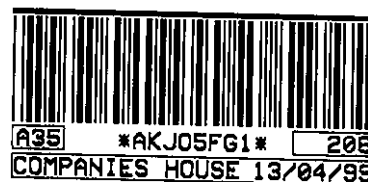


**HTG (1996) LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 1998**

The Company's registration number is 2255384



## **HTG (1996) LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the Company, together with the audited financial statements for the year ended 31 December 1998.

### **PRINCIPAL ACTIVITY**

During the year the Company continued to purchase quantities of timber and related products for resale to other group undertakings.

### **RESULTS AND DIVIDENDS**

The results for the year are set out in the accompanying financial statements. The directors do not recommend payment of a dividend (1997 - nil).

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year were:

W J Hoskins  
K R Stokes-Smith

No director held any interests in the shares of the company during the year.

W J Hoskins is a director of Wickes plc and his interests in the share capital of group undertakings are shown in the financial statements of Wickes plc for the year ended 31 December 1998.

The other director who held office at 31 December 1998 had the following interests in the shares of Wickes plc:

<b>Director</b>	<b>Wickes plc Ordinary shares Holdings 50p</b>		
	<b>1 Jan 1998</b>	<b>Bought/(sold)</b>	<b>31 Dec 1998</b>
K R Stokes-Smith	1,000		1,000

## HTG (1996) LIMITED

### DIRECTORS AND THEIR INTERESTS (Continued)

Director	Wickes plc Ordinary shares Options 50p		
	1 Jan 1998	Grant in the year	31 Dec 1998
KR Stokes-Smith	4,098	15,000	19,098

The market price of Wickes plc shares during the year ranged from 166p to 354.5p and at 31 December 1998 the market price was 248.5p.

### SUPPLIER PAYMENT CODE

The Company agrees terms and conditions for its business transactions with suppliers. Payment is then made to those, subject to the terms and conditions being met by the supplier. Supplier days outstanding at 31 December 1998 were 28 (1997 : 30).

### YEAR 2000

The Board and the ultimate parent company recognises the potential threat posed to business by the effect of the Year 2000 date and are committed to ensuring that the company's ability to trade in a profitable and efficient manner is not comprised by this issue.

The Company intends that all its systems will be Year 2000 compliant during 1999.

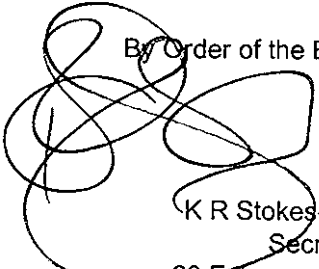
In addition work is being carried out, by the parent company, to ascertain the plans and state of preparation of key suppliers and business partners for Year 2000.

Costs in respect of Year 2000 have been borne by a fellow subsidiary company in 1998. No further revenue expenditure is anticipated.

### AUDITORS

On 1 July 1998, Price Waterhouse merged with Coopers and Lybrand. Price Waterhouse have resigned as auditors and the new merged firm, PricewaterhouseCoopers have been appointed to fill the casual vacancy. A resolution to re-appoint PricewaterhouseCoopers as auditors will be proposed at the next Annual General Meeting.

Registered Office  
120/138 Station Road  
Harrow  
Middlesex HA1 2QB

By Order of the Board  
  
K R Stokes-Smith  
Secretary  
23 February 1999

## **HTG (1996) LIMITED**

### **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, 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 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.

## AUDITORS' REPORT TO THE MEMBERS OF HTG (1996) LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 3 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

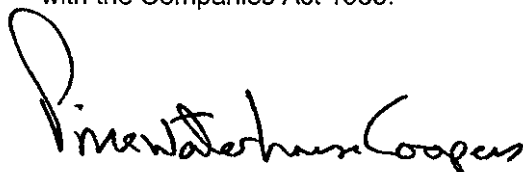
### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of information 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 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.



**PricewaterhouseCoopers**  
Chartered Accountants and Registered Auditors

23 February 1999

## HTG (1996) LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	Note	1998 £'000	1997 £'000
Turnover	2	51,013	961
Cost of sales		(49,945)	(915)
<b>Gross profit</b>		<b>1,068</b>	<b>46</b>
Distribution costs		-	-
Administrative expenses		-	-
<b>Profit before taxation</b>	3	<b>1,068</b>	<b>46</b>
Taxation	4	-	-
<b>Profit for the year</b>		<b>1,068</b>	<b>46</b>
<b>Retained losses brought forward</b>		<b>(95,530)</b>	<b>(95,576)</b>
<b>Retained losses carried forward</b>		<b>(94,462)</b>	<b>(95,530)</b>

There are no recognised gains and losses other than those included in the profit and loss account set out above. All activities in the year are continuing.

### RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1998 £'000	1997 £'000
Profit for the year	1,068	46
Issue of shares	66,500	-
Opening shareholders' funds	(70,530)	(70,576)
<b>Closing shareholders' funds</b>	<b>(2,962)</b>	<b>(70,530)</b>

# HTG (1996) LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 1998

	Note	1998 £'000	1997 £'000
<b>Current assets</b>			
Debtors due from group undertakings		928	-
<b>Current liabilities</b>			
Amounts falling due within one year	5	(3,890)	(70,530)
<b>Net current liabilities</b>	9	(2,962)	(70,530)
<b>Capital and reserves</b>			
Called up share capital	6	91,500	25,000
Profit and loss account		(94,462)	(95,530)
		(2,962)	(70,530)
<b>Equity shareholders' funds</b>			

The financial statements on pages 5 to 9 were approved by the Board on 23 February 1999 and signed on its behalf by

*W. J. Hoskins*

W J Hoskins  
Director

## HTG (1996) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998

#### 1 ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and with the preceding year is set out below:

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, in accordance with applicable UK accounting standards and on a going concern basis. The directors of Wickes plc have indicated to the Company that it is their present intention to continue to provide financial support to the Company to enable it to meet its liabilities external to the Wickes Group as they fall due.

Under the provisions of Financial Reporting Standard No. 1 (Revised 1996), the Company has not presented a cash flow statement because it is a subsidiary undertaking of Wickes plc (registered number 2070200) which is registered in England and Wales, and which has prepared consolidated financial statements, which include the financial statements of the Company for the period and which contain a cash flow statement.

##### **Turnover**

Turnover represents the value of goods sold to customers, net of value added tax.

##### **Deferred taxation**

Deferred taxation is calculated on the liability method. Deferred tax is provided to the extent that it is considered probable that a liability will crystallise.

#### 2 ANALYSIS OF TURNOVER

	1998 £'000	1997 £'000
Sale of timber and allied products to other group undertakings	51,013	961

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All turnover is supplied to the UK market.



## HTG (1996) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (Continued)

#### 3 PROFIT BEFORE TAXATION

The Company has no employees (1997: nil) but its administrative services are provided by a fellow group undertaking. The directors received no remuneration for services to the Company (1997: nil).

The Auditors' remuneration for 1998 and 1997 has been borne by another group undertaking.

#### 4 TAXATION

	1998 £'000	1997 £'000
The taxation charge comprises:		
Corporation tax at 31% (1997 – 31.5%)	-	-

No provision is made for corporation tax as the Company has sufficient taxable losses brought forward from prior periods.

#### 5 CREDITORS

Amounts falling due within one year:

	1998 £'000	1997 £'000
Trade creditors	3,880	1,075
Amounts owed to other group undertakings	-	69,447
Value Added Tax	10	8
	3,890	70,530

#### 6 CALLED-UP SHARE CAPITAL

	1998 £'000	Authorised 1997 £'000	Allotted, called-up and paid-up 1998 £'000	1997 £'000
Ordinary shares of £1 each	100,000	50,000	91,500	25,000

During the year the Company increased its authorised ordinary share capital by £50,000,000 and issued 66,500,000 ordinary share of £1 each, at par, in order to settle outstanding liabilities with a fellow subsidiary undertaking.

#### 7 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The Company is registered for VAT purposes in a group of companies which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the Group, and failure by other members of the Group would give rise to additional liabilities to the Company.

## **HTG (1996) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (Continued)**

#### **8 ULTIMATE PARENT COMPANY**

The Company's ultimate parent Company is Wickes plc, which is registered in England and Wales.

The only group into which the results of the Company are consolidated is that headed by Wickes plc. The consolidated financial statements may be obtained from 120/138 Station Road, Harrow, Middlesex HA1 2QB.

Transactions with other companies within the Group are not disclosed as the Company has taken advantage of the exemption available under financial reporting Standard No 8 "Related party disclosures", as the consolidated accounts of Wickes plc in which the Company is included are available at the address noted above.

#### **9 GOING CONCERN**

The Company has net liabilities as at 31 December 1998 and its ability to continue as a going concern is dependent upon the continuing financial support of its ultimate parent Company.

The directors of Wickes plc have indicated to the Company that it is their present intention to continue to provide financial support to the Company to enable it to meet its liabilities external to the Wickes Group as they fall due.

#### **10 REFINANCING OF THE GROUP**

On 24 February 1998, Wickes plc arranged new unsecured revolving facilities for a period of three years commencing 25 February 1998.

Under the revised arrangements the Company no longer acts as a guarantor to the facilities.