

Report of the Directors and
Financial Statements for the Year Ended 31st December 1998
for
CRF Services Limited
(formerly BTR Vitaline Limited)



CRF Services Limited
(formerly BTR Vitaline Limited)

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for the Year Ended 31st December 1998

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CRF ServiceL imited
(formerly BTR Vitaline imited)

Company Information
for the Year Ended 31Lt December 1998

DIRECTORS: P A Clemmitt
L Cant
R Dobson
W T Minick

SECRETARY: A.Teague

REGISTERED OFFICE: Oldham Road
Middleton
Manchester
M24 2DB

REGISTERED NUMBER: 460278 (England and Wales)

AUDITORS: Connelly & Co
Chartered Accountants
and Registered Auditors
Permanent House
1 Dundas Street
Huddersfield
HD1 2EX

CRF Services Limited
(formerly BTR Vitaline Limited)

Report of the Directors
for the Year Ended 31st December 1998

The directors present their report with the financial statements of the company for the year ended 31st December 1998.

CHANGE OF NAME

The company passed a special resolution on 26th February 1999 changing its name from BTR Vitaline Limited to CRF Services Limited.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of rubber lining of plant and equipment, and the design, supply and manufacture of reinforced plastic pipes and vessels for the chemical and allied industries. The subsidiary companies are not trading.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The Company had a difficult year in 1998. Low activity in a number of our market sectors and generally low prices resulted in losses. The decline in activity has continued into the current financial year and a decision has been made to close the company with effect from 31st July 1999. These accounts reflect the necessary costs to be incurred in the closure. The costs of the closure are being met by the two parent company shareholders who will ensure that all creditors will be paid in full.

DIVIDENDS

No dividends will be distributed for the year ended 31st December 1998.

DIRECTORS

The directors during the year under review were:

P A Clemmitt
L Cant
R Dobson
W T Minick

The directors holding office at 31st December 1998 did not hold any beneficial interest in the issued share capital of the company at 1st January 1998 or 31st December 1998.

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 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.

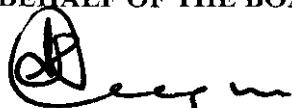
CRF Services Limited
(formerly BTR Vitaline Limited)

Report of the Directors
for the Year Ended 31st December 1998

AUDITORS

The auditors, Connelly & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'A. Teague', written over a horizontal line.

A. Teague - SECRETARY

Dated: 25th October 1999

CRF Services Limited
(formerly BTR Vitaline Limited)

Report of the Auditors to the Shareholders of
CRF Services Limited

We have audited the financial statements on pages five to nineteen which have been prepared under the historical cost convention and the accounting policies set out on pages ten and eleven.

Respective responsibilities of directors and auditors

As described on page two 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 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.

Going concern

The accounts have not been prepared on a going concern basis. All material differences between the book value of assets and liabilities and their net realisable value have been provided in the financial statements. The excess of liabilities over assets has been guaranteed by the Company's shareholders as set out in Note 21. Our report is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Connelly & Co
Chartered Accountants
and Registered Auditors
Permanent House
1 Dundas Street
Huddersfield
HD1 2EX

A handwritten signature in black ink, appearing to read 'Connelly & Co', with a long horizontal line extending from the end of the signature.

Dated: 25th October 1999

CRF Services Limited
(formerly BTR Vitaline Limited)

Profit and Loss Account
for the Year Ended 31st December 1998

		<u>31.12.98</u>	<u>31.12.97</u>
	Notes	£	£
TURNOVER		2,818,894	3,098,334
Cost of sales		<u>2,200,359</u>	<u>2,364,009</u>
GROSS PROFIT		618,535	734,325
Administrative expenses		<u>577,426</u>	<u>1,314,786</u>
OPERATING PROFIT/(LOSS)	3	41,109	(580,461)
Provision for closure of operations	4	<u>(1,579,000)</u>	<u>-</u>
		(1,537,891)	(580,461)
Interest receivable and similar income		<u>3,018</u>	<u>79</u>
		(1,534,873)	(580,382)
Interest payable and similar charges	5	<u>22,195</u>	<u>19,695</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,557,068)	(600,077)
Tax on loss on ordinary activities	6	<u>-</u>	<u>(137,695)</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(1,557,068)	(462,382)
Retained profit brought forward		<u>27,814</u>	<u>490,196</u>
(DEFICIT)/RETAINED PROFIT CARRIED FORWARD		<u>£(1,529,254)</u>	<u>£27,814</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current and previous years.

The notes form part of these financial statements

CRF Services Limited
(formerly BTR Vitaline Limited)

Balance Sheet
31st December 1998

		31.12.98		31.12.97	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		255,948		355,470
Investments	8		2,002		2,002
			<u>257,950</u>		<u>357,472</u>
CURRENT ASSETS:					
Stocks	9	198,618		202,149	
Debtors	10	802,281		1,107,909	
Cash at bank and in hand		5,234		4,445	
			<u>1,006,133</u>		<u>1,314,503</u>
CREDITORS: Amounts falling due within one year	11	2,443,337		1,250,699	
NET CURRENT (LIABILITIES)/ASSETS:			<u>(1,437,204)</u>		<u>63,804</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>(1,179,254)</u>		<u>421,276</u>
CREDITORS: Amounts falling due after more than one year	12		-		43,462
			<u>£(1,179,254)</u>		<u>£377,814</u>
CAPITAL AND RESERVES:					
Called up Share Capital	16		350,000		350,000
Profit and Loss Account			(1,529,254)		27,814
Shareholders' funds	19		<u>£(1,179,254)</u>		<u>£377,814</u>

ON BEHALF OF THE BOARD:

- DIRECTOR



Approved by the Board on 25th October 1999

R. D. G. G. G.

The notes form part of these financial statements

CRF Services Limited
(formerly BTR Vitaline Limited)

Cash Flow Statement
for the Year Ended 31st December 1998

		31.12.98		31.12.97	
	Notes	£	£	£	£
Net cash outflow from operating activities	1		(25,221)		(207,583)
Returns on investments and servicing of finance	2		(19,177)		(19,616)
Taxation			-		41,367
Capital expenditure	2		(8,663)		(62,176)
			<u>(53,061)</u>		<u>(248,008)</u>
Financing	2		(33,726)		(33,881)
Decrease in cash in the period			<u>£(86,787)</u>		<u>£(281,889)</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period		(86,787)		(281,889)	
Cash outflow from decrease in debt and lease financing		33,722		33,880	
Change in net debt resulting from cash flows			(53,065)		(248,009)
New finance leases			(2,469)		(63,620)
Movement in net debt in the period			<u>(55,534)</u>		<u>(311,629)</u>
Net (debt)/funds at 1st January 1998			<u>(217,290)</u>		<u>94,339</u>
Net debt at 31st December 1998			<u>£(272,824)</u>		<u>£(217,290)</u>

The notes form part of these financial statements

CRF Services Limited
(formerly BTR Vitaline Limited)

Notes to the Cash Flow Statement
for the Year Ended 31st December 1998

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	31.12.98 £	31.12.97 £
Operating profit/(loss)	41,109	(580,461)
Depreciation charges	110,658	112,594
Decrease in stocks	3,531	55,242
Decrease in debtors	305,628	117,376
Increase in creditors	1,092,853	87,666
Exceptional items	(1,579,000)	-
Net cash outflow from operating activities	(25,221)	(207,583)

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.98 £	31.12.97 £
Returns on investments and servicing of finance		
Interest received	3,018	79
Interest paid	(13,577)	(12,971)
Interest element of hire purchase payments	(8,618)	(6,724)
Net cash outflow for returns on investments and servicing of finance	(19,177)	(19,616)
Capital expenditure		
Purchase of tangible fixed assets	(14,613)	(76,694)
Sale of tangible fixed assets	5,950	14,518
Net cash outflow for capital expenditure	(8,663)	(62,176)
Financing		
Loan repayments in year	(33,726)	(33,881)
Net cash outflow from financing	(33,726)	(33,881)

The notes form part of these financial statements

CRF Services Limited
(formerly BTR Vitaline Limited)

Notes to the Cash Flow Statement
for the Year Ended 31st December 1998

3. **ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.98 £	Cash flow £	Other non-cash changes £	At 31.12.98 £
Net cash:				
Cash at bank and in hand	4,445	789		5,234
Bank overdraft	(143,589)	(87,576)		(231,165)
	<u>(139,144)</u>	<u>(86,787)</u>		<u>(225,931)</u>
Debt:				
Hire purchase	(78,146)	33,722	(2,469)	(46,893)
	<u>(78,146)</u>	<u>33,722</u>	<u>(2,469)</u>	<u>(46,893)</u>
Total	<u>(217,290)</u>	<u>(53,065)</u>	<u>(2,469)</u>	<u>(272,824)</u>

Analysed in Balance Sheet

Cash at bank and in hand	4,445	5,234
Bank overdraft	(143,589)	(231,165)
Hire purchase		
within one year	(34,684)	(46,893)
after one year	(43,462)	-
	<u>(217,290)</u>	<u>(272,824)</u>

The notes form part of these financial statements

CRF Services Limited
(formerly BTR Vitaline Limited)

Notes to the Financial Statements
for the Year Ended 31st December 1998

1. **ACCOUNTING POLICIES**

Going Concern

The financial statements have not been prepared on a going concern basis, all necessary adjustments have been made to reduce all assets and liabilities to their net realisable amounts.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

The turnover and profit before taxation is attributable to the principle activities of the Company. Analysis of the turnover between different markets is not given, as in the opinion of the directors such disclosure would be prejudicial to the interests of the Company.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold Property	- Over the Term of the Lease
Tenants Building Renovations	- Over the Term of the Lease
Plant and Equipment	- 10% Straight Line Basis, 20% Straight Line Basis, 25% Straight Line Basis and 33.3% Straight Line Basis
Motor Vehicles	- 25% Straight Line Basis

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

CRF Services Limited
(formerly BTR Vitaline Limited)

Notes to the Financial Statements
for the Year Ended 31st December 1998

1. **ACCOUNTING POLICIES - continued**

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The Group operates a defined benefit contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. **STAFF COSTS**

	31.12.98	31.12.97
	£	£
Wages and salaries	1,229,969	1,255,005
Social security costs	107,166	107,632
Other pension costs	59,824	30,222
	<u>1,396,959</u>	<u>1,392,859</u>

The average monthly number of employees during the year was as follows:

	31.12.98	31.12.97
Directors and Employees	<u>73</u>	<u>73</u>

CRF Services Limited
(formerly BTR Vitaline Limited)

Notes to the Financial Statements
for the Year Ended 31st December 1998

3. OPERATING PROFIT/(LOSS)

The operating profit (1997 - operating loss) is stated after charging:

	31.12.98	31.12.97
	£	£
Hire of plant and machinery	6,200	4,356
Depreciation - owned assets	73,934	86,422
Depreciation - assets on hire purchase contracts	36,724	26,172
Auditors Remuneration	6,750	6,750
Operating Leases	<u>175,000</u>	<u>175,000</u>
 Directors' emoluments	 <u>38,623</u>	 <u>41,873</u>

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>1</u>	<u>1</u>
-------------------------	----------	----------

4. EXCEPTIONAL ITEMS

Exceptional items relate to provisions for the closure of all the Company's business divisions. The provision is made up of redundancy costs, expected losses on the sale of fixed assets, and other expected closure costs.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.98	31.12.97
	£	£
Bank Interest	13,577	12,971
Hire Purchase Interest	<u>8,618</u>	<u>6,724</u>
	<u>22,195</u>	<u>19,695</u>

6. TAXATION

The tax credit in 1997 relates to that years losses carried back against prior years taxation paid.

CRF Services Limited
(formerly BTR Vitaline Limited)

Notes to the Financial Statements
for the Year Ended 31st December 1998

7. TANGIBLE FIXED ASSETS

	Leasehold Property	Tenants Building Renovati- ons	Plant and Equipment	Motor Vehicles	Totals
	£	£	£	£	£
COST:					
At 1st January 1998	4,666	102,553	1,047,854	219,248	1,374,321
Additions	-	8,608	4,524	3,950	17,082
Disposals	-	-	-	(52,252)	(52,252)
At 31st December 1998	4,666	111,161	1,052,378	170,946	1,339,151
DEPRECIATION:					
At 1st January 1998	4,666	44,552	866,788	102,841	1,018,847
Charge for year	-	8,868	61,698	40,092	110,658
Eliminated on disposals	-	-	-	(46,302)	(46,302)
At 31st December 1998	4,666	53,420	928,486	96,631	1,083,203
NET BOOK VALUE:					
At 31st December 1998	-	57,741	123,892	74,315	255,948
At 31st December 1997	-	58,000	181,066	116,404	355,470

Notes to the Financial Statements
for the Year Ended 31st December 1998

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor Vehicles
	£
COST:	
At 1st January 1998	153,279
Additions	3,950
Disposals	(10,995)
Transferred to ownership	(33,705)
	<hr/>
At 31st December 1998	112,529
	<hr/>
DEPRECIATION:	
At 1st January 1998	43,150
Charge for year	36,724
Eliminated on disposals	(7,395)
Transferred to ownership	(27,519)
	<hr/>
At 31st December 1998	44,960
	<hr/>
NET BOOK VALUE:	
At 31st December 1998	67,569
	<hr/>
At 31st December 1997	110,129
	<hr/>

	£
COST:	
At 1st January 1998	
and 31st December 1998	<u>2,002</u>
NET BOOK VALUE:	
At 31st December 1998	<u><u>2,002</u></u>
At 31st December 1997	<u>2,002</u>

	31.12.98	31.12.97
	£	£
Unlisted investments	2,002	2,002

CRF Services Limited
(formerly BTR Vitaline Limited)

Notes to the Financial Statements
for the Year Ended 31st December 1998

8. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Resinform Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Nordac (Linings and Coatings) Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

9. STOCKS

	31.12.98	31.12.97
	£	£
Raw Materials	181,883	183,395
Sundries	2,000	1,500
Work in Progress	128,606	438,661
Payments Received on Account	(113,871)	(421,407)
	<u>198,618</u>	<u>202,149</u>

**10. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.98	31.12.97
	£	£
Trade Debtors	715,587	882,200
Other Debtors	-	137,695
Prepayments	86,694	88,014
	<u>802,281</u>	<u>1,107,909</u>

CRF Services Limited
(formerly BTR Vitaline Limited)

Notes to the Financial Statements
for the Year Ended 31st December 1998

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.98 £	31.12.97 £
Bank loans and overdrafts (see note 13)	231,165	143,589
Hire purchase contracts (see note 14)	46,893	34,684
Trade Creditors	136,714	230,089
Taxation and Social Security	53,459	114,660
Accruals	1,799,880	344,145
Due to Subsidiary Company	2,000	2,000
Amount Owed to Group Companies		
British Vita Group	92,952	270,333
Unipoly Group	80,274	111,199
	<u>2,443,337</u>	<u>1,250,699</u>

**12. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.12.98 £	31.12.97 £
Hire purchase contracts (see note 14)	-	43,462
	<u>-</u>	<u>43,462</u>

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31.12.98 £	31.12.97 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>231,165</u>	<u>143,589</u>

CRF Services Limited
(formerly BTR Vitaline Limited)

Notes to the Financial Statements
for the Year Ended 31st December 1998

14. **OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	Hire purchase contracts	
	31.12.98	31.12.97
	£	£
Gross obligations repayable:		
Within one year	50,547	42,141
Between one and five years	-	47,476
	<u>50,547</u>	<u>89,617</u>
Finance charges repayable:		
Within one year	3,654	7,457
Between one and five years	-	4,014
	<u>3,654</u>	<u>11,471</u>
Net obligations repayable:		
Within one year	46,893	34,684
Between one and five years	-	43,462
	<u>46,893</u>	<u>78,146</u>

The following payments are committed to be paid within one year:

	Land and buildings operating leases	
	31.12.98	31.12.97
	£	£
Expiring:		
In more than five years	<u>175,000</u>	<u>175,000</u>

CRF Services Limited
(formerly BTR Vitaline Limited)

Notes to the Financial Statements
for the Year Ended 31st December 1998

15. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.98	31.12.97
	£	£
Bank overdrafts	231,165	143,589
Hire purchase contracts	46,893	78,146
	<u>278,058</u>	<u>221,735</u>

The Bank Overdraft is secured by way of a floating charge over the book debts of the Company, together with a legal charges over the leasehold properties occupied by the Company. Hire purchase liabilities are secured on the assets to which the liability relates.

16. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	31.12.98	31.12.97
			£	£
500,000	Ordinary	£1	<u>500,000</u>	<u>500,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.98	31.12.97
			£	£
350,000	Ordinary	£1	<u>350,000</u>	<u>350,000</u>

17. CONTINGENT LIABILITIES

Additional pension funding is required to secure benefits for Ex-Babcock Corrosion Control Limited employees, comparable to other employees who are members of the British Vita Pension Scheme. The current annual cost is £1094.

18. PENSION COMMITMENTS

Employees of the Company are eligible to join funded schemes operated by either of the Group Companies. Both schemes are 'Defined Benefit Schemes', under the terms of SSAP 24, Accounting for Pension Costs. Pension Costs in the year ended 31 December 1997 have been reduced by £52911 in respect of a pension contribution holiday, no provision has been made in respect of the current year.

CRF Services Limited
(formerly BTR Vitaline Limited)

Notes to the Financial Statements
for the Year Ended 31st December 1998

19. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.12.98	31.12.97
	£	£
Loss for the financial year	(1,557,068)	(462,382)
NET REDUCTION OF SHAREHOLDERS' FUNDS	(1,557,068)	(462,382)
Opening shareholders' funds	377,814	840,196
CLOSING SHAREHOLDERS' FUNDS	(1,179,254)	377,814
Equity interests	(1,179,254)	377,814

20. **GROUP ACCOUNTS**

Group accounts have not been prepared on the basis that the subsidiaries are dormant and are not material to the group.

21. **FUTURE FUNDING**

The Company has traded at a loss for the year due to a decrease in turnover, a decline in the rubber lining industry, and the provision for closure costs of all the Company's divisions. This has resulted in the Balance Sheet showing negative overall totals with total liabilities exceeding total assets.

The continued financial support of the shareholders together with the support of the Company's bankers will provide adequate funding for the cessation of trade and the discharge of creditors in full.