

H. DAVENPORT AND SONS LIMITED
(INCORPORATING B. BURGESS AND SONS LIMITED)

DIRECTORS

S. Davenport Senior - Chairman
J. Davenport
S. Davenport Junior
Mrs. J. Davenport
Mrs. S. Davenport

SECRETARY

J. Davenport

REGISTERED OFFICE

Davenport House,
47, Wednesfield Road,
Willenhall,
West Midlands, WV13 1AL

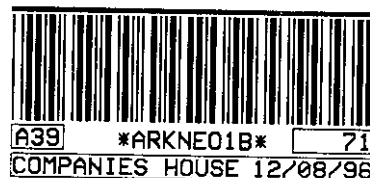
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REPORT AND ACCOUNTS - 31st December 1995

<u>Pages</u>	1 and 2	Report of the Directors
	3	Report of the Auditors
	4	Profit and Loss Account
	5	Balance Sheet
	6 - 9	Notes to the Accounts

The following pages do not form part of the statutory accounts

10 - 11	Schedules to the Profit and Loss Account
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H. DAVENPORT AND SONS LIMITED
(INCORPORATING B. BURGESS AND SONS LIMITED)
REPORT OF THE DIRECTORS

The Directors present their Report with the accounts of the Company for the year ended 31st December 1995.

PRINCIPAL ACTIVITY

The principal activity of the Company continued to be the manufacture of cut keys, key blanks and key cutting equipment.

REVIEW OF BUSINESS

A summary of the results of the years trading is given on page 4 of the accounts.

Turnover has increased to over £3 million. The Directors consider the Profit achieved on ordinary activities before taxation to be satisfactory.

A dividend of £30,000 was declared and paid during the year.

DIRECTORS

The Directors in office in the year and their beneficial interests in the Issued Ordinary Share Capital were as follows:-

	<u>31.12.95</u>	<u>31.12.94</u>
S. Davenport Senior	250	250
J. Davenport	3125	3125
S. Davenport Junior	3125	3125
Mrs. J. Davenport	Nil	Nil
Mrs. S. Davenport	Nil	Nil

DIRECTORS RESPONSIBILITY 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 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 to operate.

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.

H. DAVENPORT AND SONS LIMITED
(INCORPORATING B. BURGESS AND SONS LIMITED)
REPORT OF THE DIRECTORS (CONTINUED)

FIXED ASSETS

Acquisitions and disposals of fixed assets during the year are recorded in the Notes to the Accounts.

POLITICAL AND CHARITABLE CONTRIBUTIONS

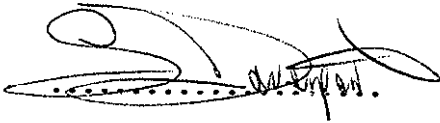
Political and Charitable contributions paid during the year did not exceed £100.

AUDITORS

The auditors, Owen Millichamp & Co., have expressed their willingness to continue in office and in accordance with Section 384 of the Companies Act 1985 a resolution proposing their re-appointment as auditors of the Company will be put to the next Annual General Meeting.

Approved by the board of directors on 3rd July, 1996

and signed on their behalf by:-

A handwritten signature in dark ink, appearing to be 'J. Davenport', is written over a horizontal dotted line. The signature is stylized with a large loop at the beginning.

AUDITORS REPORT TO THE MEMBERS OF

H. DAVENPORT AND SONS LIMITED

(INCORPORATING B. BURGESS AND SONS LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 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 whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

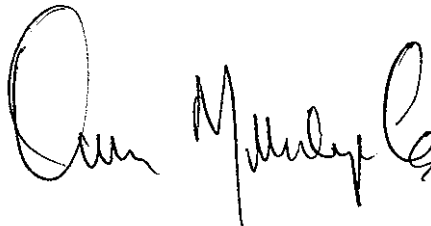
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 31st December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Chapel Ash House,
6, Compton Road,
Chapel Ash,
WOLVERHAMPTON.

5th August 1996.



OWEN MILLICHAMP & CO.
Registered Auditors
Chartered Accountants

H. DAVENPORT AND SONS LIMITED
(INCORPORATING B. BURGESS AND SONS LIMITED)

PROFIT AND LOSS ACCOUNT
for the year ended 31st December 1995

	<u>Notes</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
TURNOVER	1 & 2	3130244	3049801
Cost of Sales		2336703	2201630
GROSS PROFIT		793541	848171
Distribution Costs		76390	81921
Selling and Marketing Expenses		188349	198545
Establishment Expenses		36677	41756
Adminstrative Expenses		338198	339179
OPERATING PROFIT	3	153927	186770
Bank Interest Received		33652	22674
		187579	209444
Interest Payable		2430	1081
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		185149	208363
Taxation	5	45514	71544
RETAINED PROFIT for the financial year after Taxation		139635	136819
RETAINED PROFIT at 1st January 1995		1294592	1157773
RETAINED PROFIT at 31st December 1995		1434227	1294592

H. DAVENPORT AND SONS LIMITED
(INCORPORATING B. BURGESS AND SONS LIMITED)
BALANCE SHEET as at 31st December 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible Assets	1 & 6	754194	768924
Investments	7	5688	5688
		<u>759882</u>	<u>774612</u>
<u>CURRENT ASSETS</u>			
Stocks	1 & 8	501817	478781
Debtors	9	825504	618384
Cash at Bank and in Hand		655903	633575
		<u>1983224</u>	<u>1730740</u>
<u>CREDITORS: Amounts falling due</u>			
<u>within one year</u>	10	1251800	1161634
		<u>731424</u>	<u>569106</u>
		1491306	1343718
<u>CREDITORS: Amounts falling due</u>			
<u>after more than one year</u>	11	3175	-
<u>TOTAL ASSETS less CURRENT</u>			
<u>LIABILITIES</u>		<u>1488131</u>	<u>1343718</u>
<u>PROVISION FOR LIABILITIES</u>			
<u>AND CHARGES</u>			
Deferred Taxation	1 & 5	47404	42626
		<u>1440727</u>	<u>1301092</u>
<u>CAPITAL AND RESERVES</u>			
Share Capital	14	6500	6500
Profit and Loss Account		1434227	1294592
		<u>1440727</u>	<u>1301092</u>

The directors have taken advantage, in the preparation of the accounts, of special exemptions applicable to small companies under Schedule 8 Part I of the Companies Act 1985. In the opinion of the directors the company qualifies as a small company and is entitled to make use of the special exemptions.

Approved by the board of directors on 3rd July, 1996

and signed on their behalf by: .....Director

The notes on pages 6 to 9 form an integral part of these accounts

H. DAVENPORT AND SONS LIMITED
(INCORPORATING B. BURGESS AND SONS LIMITED)

NOTES TO THE ACCOUNTS

for the year ended 31st December 1995

1 ACCOUNTING POLICIES

Cash Flow Statement

The company qualifies as a small company under the Companies Act 1985. The directors have elected to take advantage of the exemption under FRS1 not to prepare a cash flow statement.

Basis of Accounting

The accounts have been prepared under the historical cost convention.

Turnover

Turnover represents sales takings and the invoice value of goods and services provided excluding value added tax.

Tangible Fixed Assets

Depreciation is provided at the following rates to write off the cost of fixed assets over their estimated useful lives:-

Freehold Properties	-	None
Motor Vehicles	-	25% per annum - reducing balance
Plant and Machinery	-	15% per annum - reducing balance
Office Furniture and Fittings	-	15% per annum - reducing balance
Computer Equipment	-	20% straight line

Leased Assets

Fixed assets acquired under finance leases are included in the balance sheet at cost, appropriate provision being made for depreciation. The present value of the future rentals is shown as a liability. Interest payable in each period is charged to profit and loss account in proportion to the amount outstanding under the lease.

Stocks

Stock and work in progress is valued at the lower of replacement cost and net realisable value, after making due allowance for obsolete and slow moving items.

Foreign Currencies

Assets and liabilities in foreign currencies are converted into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at an average rate of exchange for the year. Exchange differences are taken into account in arriving at the operating profit.

Deferred Taxation

Provisions are made at appropriate rates for taxation deferred in respect of all material timing differences 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.

H. DAVENPORT AND SONS LIMITED
(INCORPORATING B. BURGESS AND SONS LIMITED)
NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31st December 1995

2 TURNOVER

The turnover and profit before taxation is attributable to the one principal activity of the Company.

An analysis of turnover is given below:-

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
United Kingdom	3005198	2909876
Europe	111938	114064
America	136	1053
Africa	12338	24480
Asia	294	328
Australasia	340	-
	<u>3130244</u>	<u>3049801</u>

3 OPERATING PROFIT

The operating profit is stated after charging the following:-

Staff Costs (Note 4)	321455	302744
Depreciation of tangible fixed assets	14082	16309
Auditors Remuneration	3000	3000
Directors Remuneration	201900	188000
Directors Pension Contributions	32720	31334
	<u>321455</u>	<u>302744</u>

4 STAFF COSTS (excluding directors)

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Wages and Salaries	271009	250490
Social Security Costs	46079	47961
Staff Pension Contributions	4367	4293
	<u>321455</u>	<u>302744</u>

The average weekly number of employees are as follows:-

Office and Management	12	11
Production and Sales	28	28
	<u>40</u>	<u>39</u>

5 TAXATION

The tax charge on the profit on ordinary activities for the year is as follows:-

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Corporation Tax	40000	48000
Deferred Taxation at 25% (Note 13)	4778	9813
Adjustment re Prior Years	736	13731
	<u>45514</u>	<u>71544</u>

Provision is made at current rates for taxation deferred by reason of claiming Capital Allowances at rates greater than Depreciation provided.

H. DAVENPORT AND SONS LIMITED
(INCORPORATING B. BURGESS AND SONS LIMITED)

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31st December 1995

6 TANGIBLE FIXED ASSETS

<u>Cost</u>	<u>As at</u> <u>31.12.94</u> <u>£</u>	<u>Disposals</u> <u>£</u>	<u>Additions</u> <u>£</u>	<u>As at</u> <u>31.12.95</u> <u>£</u>
Freehold Property	697461	-	-	697461
Plant and Machinery	199321	-	-	199321
Office Furniture and Fittings	57989	-	-	57989
Computer Equipment	55536	-	-	55536
Motor Vehicles	42580	(42580)	11000	11000
	1052887	(42580)	11000	1021307
<u>Depreciation</u>	<u>As at</u> <u>31.12.94</u> <u>£</u>	<u>Eliminated</u> <u>on Disposal</u> <u>£</u>	<u>Charge for</u> <u>the year</u> <u>£</u>	<u>As at</u> <u>31.12.95</u> <u>£</u>
Freehold Property	-	-	-	-
Plant and Machinery	175115	-	3631	178746
Office Furniture and Fittings	40882	-	2566	43448
Computer Equipment	37034	-	5135	42169
Motor Vehicles	30932	(30932)	2750	2750
	283963	(30932)	14082	267113
<u>Written Down Value</u>	<u>768924</u>			<u>754194</u>

The net book value of tangible fixed assets includes £18555 (1994 - £12412) in respect of assets held under finance leases. Depreciation charged on those assets amounted to £6185 (1994 - £4137).

There were Capital Commitments at 31st December, 1995 of £10,000 (1994 - Nil).

7 INVESTMENTS

Investment in wholly owned Subsidiary Company - B. Burgess and Sons Ltd. (Registered in England)	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Shares at Cost	27306	27306
Current Account	21618	21618
	5688	5688

8 STOCKS

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Raw Materials	300790	293525
Finished Goods	201027	185256
	501817	478781

9 DEBTORS

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Trade Debtors	804058	594702
Prepayments	18870	22776
Hire Purchase Interest not yet due	2576	906
	825504	618384

H. DAVENPORT AND SONS LIMITED
(INCORPORATING B. BURGESS AND SONS LIMITED)

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31st December 1995

10	<u>CREDITORS - Amounts falling due within</u>	<u>1995</u>	<u>1994</u>
	<u>one year</u>	<u>£</u>	<u>£</u>
	Trade Creditors	479329	427327
	Borrowings (Note 12)	12531	8175
	Amount due to Associated Company	140622	114218
	Social Security and other Taxes	81838	63663
	Other Creditors	54000	56221
	Accruals	155509	158337
		<hr/>	<hr/>
	Directors Current Accounts	923829	827941
	Proposed Dividend	287971	255693
	Corporation Tax	-	30000
		40000	48000
		<hr/>	<hr/>
		1251800	1161634
		<hr/>	<hr/>
11	<u>CREDITORS - Amounts falling due</u>	<u>1995</u>	<u>1994</u>
	<u>after more than one year</u>	<u>£</u>	<u>£</u>
	Borrowings (Note 12)	3175	-
		<hr/>	<hr/>
12	<u>BORROWINGS</u>	<u>1995</u>	<u>1994</u>
		<u>£</u>	<u>£</u>
	Due within one year:-		
	Obligations under finance leases	12531	8175
	Wholly repayable by instalments:	<hr/>	<hr/>
	Obligations under finance leases -		
	due within 2-5 years	3175	-
		<hr/>	<hr/>
13	<u>DEFERRED TAXATION</u>		
	Provided for		
	Accelerated capital allowances -		
	Current Year	4778	9813
	Brought Forward	42626	32813
		<hr/>	<hr/>
		47404	42626
		<hr/>	<hr/>
14	<u>CALLED UP SHARE CAPITAL</u>		
	<u>Authorised</u>		
	10000 Ordinary Shares of £1 each	10000	10000
	<u>Allotted, issued and fully paid</u>	<hr/>	<hr/>
	6500 Ordinary Shares of £1 each	6500	6500
		<hr/>	<hr/>