

Registrar of Companies

**ADHESIVE SPECIALITIES LIMITED**

**DIRECTORS' REPORT AND ABBREVIATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 1997**

Company No. 957040



11/1371

# **ADHESIVE SPECIALITIES LIMITED**

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# **ADHESIVE SPECIALITIES LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	R.S. Goddard V. Goddard B. Gibson S.W. Gibson
<b>Secretary</b>	V. Goddard
<b>Company Number</b>	957040
<b>Registered Office</b>	Tickitape House Ladywell Road Lewisham London SE13 7UT
<b>Auditors</b>	Bright Grahame Murray 124-130 Seymour Place London W1H 6AA

# **ADHESIVE SPECIALITIES LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 1997**

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The directors present their report together with the audited financial statements for the year ended 31st March 1997.

### **Principal Activity**

The company's principal activity continued to be the manufacture, processing and wholesaling of adhesive tapes.

### **Directors and Their Interests**

All the directors except Mr S.W. Gibson have a beneficial interest in the share capital of the company by holding shares in the parent undertaking, Adhesive Specialities (Group) Ltd where their interests are disclosed.

### **Directors' Responsibilities 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 the company's affairs and of the profit or loss for that year. 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 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.

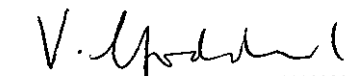
### **Auditors**

A resolution to re-appoint Messrs Bright Grahame Murray, Chartered Accountants, of 124/130 Seymour Place, London, W1H 6AA., as auditors of the company will be proposed at the Annual General Meeting.

### **Medium Sized Companies Exemptions**

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

By order of the board



.....  
Secretary

Date: 5 SEPTEMBER, 1997

# AUDITORS' REPORT TO ADHESIVE SPECIALITIES LIMITED

## UNDER SECTION 247B OF THE COMPANIES ACT 1985

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We have examined the abbreviated financial statements on pages 4 to 14 together with the financial statements of Adhesive Specialities Limited prepared under section 226 of the Companies Act 1985 for the year ended 31st March 1997.

### Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the abbreviated financial statements 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 financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements 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 procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated financial statements have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

### Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages 4 to 14 are properly prepared in accordance with that provision.

**Bright Grahame Murray**  
Chartered Accountants  
and Registered Auditors  
124-130 Seymour Place  
London  
W1H 6AA



11 September 1997

**ADHESIVE SPECIALITIES LIMITED****ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1997**

	Notes	1997 £	1996 £
Gross Profit		2,819,868	2,800,306
Distribution costs		502,442	483,263
Administrative expenses		2,221,285	2,211,882
Operating Profit	2	96,141	105,161
Interest receivable		70,166	56,112
Interest payable	4	(69,733)	(26,987)
Profit on Ordinary Activities before Taxation		96,574	134,286
Tax on profit on ordinary activities	5	28,249	26,337
Profit for the Financial Year		68,325	107,949
Retained profit brought forward		421,747	313,798
Retained profit carried forward		490,072	421,747

All amounts relate to continuing activities.

There were no recognised gains and losses for 1997 or 1996 other than those included in the profit and loss account.

# ADHESIVE SPECIALITIES LIMITED

## ABBREVIATED BALANCE SHEET AS AT 31ST MARCH 1997

	Notes	1997 £	1996 £
<b>Fixed Assets</b>			
Tangible assets		709,635	646,926
<b>Current Assets</b>			
Stocks and work in progress		1,300,014	1,297,009
Debtors	7	2,158,789	1,958,559
Cash at bank and in hand		1,335	1,136
		<u>3,460,138</u>	<u>3,256,704</u>
<b>Creditors</b>			
Amounts falling due within one year	8	<u>2,223,382</u>	<u>2,075,647</u>
<b>Net Current Assets</b>		<u>1,236,756</u>	<u>1,181,057</u>
<b>Total Assets Less Current Liabilities</b>		<u>1,946,391</u>	<u>1,827,983</u>
<b>Creditors</b>			
Amounts falling due after more than one year	9	<u>256,319</u>	<u>206,236</u>
		<u><u>1,690,072</u></u>	<u><u>1,621,747</u></u>
<b>Capital and Reserves</b>			
Share capital	13	1,200,000	1,200,000
Profit and loss account	14	490,072	421,747
<b>Shareholders' funds</b>	19	<u><u>1,690,072</u></u>	<u><u>1,621,747</u></u>

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

.....  
Director

.....  
Director

Approved on: 5 SEPTEMBER, 1997

The notes on pages 7 to 14 form part of these financial statements.

# ADHESIVE SPECIALITIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 1997

	Notes	1997 £	1996 £
<b>Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</b>			
Operating profit		96,141	105,161
Depreciation		142,067	103,756
Profit on sale of fixed assets		(3,210)	(16,700)
Increase in stocks		(3,005)	116,412
Increase in debtors		(200,230)	(81,597)
Decrease in other creditors		(20,185)	31,091
<b>Net Cash Inflow from Operating Activities</b>		<b>11,578</b>	<b>258,123</b>

### CASH FLOW STATEMENT

<b>Net Cash Inflow from Operating Activities</b>		<b>11,578</b>	<b>258,123</b>
<b>Returns on Investments and Servicing of Finance</b>	17	<b>433</b>	<b>29,125</b>
<b>Taxation</b>		<b>(24,133)</b>	<b>(39,052)</b>
<b>Capital Expenditure</b>	17	<b>(98,199)</b>	<b>(87,568)</b>
<b>Financing</b>	17	<b>(17,405)</b>	<b>3,908</b>
<b>Decrease in Cash</b>		<b>(127,726)</b>	<b>164,536</b>

### Reconciliation of Net Cash Flow to Movement in Net Debt (Note 18)

<b>Decrease in Cash in the Year</b>		<b>(127,726)</b>	<b>164,536</b>
Cash outflow from decrease in net debt and lease financing		17,405	(3,908)
New finance leases		(103,367)	(246,777)
<b>Decrease in Net Debt</b>		<b>(213,688)</b>	<b>(86,149)</b>
<b>Net Debt at 1st April 1996</b>		<b>(591,932)</b>	<b>— (505,783)</b>
<b>Net Funds at 31st March 1997</b>		<b>(805,620)</b>	<b>(591,932)</b>



# **ADHESIVE SPECIALITIES LIMITED**

## **ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997**

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### **1 Accounting Policies**

#### ***Basis of Preparation of Financial Statements***

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

#### ***Depreciation***

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:-

Plant and machinery	10% p.a. on a straight line basis
Motor vehicles	15% to 25% p.a. on a reducing balance basis
Furniture and equipment	20% p.a. on a straight line basis
Computer equipment	20% p.a. on a straight line basis

The company's policy is to write off the book value of each tangible asset over its estimated remaining life. Reviews are made periodically of the estimated remaining useful lives of individual productive assets, taking into account commercial and technological obsolescence as well as normal wear and tear.

#### ***Stock and Work in Progress***

Stock and work in progress is stated 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***

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

#### ***Foreign Currencies***

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

All exchange differences are taken to the profit and loss account.

#### ***Pensions***

The company operates a defined contribution scheme. Contributions are charged in the Profit and Loss account as they become payable in accordance with the rules of the scheme.

## ADHESIVE SPECIALITIES LIMITED

### ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

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#### *Leased Assets*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

#### 2 Operating Profit

*This is stated after charging:*

	1997	1996
	£	£
Depreciation of owned assets	77,063	96,756
Depreciation of assets held under finance leases and hire purchase contracts	65,004	7,000
Directors' remuneration	185,660	249,108
Operating lease rentals - land and buildings	250,200	216,000
Auditors' remuneration	15,500	13,000

#### 3 Directors and Employees

Staff costs, including directors' remuneration, were as follows:

	1997	1996
	£	£
Wages and salaries	1,437,819	1,526,478
Social security costs	115,043	124,245
Other pension costs	81,902	80,561
	1,634,764	1,731,284

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

	1997	1996
	Number	Number
Office & administration	30	33
Selling and Distribution	62	58
Production	30	28
	122	119

# ADHESIVE SPECIALITIES LIMITED

## ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

### Directors' emoluments

	1997	1996
	£	£
For management services	185,660	249,108
Directors' pension contributions under defined contribution schemes	48,000	48,000
	<u>233,660</u>	<u>297,108</u>

The highest paid director received emoluments and benefits as follows:-

	1997	1996
	£	£
Emoluments	82,864	76,355
Contributions to money purchase pension scheme	15,600	15,600
	<u>98,464</u>	<u>91,955</u>

### 4 Interest Payable and Similar Charges

	1997	1996
	£	£
Interest payable includes:		
On finance lease and hire purchase contracts	14,338	582

### 5 Taxation

	1997	1996
	£	£
Based on the results for the year		
UK corporation tax at 24% (1996: 25%)	28,249	26,337

# ADHESIVE SPECIALITIES LIMITED

## ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

### 6 Tangible Fixed Assets

	Other Fixed Assets £	Total £
<b>Cost</b>		
At 1st April 1996	1,354,543	1,354,543
Additions	209,067	209,067
Disposals	(58,892)	(58,892)
<b>At 31st March 1997</b>	<b>1,504,718</b>	<b>1,504,718</b>
<b>Depreciation</b>		
At 1st April 1996	707,617	707,617
Charge for the year	142,067	142,067
On disposals	(54,601)	(54,601)
<b>At 31st March 1997</b>	<b>795,083</b>	<b>795,083</b>
<b>Net Book Value</b>		
<b>At 31st March 1997</b>	<b>709,635</b>	<b>709,635</b>
<i>At 31st March 1996</i>	<i>646,926</i>	<i>646,926</i>

The net book value of tangible fixed assets includes £333,814 (1996: £293,801) in respect of assets held under finance leases and hire purchase contracts. The amount charged as depreciation on these assets during the year amounted to £65,004.

### 7 Debtors

	1997 £	1996 £
Trade debtors	1,295,837	1,255,708
Amounts owed by group undertakings	693,221	670,898
Other debtors	169,731	31,953
	<b>2,158,789</b>	<b>1,958,559</b>

### 8 Creditors: Amounts Falling Due Within One Year

	1997 £	1996 £
Bank loans and overdrafts (Note 10)	460,033	332,108
Obligations under hire purchase and finance lease contracts (Note 11)	90,603	54,724
Trade creditors	1,339,199	1,227,633
Corporation tax	28,249	24,133
Other taxes and social security	169,068	192,303
Other creditors	122,732	198,784
Directors' loan accounts	13,498	45,962
	<b>2,223,382</b>	<b>2,075,647</b>

# ADHESIVE SPECIALITIES LIMITED

## ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

9	Creditors: Amounts Falling Due After One Year	1997 £	1996 £
	Bank loans and overdrafts (Note 10)	36,495	20,475
	Obligations under hire purchase and finance lease contracts (Note 11)	219,824	185,761
		<u>256,319</u>	<u>206,236</u>

The bank loan and overdrafts are secured by a fixed and floating charge over the assets of the company.

10	Borrowings	1997 £	1996 £
	Bank overdraft	412,033	284,108
	Bank loan	84,495	68,475
		<u>496,528</u>	<u>352,583</u>

	Due within one year	460,033	332,108
	Due after more than one year	36,495	20,475
		<u>496,528</u>	<u>352,583</u>

Analysis of repayments:

	Within one year or on demand	460,033	332,108
	Between one and two years	36,495	20,475
		<u>496,528</u>	<u>352,583</u>

11	Obligations Under Hire Purchase and Finance Lease	1997 £	1996 £
	Due within one year	90,603	54,724
	Due after more than one year	219,824	185,761
		<u>310,427</u>	<u>240,485</u>

Analysis of repayments:

	Within one year	90,603	54,724
	After more than one year and less than five years	219,824	185,761
		<u>310,427</u>	<u>240,485</u>

# ADHESIVE SPECIALITIES LIMITED

## ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

### 12 Deferred Taxation

Deferred taxation unprovided for in the financial statements is set out below.

	1997 £	1996 £
Accelerated capital allowances	<u>42,264</u>	<u>37,453</u>

### 13 Share Capital

#### Authorised Equity Shares

Ordinary shares of £1.00 each

	1997 £	1996 £
Ordinary shares of £1.00 each	<u>1,200,000</u>	<u>1,200,000</u>

#### Allotted, called up and fully paid Equity Shares

Ordinary shares of £1.00 each

	1997 £	1996 £
Ordinary shares of £1.00 each	<u>1,200,000</u>	<u>1,200,000</u>

### 14 Reserves

	Profit and Loss Account
	£
At 1st April 1995	313,798
Profit for the year	107,949
At 1st April 1996	<u>421,747</u>
Profit for the year	68,325
At 31st March 1997	<u>490,072</u>

### 15 Contingent Liabilities

The company has guaranteed borrowings of its parent undertaking at 31 March 1997 totalling £1,532,953 (1996: £539,731).

# ADHESIVE SPECIALITIES LIMITED

## ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

### 16 Pension Scheme

The company operates a defined contribution pension scheme for the benefit of certain directors and senior employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

Mr R.S. Goddard, Mrs V. Goddard and Mr B.Gibson are members of the company's pension scheme.

### 17 Gross Cash Flows

	1997 £	1996 £
<b>Returns on Investments and Servicing of Finance</b>		
Interest received	70,166	56,112
Interest paid	(55,395)	(26,405)
Interest element of finance lease rentals payment	(14,338)	(582)
Net cash inflow for returns on investments and servicing of finance	433	29,125
<b>Capital Expenditure</b>		
Payments to acquire tangible fixed assets	(105,700)	(115,068)
Proceeds from the sale of fixed assets	7,501	27,500
Net cash outflow for capital expenditure	(98,199)	(87,568)
<b>Financing</b>		
Decrease in other bank loans due within 1 year	-	(10,275)
Increase in bank loans due after more than 1 year	16,020	20,475
Capital element of finance lease rentals payments	(33,425)	(6,292)
Net cash outflow for financing	(17,405)	3,908

### 18 Analysis of Changes in Net Debt

	1996 £	Cash flows £	Non-cash Changes £	1997 £
Cash at Bank and in Hand	1,136	199	-	1,335
Overdrafts	(284,108)	(127,925)	-	(412,033)
	(282,972)	(127,726)	-	(410,698)
Debt due within one year	(48,000)	-	-	(48,000)
Debt due after one year	(20,475)	(16,020)	-	(36,495)
Finance leases	(240,485)	33,425	(103,367)	(310,427)
	(308,960)	17,405	(103,367)	(394,922)
	(591,932)	(110,321)	(103,367)	(805,620)

## ADHESIVE SPECIALITIES LIMITED

### ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

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19	Reconciliation of Shareholders' Funds	1997 £	1996 £
	Profit for the financial year	68,325	107,949
	Opening shareholders' funds	1,621,747	1,513,798
	Closing shareholders' funds	<u>1,690,072</u>	<u>1,621,747</u>

#### 20 Ultimate Parent Undertaking

The immediate parent undertaking is Adhesive Specialities (Holdings) Ltd and its ultimate parent undertaking is Adhesive Specialities (Group) Ltd, both of which are registered in England & Wales.

Accounts of the ultimate parent undertaking are available from the registered office of that company.