

Akzo Nobel Dexter Aerospace Finishes Limited

Directors' Report and Financial Statements

31 December 1995

Registered Number 938151



AKZO NOBEL DEXTER AEROSPACE FINISHES LIMITED

Directors' Report and Financial Statements

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AKZO NOBEL DEXTER AEROSPACE FINISHES LIMITED

Directors' report

The directors present their annual report and the accounts for the year ended 31 December 1995.

Principal Activities

The principal activities of the Company are the distribution and sale of coatings to the Aerospace industry.

Business Review

The directors consider the company has traded very satisfactorily in the year and are expecting an improved performance next year. The profit for the year amounted to £483,000 (1994: £282,000). The directors recommended the payment of a dividend of £740,000, this was paid in December 1995.

Directors

A Zwaneveld
K Fleetwood

Resigned 4-10-1995

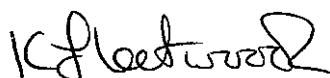
None of the directors who held office at the end of the financial year had any disclosable interest in the shares of any group company.
Directors and officers liability insurance is maintained by the company.

The directors are not subject to retirement by rotation.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



K FLEETWOOD
Director

136 Milton Park
Abingdon
Oxon
OX14 4SB

14 January 1997

AKZO NOBEL DEXTER AEROSPACE FINISHES LIMITED

Directors' Responsibilities in respect of the Preparation of 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 its 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;
- * 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 a general responsibility for taking such steps as are reasonably open to them for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.

Report of the Auditors to the Members of Akzo Dexter Aerospace Finishes Limited

We have audited the financial statements on pages 3 – 8.

Respective responsibilities of directors and auditors

As described above, the Directors are responsible for the preparation of the 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

8 Salisbury Square
London
EC4Y 8BB

24 January, 1997

AKZO NOBEL DEXTER AEROSPACE FINISHES LIMITED

PROFIT & LOSS ACCOUNT

For the year ended 31 December 1995

	Notes	1995 £'000	1994 £'000
Turnover		3347	2246
Cost of Sales		<u>-2052</u>	<u>-1312</u>
Gross Profit		1295	934
Distribution Costs		<u>-68</u>	<u>-42</u>
Administrative Expenses		<u>-487</u>	<u>-462</u>
Operating profit	3 - 5	740	430
Other Interest Receivable and Similar Income		25	17
Interest Payable and Similar Charges	6	<u>-28</u>	<u>-26</u>
Profit on Ordinary Activities before taxation		737	421
Tax on Profit on Ordinary Activities	7	<u>-254</u>	<u>-139</u>
Profit on ordinary activities after taxation		483	282
Dividend Paid		-740	-
Retained loss for the period		-257	282
Retained profit brought forward		318	36
Retained profit carried forward		<u>61</u>	<u>318</u>

The Company has no recognised gains or losses other than the profit for the year. All the results for the year are from continuing operations.

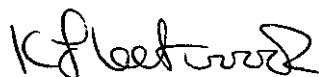
AKZO NOBEL DEXTER AEROSPACE FINISHES LIMITED

BALANCE SHEET At 31 December 1995

	Notes	1995 £'000	£'000	1994 £'000	£'000
Fixed Assets					
Property, plant and equipment	8	<u>48</u>		<u>16</u>	
			<u>48</u>		<u>16</u>
Current Assets					
Stocks	9	353		150	
Debtors	10	1095		629	
Cash at bank and in hand		<u>545</u>		<u>1009</u>	
		1993		1788	
Creditors: amounts falling due within one year	11	<u>-1339</u>		<u>-845</u>	
Net current assets			<u>654</u>		<u>943</u>
Total assets less current liabilities			702		959
Creditors: amounts falling due after more than one year	12		-291		-291
Net assets			<u>411</u>		<u>668</u>
Capital and Reserves					
Called up share capital	13		-		-
Share Premium Account			350		350
Profit and loss account			61		318
Shareholders' Funds			<u>411</u>		<u>668</u>

These financial statements were approved by the board of directors on January 1997 and were signed on its behalf by

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K Fleetwood
Director

AKZO NOBEL DEXTER AEROSPACE FINISHES LIMITED

Notes

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 in accordance with applicable accounting standards and under the historical cost accounting rules.

No cash flow statement is presented as the Company is a wholly owned subsidiary of a parent Company incorporated in the European Union which presents a consolidated cash flow statement.

Turnover

Turnover represents the provision of goods and services excluding VAT.

Stock

Stock is stated at the lower of cost or net realisable value.

Fixed Assets

The company depreciates fixed assets over their estimated economic life. Rates are as follows :

Plant & Machinery	10 years
Computer Equipment	5 years

2 Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

3 Profit on ordinary activities before taxation

	1995 £'000	1994 £'000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors remuneration		
For audit services	7	5
Hire of assets	27	23

Expenses for property, personnel and administration are borne by a related company, Akzo Nobel Decorative Coatings Ltd, and subsequently recharged to the company.

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Notes

4 Staff numbers and costs

The average number of persons employed by the company during the year, analysed by category was as follows:

	Number of employees	
	1995	1994
Distribution and sale of paints	<u>7</u>	<u>7</u>

The aggregate payroll costs of these persons were as follows:

	1995 £'000	1994 £'000
Wages and salaries	170	130
Social Security costs	13	12
Other pension costs	<u>—</u>	<u>—</u>
	<u>183</u>	<u>142</u>

Employees are members of the Akzo Nobel Coatings Ltd (formerly Akzo Nobel Coatings plc) pension scheme. Details of the scheme are disclosed in the accounts of that company.

5 Remuneration of directors

	1995 £'000	1994 £'000
Directors' emoluments:		
Remuneration as executives	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>

The emoluments, excluding pension contributions of the highest paid director were nil (1994 : nil).

The emoluments, excluding pension contributions, of the directors (including the highest paid director) were within the following ranges:

	Number of directors	
	1995	1994
£0 — £5,000	2	2

6 Interest payable

	1995 £'000	1994 £'000
On amounts owed to group undertakings	<u>28</u>	<u>26</u>
	<u>28</u>	<u>26</u>

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Notes

7 Taxation

	1995 £'000	1994 £'000
Corporation tax at 33% on the taxable profits for the period	249	138
Deferred tax / (credit)	5	1
	<u>254</u>	<u>139</u>

8 Fixed Assets

	1995 £'000	1994 £'000
Plant and Machinery		
Aquisitions at cost	16	16
Additions at cost	42	
Accumulated depreciation	<u>-10</u>	<u>-</u>
Net Book Value	<u>48</u>	<u>16</u>

9 Stocks

	1995 £'000	1994 £'000
Finished goods and goods for resale	353	150
	<u>353</u>	<u>150</u>

10 Debtors: due within one year

	1995 £'000	1994 £'000
Trade debtors	902	593
Amounts owed by parent and fellow subsidiary undertakings	-	-
Deferred tax	-	4
Prepayments and accrued income	8	32
ACT recoverable	<u>185</u>	<u>-</u>
	<u>1095</u>	<u>629</u>

The deferred tax asset relates to short term timing differences

11 Creditors: amounts falling due within one year

	1995 £'000	1994 £'000
Trade creditors	34	55
Amounts owed to parent undertaking	-	115
" fellow subsidiary	186	319
Corporation Tax	249	138
Other taxes including social security	52	50
Accruals and deferred income	684	168
ACT Payable	<u>134</u>	<u>-</u>
	<u>1339</u>	<u>845</u>

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Notes

12 Creditors: amounts falling due after more than one year

	1995 £'000	1994 £'000
Loan from related undertaking	<u>291</u>	<u>291</u>

Interest is chargeable on the loan from the related undertaking at 9.5% p.a., and no date has been set for repayment.

13 Called up share capital

	1995 £	1994 £
Authorised:		
Ordinary shares of £1 each	<u>350,000</u>	<u>350,000</u>
Allotted and fully paid up:		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

14 Ultimate holding company

The company is a subsidiary undertaking of Akzo Nobel NV, which is incorporated in the Netherlands. This is the largest company for which consolidated accounts are prepared, which include the results of Akzo Nobel Dexter Aerospace Finishes Ltd. The smallest company which prepares consolidated accounts which include the results of the company, is Aerospace Finishing Systems International BV, which is also incorporated in the Netherlands.