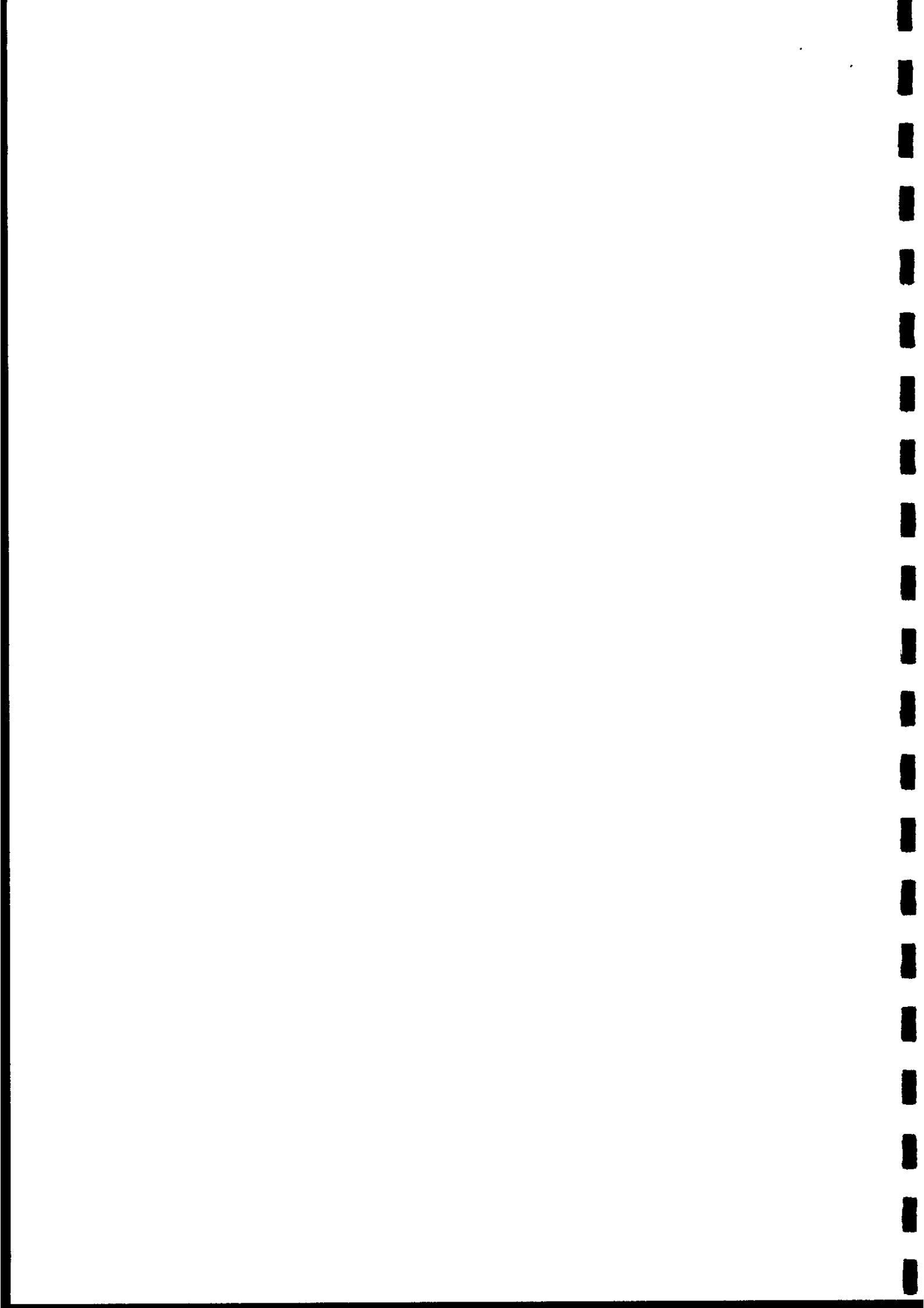
The geographical analysis of turnover, which arises from the principal activity of the company is as follows:

	2000 £	1999 £
United Kingdom	3,035,641	3,595,525
Other	159,645	234,225
	<hr/>	<hr/>
	3,195,286	3,829,750
	<hr/>	<hr/>

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	
	2000	1999
Management and administration	20	26
Manufacturing and development	38	50
	<hr/>	<hr/>
	58	76
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Notes *(continued)*

3 Staff numbers and costs (continued)

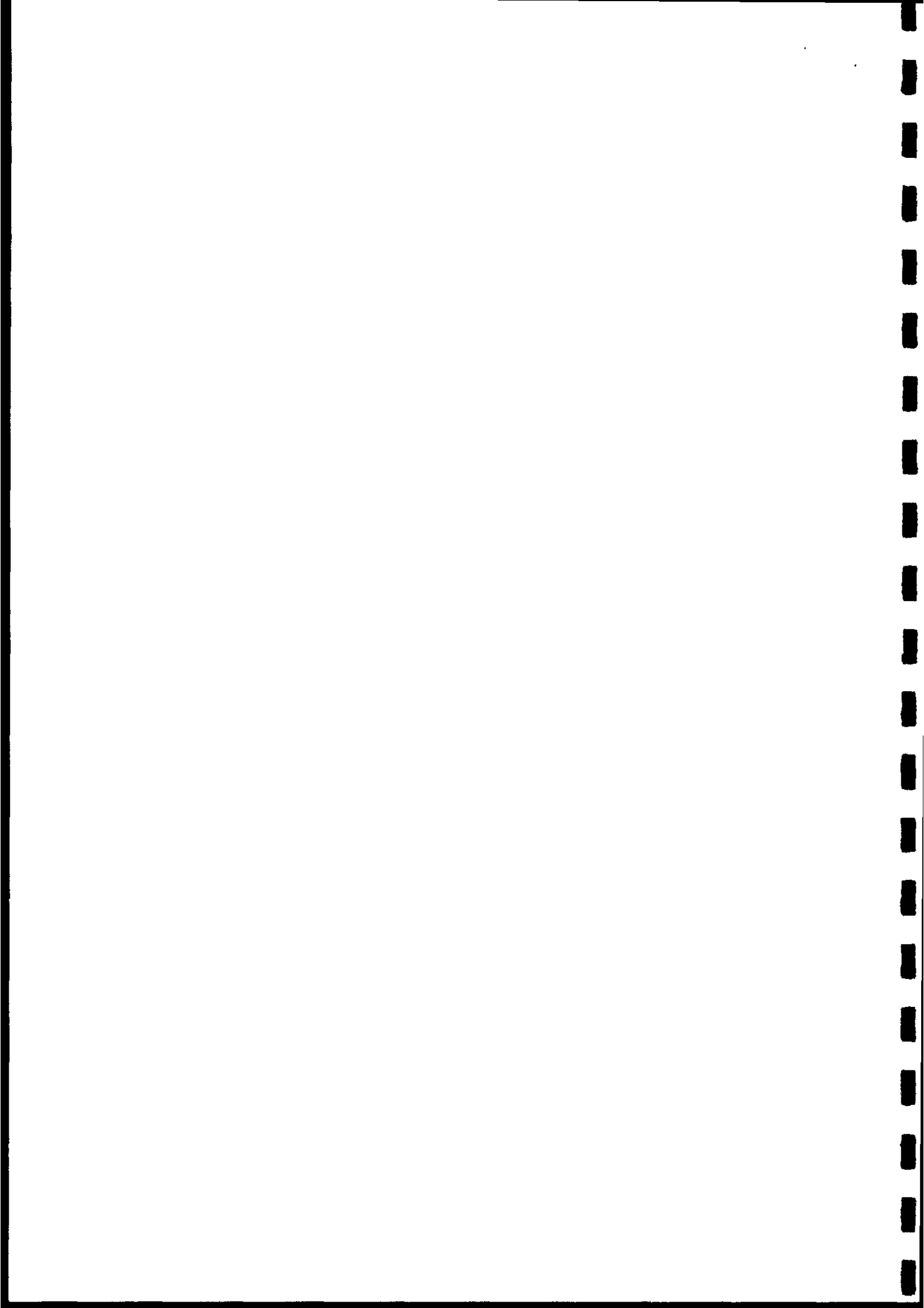
The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	1,164,133	1,370,236
Social security costs	64,495	93,371
Other pension costs (note 17)	106,056	139,726
	<u>1,334,684</u>	<u>1,603,333</u>

4 Remuneration of directors

	2000 £	1999 £
Directors' emoluments:		
Remuneration as executives	202,045	147,112
Pension contributions	23,858	16,683
	<u>225,903</u>	<u>163,795</u>

Retirement benefits are accruing to 4 (1998: 4) directors under defined benefit schemes.



Notes (continued)

5 Interest payable

	2000 £	1999 £
On bank loans and overdrafts and other loans wholly repayable within five years	<u>20,461</u>	<u>35,761</u>

6 Profit on ordinary activities before taxation

	2000 £	1999 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Payments under operating leases:		
Plant and machinery	4,453	2,460
Other leases	47,500	47,202
Auditors' remuneration:		
Audit	4,920	4,411
Other services	1,570	1,956
Research and development costs	77,207	68,292
Exchange losses	-	83
	<u> </u>	<u> </u>

7 Taxation on profit on ordinary activities

	2000 £	1999 £
UK Corporation tax at 30% (1999: 30%) on the profit for the year on ordinary activities	72,738	47,330
Deferred taxation (note 13)	-	865
Adjustments relating to earlier years		
- Deferred tax	-	(2,299)
- Corporate tax	(8,931)	(2,022)
	<u>63,807</u>	<u>43,874</u>

8 Dividends

	2000 £	1999 £
Ordinary shares:		
Interim dividend paid	50,000	50,000
Final proposal	40,539	4,128
	<u>90,539</u>	<u>54,128</u>

Notes (continued)

9 Tangible fixed assets

	Long leasehold property £	Short leasehold improvements £	Plant, equipment and vehicles £	Total £
Cost				
At beginning of year	198,568	52,331	2,823,141	3,074,040
Additions	-	4,426	54,310	58,736
Disposals	-	-	(15,455)	(15,455)
At end of year	198,568	56,757	2,861,996	3,117,321
Depreciation				
At beginning of year	38,712	48,202	2,405,311	2,492,225
Charge for year	3,971	742	132,975	137,688
Disposals	-	-	(15,455)	(15,455)
At end of year	42,683	48,944	2,522,831	2,614,458
Net book value				
At 31 March 2000	155,885	7,813	339,165	502,863
At 31 March 1999	159,856	4,129	417,830	581,815

10 Stocks

	2000 £	1999 £
Raw materials and consumables	111,696	192,904
Work in progress	315,730	331,524
Finished goods and goods for resale	30,600	60,000
	<u>458,026</u>	<u>584,428</u>

Notes (continued)

11 Debtors

	2000 £	1999 £
Trade debtors	458,427	573,931
Amounts owed by parent and fellow subsidiary undertakings	92,657	195,125
Other debtors	301	892
Prepayments and accrued income	27,547	77,008
	<u>578,932</u>	<u>846,956</u>

12 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank overdraft (unsecured)	94,380	568,692
Trade creditors	285,823	352,573
Amounts owed to parent and fellow subsidiary undertakings	73,716	153,151
Other creditors including taxation and social security:		
Corporation tax	47,045	47,330
Other taxes and social security	85,015	87,037
	<u>132,060</u>	<u>134,367</u>
Taxation and social security	9,774	12,500
Other creditors		
	<u>141,834</u>	<u>146,867</u>
Accruals and deferred income	125,270	104,525
Proposed dividend	40,539	4,128
	<u>761,562</u>	<u>1,329,936</u>

Notes (continued)

13 Provisions for liabilities and charges

	Pension obligations £
At beginning of year	30,958
Charge for the year in the profit and loss account	4,386
At end of year	<u>35,344</u>

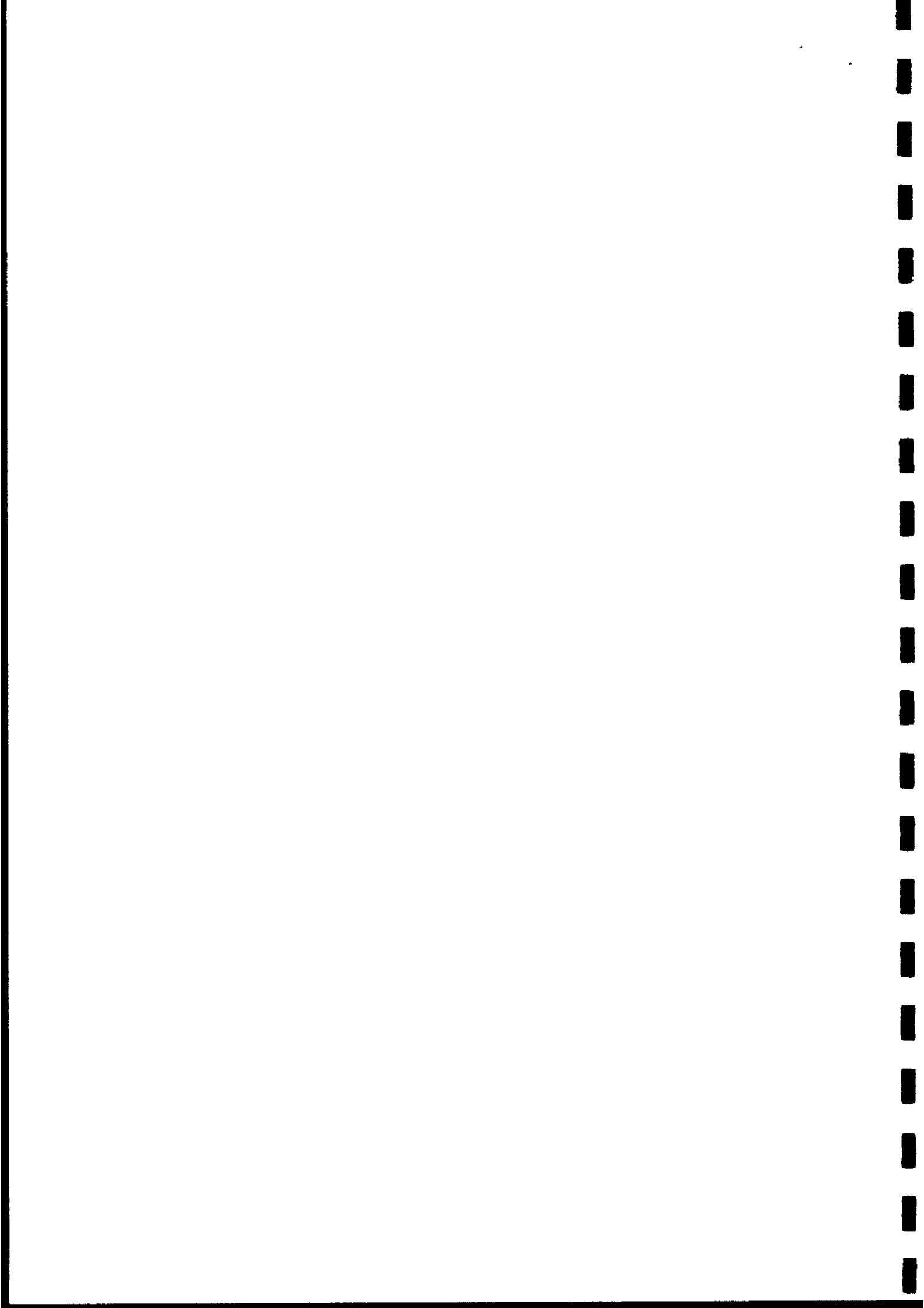
The amounts provided for deferred taxation at 30% (1999: 31%) represent the full potential liability and are as follows:

	2000 Provided £	2000 Unprovided £	1999 Provided £	1999 Unprovided £
Accelerated capital allowances	-	10,246	-	6,330
Provision for pension obligations	-	(10,603)	-	(8,529)
Other timing differences	-	(1,957)	-	(9,287)
	<u>-</u>	<u>(2,314)</u>	<u>-</u>	<u>(11,486)</u>

14 Called up share capital

	2000 £	1999 £
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
	<u>20,000</u>	<u>20,000</u>
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
	<u>16,950</u>	<u>16,950</u>

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	635,525
Retained profit for the financial year	90,538
	<hr/>
At end of year	726,063
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16 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	181,077	108,256
Dividends paid and proposed	(90,539)	(54,128)
	<hr/>	<hr/>
Retained profit for the financial year	90,538	54,128
Opening shareholders' funds	652,475	598,347
	<hr/>	<hr/>
Closing shareholders' funds	743,013	652,475
	<hr/>	<hr/>

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.

18 Operating lease commitments

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

	2000 £	1999 £
Property rentals on leases terminating: In more than five years	47,500	47,500
Equipment rentals on leases terminating: In two to five years	2,312	2,312
In more than five years	2,540	148
	<hr/>	<hr/>
	52,352	49,960
	<hr/>	<hr/>

Notes *(continued)*

19 Capital commitments

Capital commitments contracted but not provided for at 31 March 2000 amounted to £Nil (1999: £16,550).

20 Contingent liabilities

The company has guaranteed the bank borrowings of certain group undertakings which at 31 March 2000 amounted to £16,326,000 (1999: £19,423,000). The company has guaranteed the VAT liability of certain group undertakings which at 31 March 2000 amounted to £111,000 (1999: £381,000).

21 Ultimate parent company

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 Rawdon Court, 20 Leeds Road, Rawdon, West Yorkshire, LS19 6AX.