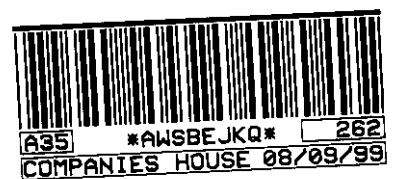


Company Registration No. 1026710 (England and Wales)

H DAVENPORT & SONS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1998



H DAVENPORT & SONS LIMITED

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H DAVENPORT & SONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and financial statements for the year ended 31 December 1998.

Principal activities and review of the business

The principal activities of the company continue to be those of the manufacture of cut keys, key blanks and key cutting equipment.

There has been no significant change in the activities of the company during the year.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Market value of land and buildings

In the opinion of the directors, the market value of the land and buildings at the balance sheet date was not substantially different from its book value.

Post balance sheet events

No major events have taken place since the end of the year.

Future developments

No major alterations to the company's present position are foreseen.

Directors

The following directors have held office since 1 January 1998:

S Davenport	(Deceased 4 February 1998)
J Davenport	
S Davenport Jnr	
Mrs J Davenport	
Mrs S C Davenport	

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 1998	1 January 1998
J Davenport	2,875	2,875
S Davenport Jnr	2,875	2,875
Mrs J Davenport	-	-
Mrs S C Davenport	-	-

Charitable contributions

During the year the company made political donations amounting to £- (1997 : £-).

During the year the company made charitable donations of £785 (1997 : £325).

Auditors

H DAVENPORT & SONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Owen Millichamp be reappointed as auditors of the company will be put to the Annual General Meeting.

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;
- 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.

By order of the board


J Davenport

Director

3-9-99

H DAVENPORT & SONS LIMITED

AUDITORS' REPORT TO H DAVENPORT & SONS LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 18, 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 246A 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 section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision 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 section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 18 are properly prepared in accordance with that provision.



Owen Millichamp

Chartered Accountants
Registered Auditor

6 September 1999

Chapel Ash House
6 Compton Road
Chapel Ash
Wolverhampton
WV3 9PH

H DAVENPORT & SONS LIMITED

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

	Notes	1998 £	1997 £
Gross profit		1,078,321	887,802
Distribution costs		(79,763)	(73,029)
Administrative expenses		(636,634)	(616,188)
Other operating income		24,000	24,000
Operating profit	2	<u>385,924</u>	<u>222,585</u>
Other interest receivable and similar income	3	53,742	41,530
Amounts written off investments	4	-	(5,688)
Interest payable and similar charges	5	(1,202)	(2,902)
Profit on ordinary activities before taxation		<u>438,464</u>	<u>255,525</u>
Tax on profit on ordinary activities	6	(124,924)	(69,031)
Profit on ordinary activities after taxation	15	<u><u>313,540</u></u>	<u><u>186,494</u></u>


H DAVENPORT & SONS LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 1998

	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	7		775,304		782,894
Investments	8		21,618		21,618
			<u>796,922</u>		<u>804,512</u>
Current assets					
Stocks	9	677,271		525,075	
Debtors	10	849,394		851,315	
Cash at bank and in hand		933,366		729,659	
		<u>2,460,031</u>		<u>2,106,049</u>	
Creditors: amounts falling due within one year	11	(1,216,913)		(1,190,720)	
Net current assets			<u>1,243,118</u>		<u>915,329</u>
Total assets less current liabilities			<u>2,040,040</u>		<u>1,719,841</u>
Provisions for liabilities and charges	12		(67,000)		(60,341)
			<u>1,973,040</u>		<u>1,659,500</u>
Capital and reserves					
Called up share capital	14		6,500		6,500
Profit and loss account	15		1,966,540		1,653,000
Shareholders' funds	16		<u>1,973,040</u>		<u>1,659,500</u>

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

The financial statements were approved by the Board on 3-9-99


J Davenport
Director


S Davenport Jnr
Director

H DAVENPORT & SONS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1998

	1998 £	1997 £
Net cash inflow from operating activities	277,617	233,015
Returns on investments and servicing of finance		
Interest received	53,742	41,530
Interest paid	(1,202)	(2,902)
Net cash inflow for returns on investments and servicing of finance	52,540	38,628
Taxation	(105,500)	(54,334)
Capital expenditure		
Payments to acquire tangible assets	(20,871)	(27,905)
Net cash outflow for capital expenditure	(20,871)	(27,905)
Equity dividends paid	-	(130,000)
Net cash inflow before management of liquid resources and financing	203,786	59,404
Financing		
Other new short term loans	18,634	19,388
Repayment of long term bank loan	-	(12,000)
Repayment of other short term loans	(13,980)	(51,220)
Capital element of finance lease contracts	(4,733)	(7,872)
Net cash outflow from financing	(79)	(51,704)
Increase in cash in the year	203,707	7,700

H DAVENPORT & SONS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1998

1 Reconciliation of operating profit to net cash inflow from operating activities		1998	1997
		£	£
Operating profit		385,924	222,585
Depreciation of tangible assets		28,461	29,028
Increase in stocks		(152,196)	(32,123)
Decrease/(increase) in debtors		14,156	(360)
Increase in creditors within one year		1,272	13,885
Net cash inflow from operating activities		277,617	233,015

2 Analysis of net funds	1 January 1998	Cash flow	Other non-cash changes	31 December 1998
	£	£	£	£
Net cash:				
Cash at bank and in hand	729,659	203,707		933,366
Debt:				
Finance leases	(5,836)	4,733	-	(1,103)
Debts falling due within one year	(124,178)	(4,654)	-	(128,832)
	(130,014)	79	-	(129,935)
Net funds	599,645	203,786	-	803,431

3 Reconciliation of net cash flow to movement in net funds	1998	1997
	£	£
Increase in cash in the year	203,707	7,700
Cash outflow from decrease in debt and lease financing	79	51,703
Change in net debt resulting from cash flows	203,786	59,403
New finance lease	-	(9,025)
Movement in net funds in the year	203,786	50,378
Opening net funds	599,645	549,267
Closing net funds	803,431	599,645

H DAVENPORT & SONS 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 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

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

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land and buildings 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:

Freehold land and buildings	Nil
Computer equipment	20% p. a. & 33% p. a. straight line basis
Plant and machinery	15% p. a. reducing balance basis
Fixtures, fittings & equipment	15% p. a. reducing balance basis
Motor vehicles	25% p. a. reducing balance basis

The freehold property is subject to a programme of repair and refurbishment, such that the residual value is at least equal to its book value. Having regard to this, it is the opinion of the directors that the depreciation of the property as required by the Companies Act 1985 and accounting standards would not be material.

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account on a straight line basis as this is not materially different from a method giving a constant rate of return on the balance outstanding.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

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

1.7 Stock

Stock is valued at the lower of cost and net realisable value as follows:

Raw materials, consumables and goods for resale - Purchase cost on a first-in, first-out basis.

1.8 Pensions

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

H DAVENPORT & SONS LIMITED

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

1.9 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.

1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2	Operating profit	1998	1997
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	28,461	29,028
	Operating lease rentals		
	- Plant and machinery	5,674	3,815
	- Other assets	-	774
	Auditors' remuneration	3,000	3,000
		<u> </u>	<u> </u>
3	Other interest receivable and similar income	1998	1997
		£	£
	Bank interest	53,742	41,530
		<u> </u>	<u> </u>
4	Amounts written off investments	1998	1997
		£	£
	Amounts written off fixed asset investments:		
	- permanent diminution in value	-	5,688
		<u> </u>	<u> </u>
5	Interest payable	1998	1997
		£	£
	On bank loans and overdrafts	569	1,570
	Hire purchase interest	633	1,332
		<u> </u>	<u> </u>
		1,202	2,902
		<u> </u>	<u> </u>

H DAVENPORT & SONS LIMITED

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

6	Taxation	1998 £	1997 £
	U.K. current year taxation		
	U.K. corporation tax at 27% (1997 - 27%)	120,000	62,500
	Deferred taxation	6,659	7,197
		<hr/>	<hr/>
		126,659	69,697
	Prior years		
	U.K. corporation tax	(1,735)	(666)
		<hr/>	<hr/>
		124,924	69,031
		<hr/> <hr/>	<hr/> <hr/>

H DAVENPORT & SONS LIMITED

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

7 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 1998	697,461	211,399	140,007	49,325	1,098,192
Additions	-	11,545	9,326	-	20,871
	<u>697,461</u>	<u>222,944</u>	<u>149,333</u>	<u>49,325</u>	<u>1,119,063</u>
At 31 December 1998	697,461	222,944	149,333	49,325	1,119,063
Depreciation					
At 1 January 1998	-	187,626	107,785	19,887	315,298
Charge for the year	-	5,298	15,804	7,359	28,461
	<u>-</u>	<u>192,924</u>	<u>123,589</u>	<u>27,246</u>	<u>343,759</u>
At 31 December 1998	-	192,924	123,589	27,246	343,759
Net book value					
At 31 December 1998	<u>697,461</u>	<u>30,020</u>	<u>25,744</u>	<u>22,079</u>	<u>775,304</u>
At 31 December 1997	<u>697,461</u>	<u>23,773</u>	<u>13,413</u>	<u>29,438</u>	<u>782,894</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 December 1998	<u>5,077</u>
At 31 December 1997	<u>12,562</u>
Depreciation charge for the year	
31 December 1998	<u>1,692</u>
31 December 1997	<u>4,187</u>

H DAVENPORT & SONS LIMITED

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

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 1998 & at 31 December 1998	27,306
Provisions for diminution in value	
At 1 January 1998 & at 31 December 1998	5,688
Net book value	
At 31 December 1998	21,618
At 31 December 1997	21,618

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
B Burgess & Sons Limited	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
B Burgess & Sons Limited	21,618	-

9 Stocks

	1998 £	1997 £
Raw materials and consumables	464,201	346,663
Finished goods and goods for resale	213,070	178,412
	677,271	525,075

The current replacement cost of stocks is not materially different from the historical cost.

H DAVENPORT & SONS LIMITED

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

10 Debtors	1998 £	1997 £
Trade debtors	813,259	826,107
Corporation tax	12,235	-
Other debtors	-	985
Prepayments and accrued income	23,900	24,223
	<u>849,394</u>	<u>851,315</u>

11 Creditors: amounts falling due within one year	1998 £	1997 £
Bank loans and overdrafts	-	11,980
Net obligations under finance lease and hire purchase contracts	1,103	5,836
Trade creditors	445,459	455,886
Amounts owed to subsidiary undertakings	21,618	21,618
Corporation tax	87,500	62,500
Other taxes and social security costs	124,243	121,506
Directors' current accounts	373,932	363,670
Other creditors	128,832	112,198
Accruals and deferred income	34,226	35,526
	<u>1,216,913</u>	<u>1,190,720</u>

The bank loan was secured by an unlimited debenture dated 2nd August 1983.

Net obligations under finance leases and hire purchase contracts

Repayable within one year	1,246	6,613
Finance charges and interest allocated to future accounting periods	(143)	(777)
	<u>1,103</u>	<u>5,836</u>

H DAVENPORT & SONS LIMITED

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

12 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 January 1998	60,341
Profit and loss account	6,659
	<hr/>
Balance at 31 December 1998	67,000
	<hr/>

Deferred tax is provided at 25% (1997 - 25%) analysed over the following timing differences:

	Fully provided 1998 £	1997 £
Accelerated capital allowances	67,000	60,341
	<hr/>	<hr/>

13 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £38,257 (1997 - £37,375).

14 Share capital	1998 £	1997 £
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
6,500 Ordinary shares of £1 each	6,500	6,500
	<hr/>	<hr/>

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 1998	1,653,000
Retained profit for the year	313,540
	<hr/>
Balance at 31 December 1998	1,966,540
	<hr/>

H DAVENPORT & SONS LIMITED

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

16 Reconciliation of movements in shareholders' funds	1998 £	1997 £
Profit for the financial year	313,540	186,494
Opening shareholders' funds	1,659,500	1,473,006
	<hr/>	<hr/>
Closing shareholders' funds	1,973,040	1,659,500
	<hr/>	<hr/>

17 Financial commitments

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as follows:

	1998 £	1997 £
Expiry date:		
Within one year	14,480	-
Between two and five years	900	17,374
In over five years	1,580	-
	<hr/>	<hr/>
	16,960	17,374
	<hr/>	<hr/>

18 Directors' emoluments	1998 £	1997 £
Emoluments for qualifying services	191,900	201,960
Company pension contributions to money purchase schemes	32,720	32,720
	<hr/>	<hr/>
	224,620	234,680
	<hr/>	<hr/>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (1997 - 3).

H DAVENPORT & SONS LIMITED

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

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1998 Number	1997 Number
Management	11	11
Production and sales staff	30	30
	<hr/> 41	<hr/> 41

Employment costs

	£	£
Wages and salaries	540,477	543,658
Social security costs	20,113	29,703
Other pension costs	38,257	37,375
	<hr/> 598,847	<hr/> 610,736

21 Control

The company is not under the control of any one shareholder.

H DAVENPORT & SONS LIMITED

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

22 Related party transactions

Related Businesses

The following businesses are related parties of H Davenport & Sons Limited:

Name of Business	Nature of Relationship
B Burgess & Sons Limited	Wholly owned subsidiary of this company
Wadco Engineering Limited	The directors of H Davenport & Sons Limited control 78% of the issued share capital of Wadco Engineering Limited

and the following transactions took place with these businesses during the year:

Name of Business	Nature of Transaction	Amount £	Balance due (to) / from Other Party £
Wadco Engineering Limited	Management charges	24,000	
	Recharged expenses	8,632	
	Purchases from	656,474	
	Balance due		(41,148)
B Burgess & Sons Limited	Ongoing loan		(21,618)

Related Individuals

The following transactions took place with individual related parties during the year:

Directors' Current Accounts

Creditors include the following amounts due to directors at the year end:

	1998 £	1997 £
J Davenport	121,573	118,715
S Davenport	80,025	83,271
Mrs J Davenport	114,803	102,606
Mrs S C Davenport	57,531	48,374

These balances arise as a result of drawings made against the opening balances due and emoluments voted but not paid at the year end.

H DAVENPORT & SONS LIMITED

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

All Related Party Transactions

There are no provisions against any of the amounts owing at the year end and no amounts have been written off in respect of these transactions during the year.

The above transactions have been undertaken at arms length on normal commercial terms.