

Supplied

B & K Resins Limited

Directors' report and financial statements

31 March 1996

Registered number 1020467



B & K Resins Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1 - 2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes	7 - 14

B & K Resins Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1996.

Principal activities

The principal activity of the company is the wholesale distribution of adhesives, resins, coatings, composite materials and speciality chemicals to the aerospace and engineering industries.

Business review

The results for the year are shown in the profit and loss account on page 5.

Dividend and transfer to reserves

During the year an interim of £10 per share was paid (1995 : £20). The directors do not recommend the payment of a final dividend (1995 : Nil).

The transfer to reserves is £113,037 (1995 : £9,159).

Fixed assets

Movements in fixed assets are detailed in note 10 to the financial statements.

Directors and directors' interests

The directors who held office during the year were as follows:

GRA Metcalfe (Chairman)
J Keating (Managing director)
JR Pound
CI Stott
RJK Beaumont

None of the directors who held office at the end of the financial period had any disclosable interests in the shares of the company.

The interests of GRA Metcalfe, RJK Beaumont and JR Pound in the shares of the ultimate holding company, UMECO plc, are disclosed in the directors' report of that company.

At the balance sheet date J Keating held 21,340 (1995 : 21,340), and CI Stott 3,000 (1995 : 3,000) 25p ordinary shares in UMECO plc. In addition J Keating held options to subscribe for 60,000 (1995 : 60,000) 25p ordinary shares in UMECO plc and CI Stott held options to subscribe for 44,000 (1995 : 44,000) 25p ordinary shares in UMECO plc.

B & K Resins Limited

Directors' report (continued)

Directors' and officers' liability insurance

During the financial year the company maintained directors' and officers' liability insurance (as permitted by Section 310(3) of the Companies Act 1985).

Auditors

Our auditors, KPMG, have indicated to the directors that a limited liability company, KPMG Audit Plc, is to undertake part of their audit business. Accordingly, a resolution is to be proposed at the forthcoming Annual General Meeting for the appointment of KPMG Audit Plc as auditors of the company.

By order of the board



CI Stott
Secretary

Everland Road
Hungerford
RG17 0DU

24 May 1996

B & K Resins Limited

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;
- 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 a 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.

Report of the auditors to the members of B & K Resins Limited

We have audited the financial statements on pages 5 to 14 in accordance with Auditing Standards.

Respective responsibilities of directors and auditors

As described on page 3 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG

24 May 1996

Chartered Accountants

Registered Auditors

Bristol

B & K Resins Limited

Profit and loss account for the year ended 31 March 1996

	Note	1996 £	1995 £
Turnover	2	4,981,870	4,476,203
Cost of sales		(3,868,149)	(3,498,963)
Gross profit		1,113,721	977,240
Administrative expenses		(893,053)	(814,619)
Operating profit		220,668	162,621
Other interest receivable and similar income	6	9,497	8,069
Interest payable and similar charges	7	(3,113)	(1,232)
Profit on ordinary activities before taxation	3	227,052	169,458
Tax on profit on ordinary activities	8	(64,015)	(60,299)
Profit after tax		163,037	109,159
Dividends paid	9	(50,000)	(100,000)
Retained profit for the year		113,037	9,159
Retained profit brought forward		456,966	447,807
Retained profit carried forward		570,003	456,966

In both the current and preceding period the company made no material acquisitions and had no discontinued activities.

The company has no recognised gains and losses other than the profit for the year of £163,037 (1995 : £109,159).

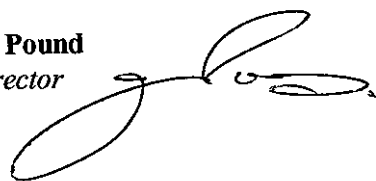
B & K Resins Limited

Balance sheet at 31 March 1996

	Note	1996 £	1995 £
Fixed assets			
Tangible assets	10	129,189	112,722
Current assets			
Stocks	11	579,934	353,653
Debtors	12	1,101,381	924,730
Cash at bank and in hand		1,909	144,894
		<u>1,683,224</u>	<u>1,423,277</u>
Creditors falling due within one year	13	(1,209,932)	(1,025,877)
Net current assets		<u>473,292</u>	<u>397,400</u>
Total assets less current liabilities		<u>602,481</u>	<u>510,122</u>
Creditors falling due after more than one year	14	(13,468)	(22,900)
Provisions for liabilities and charges	15	(14,010)	(25,256)
Net assets		<u><u>575,003</u></u>	<u><u>461,966</u></u>
Capital and reserves			
Called up share capital	16	5,000	5,000
Profit and loss account		570,003	456,966
Equity shareholders' funds	17	<u><u>575,003</u></u>	<u><u>461,966</u></u>

These financial statements were approved by the board of directors on 24 May 1996 and were signed on its behalf by:

JR Pound
Director



B & K Resins Limited

Notes *(forming part of the financial statements)*

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

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold premises	-	life of lease
Plant and machinery	-	10% per annum
Office furniture and equipment	-	10% - 33% per annum
Computer	-	25% per annum
Motor vehicles	-	25% - 33% per annum

Operating leases

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

Pension costs

The company is a member of the group's defined benefit pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company.

Stocks

Stocks are stated at the lower of cost and net realisable value.

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.

FRS 1

In accordance with FRS 1, a cash flow statement has not been prepared on the grounds that the company is a wholly owned subsidiary of a company which presents a consolidated cash flow statement in its accounts.

B & K Resins Limited

Notes (continued)

2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

The turnover and pre-tax profit is attributable to one activity, the wholesale distribution of resins and adhesives to the aerospace and other industries.

Analysis of turnover by geographical market

	1996 £	1995 £
United Kingdom	4,385,821	4,082,648
Europe	270,899	193,510
Middle East	77,294	-
North America	-	21,491
Rest of the World	230,753	178,554
	<u>4,981,870</u>	<u>4,476,203</u>

3 Profit on ordinary activities before taxation

	1996 £	1995 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
- as auditors	6,700	6,500
- other services	1,000	1,500
Depreciation of tangible fixed assets		
- owned	43,693	33,448
- hire purchase		11,138
Rentals payable under operating leases		
- land and buildings	57,297	52,849
- other assets	8,521	11,360
Provision for dilapidation	-	20,118
Parent company management charges	120,000	120,000
	<u></u>	<u></u>

4 Remuneration of directors

	1996 £	1995 £
Directors' emoluments:		
Remuneration as executives	<u>53,462</u>	<u>51,739</u>

B & K Resins Limited

Notes (continued)

4 Remuneration of directors (continued)

The emoluments, excluding pension contributions, of the chairman were £ Nil (1995 : £Nil) and those of the highest paid director were £49,643 (1995 : £48,169).

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

		Number of directors	
		1996	1995
£0	- £ 5,000	4	4
£45,000	- £50,000	1	1
		<u>5</u>	<u>5</u>

5 Staff numbers and costs

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

		Number of employees	
		1996	1995
Office and management		18	16
Distribution		7	6
		<u>25</u>	<u>22</u>

The aggregate payroll costs of these persons were as follows:

		1996	1995
		£	£
Wages and salaries		421,924	384,982
Social security costs		37,783	33,082
Other pension costs		14,002	6,880
		<u>473,709</u>	<u>424,944</u>

6 Other interest receivable and similar income

		1996	1995
		£	£
Receivable from other group undertakings		<u>9,497</u>	<u>8,069</u>

B & K Resins Limited

Notes (continued)

7 Interest payable and similar charges

	1996 £	1995 £
On bank loans, overdrafts and other loans wholly repayable within five years	<u>3,113</u>	<u>1,232</u>

8 Taxation

	1996 £	1995 £
UK corporation tax at 33% (1995 : 33%)		
- on the profit for the year on ordinary activities	70,000	64,743
- adjustment relating to an earlier year	(5,985)	(4,444)
	<u>64,015</u>	<u>60,299</u>

9 Dividends

	1996	1995
Interim - £10 per share (1995 : £20), paid March 1996	<u>50,000</u>	<u>100,000</u>

B & K Resins Limited

Notes (continued)

10 Tangible fixed assets

	Short leasehold property	Plant & machinery	Fixtures equipment & computer	Motor vehicles	Total
	£	£	£	£	£
<i>Cost</i>					
At beginning of year	45,185	89,012	174,835	66,462	375,494
Additions	-	2,000	34,884	23,276	60,160
Disposals				(14,900)	(14,900)
At end of year	<u>45,185</u>	<u>91,012</u>	<u>209,719</u>	<u>74,838</u>	<u>420,754</u>
<i>Depreciation</i>					
At beginning of year	24,908	58,008	155,157	24,699	262,772
Charge for year	2,495	5,695	12,122	23,381	43,693
Disposals				(14,900)	(14,900)
At end of year	<u>27,403</u>	<u>63,703</u>	<u>167,279</u>	<u>33,180</u>	<u>291,565</u>
<i>Net book value</i>					
At end of year	<u>17,782</u>	<u>27,309</u>	<u>42,440</u>	<u>41,658</u>	<u>129,189</u>
At start of year	<u>20,277</u>	<u>31,004</u>	<u>19,678</u>	<u>41,763</u>	<u>112,722</u>

Net book value of tangible fixed assets at 31 March 1996 includes £41,658 (1995 : £43,386) in respect of assets acquired under finance leases and hire purchase agreements. Depreciation for the year includes £23,381 (1995 : £11,138) for these assets.

11 Stocks

	1996 £	1995 £
Finished goods for resale	<u>579,934</u>	<u>353,653</u>

B & K Resins Limited

Notes (continued)

12 Debtors

	1996 £	1995 £
<i>Amounts due within one year</i>		
Trade debtors	1,034,307	878,757
Other debtors	771	2,308
Deferred tax	6,303	6,303
Prepayments and accrued income	60,000	37,362
	<u>1,101,381</u>	<u>924,730</u>

13 Creditors falling due within one year

	1996 £	1995 £
Amounts owed to parent company and fellow group undertakings	22,570	54,471
Bank overdraft	8,958	-
Trade creditors	927,647	737,582
Other creditors including tax and social security	171,773	167,343
Accruals and deferred income	78,984	66,481
	<u>1,209,932</u>	<u>1,025,877</u>

Other creditors including tax and social security comprise:

Corporation tax payable	70,000	64,743
Other taxes and social security	79,236	87,071
	<u>149,236</u>	<u>151,814</u>
Obligations under hire purchase contracts	22,537	15,529
	<u>171,773</u>	<u>167,343</u>

14 Creditors falling due after more than one year

	1996 £	1995 £
Obligations under hire purchase contracts due within five years	<u>13,468</u>	<u>22,900</u>

B & K Resins Limited

Notes (continued)

15 Provisions for liabilities and charges

Provisions for dilapidation

	1996 £	1995 £
At beginning of year	25,256	15,173
Charge for the year in the profit and loss account	-	10,083
Amount utilised during the year	(11,246)	-
At end of year	<u>14,010</u>	<u>25,256</u>

16 Called up share capital

	1996 £	1995 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

17 Movements in shareholders' funds

	1996 £	1995 £
Profit after tax for the financial year	163,037	109,159
Dividends	(50,000)	(100,000)
Net addition to shareholders' funds	<u>113,037</u>	<u>9,159</u>
Opening shareholders' funds	461,966	452,807
Closing shareholders' funds	<u>575,003</u>	<u>461,966</u>

B & K Resins Limited

Notes (continued)

18 Contingent liabilities

Under a group registration the company is jointly and severally liable for value added tax due by other group companies. At 31 March 1996 this contingent liability amounted to £146,258 (1995 : £104,814).

19 Commitments

- (i) Capital commitments at the end of the financial year for which no provision has been made:

	1996 £	1995 £
Authorised but not contracted	-	2,750

- (ii) Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings £	1996 Other £	Land and buildings £	1995 Other £
Leases expiring:				
- within one year	-	2,487	-	-
- within two to five years	4,544	-	-	8,520
- after five years	52,849	-	52,849	-
	<u>57,393</u>	<u>2,487</u>	<u>52,849</u>	<u>8,520</u>

20 Pension scheme

An actuarial valuation of the scheme was carried out at 1 April 1994. This valuation, which was carried out on the projected unit credit method, indicated that the scheme is adequately funded. Details of the actuarial valuation are disclosed in the financial statements of UMECO plc. The pension charge for the year was £ 14,002 (1995 : £6,880).

21 Ultimate holding company and parent company of a larger group

The company's ultimate holding company is UMECO plc, which is incorporated in Great Britain and registered in England and Wales.

The results of the company are included in the consolidated accounts of UMECO plc which are available to the public and may be obtained from UMECO plc, Everland Road, Hungerford, Berkshire RG17 0DU.

No other group accounts include the results of the company.