

Co No. 1145529

Paulstra Limited

Report and Financial Statements

31 December 2004



Paulstra Limited

Registered No: 1146549

Directors

R W Fairclough
T du Granrut

Secretary

M Beales

Auditors

Ernst & Young LLP
City Gate West
Toll House Hill
Nottingham
NG1 5FY

Bankers

HSBC Bank plc
15 Church Street
Rugby
CV21 3PN

Registered office

5 Davy Court
Castlemound Way
Rugby
CV23 0UZ

Directors' report

The directors present their report and financial statements for the year ended 31 December 2004.

Results and dividends

The profit for the year amounted to £185,036. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company during the year was the sale of rubber-to-metal bonded components for the automotive and general engineering industries.

Production activity at the Rugby site had ceased in the latter half of 2003, leaving a small distribution team and the commercial team. Distribution activity was gradually reduced to nothing by the end of March 2004, with all non-commercial staff being made redundant.

In May 2004, the commercial team of 4 staff moved to a new small leased office in Rugby.

The original production/distribution site was renovated to the standard agreed with the owner and officially handed back in August 2004.

From April 2004, all administration, including financial services, was conducted through the sister company *Hutchinson UK Ltd* at Telford.

The Company ceased to trade on 31 December 2004.

Directors

The directors who served the company during the year were as follows:

R W Fairclough
T du Granrut

There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



M Beales
Secretary

30TH APRIL 2005

Statement of directors' responsibilities in respect of 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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.

Independent auditors' report

to the members of Paulstra Limited

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Independent auditors' report

to the members of Paulstra Limited (continued)

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Nottingham

12 May 2005

Profit and loss account

for the year ended 31 December 2004

	Notes	2004 £	2003 £
Turnover	2	2,360,630	14,670,951
Cost of sales		1,963,740	12,415,415
Gross profit		396,890	2,255,536
Distribution costs		226,252	65,788
Administrative expenses		166,347	1,399,365
Other operating income		—	(29,272)
Operating profit	3	4,291	819,655
Interest receivable	6	120,464	49,147
Interest payable and similar charges	7	(900)	(10,857)
		119,564	38,290
Profit on ordinary activities before taxation		123,855	857,945
Tax on profit on ordinary activities	8	(61,181)	142,689
Profit retained for the financial year		185,036	715,256

Statement of total recognised gains and losses

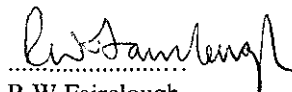
There are no recognised gains or losses other than the profit of £185,036 attributable to the shareholders for the year ended 31 December 2004 (2003 - profit of £715,256).

Balance sheet

at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	9	—	5,236
Current assets			
Stocks	10	—	748,568
Debtors	11	3,369,967	2,529,551
Cash at bank		629,969	2,507,267
		3,999,936	5,785,386
Creditors: amounts falling due within one year	12	533,005	2,508,727
Net current assets		3,466,931	3,276,659
Total assets less current liabilities		3,466,931	3,281,895
Capital and reserves			
Called up share capital	14	10,000	10,000
Profit and loss account	15	3,456,931	3,271,895
Equity shareholders' funds	15	3,466,931	3,281,895

ERNST & YOUNG


R W Fairclough
Director

30th APRIL 2005

Notes to the financial statements

at 31 December 2004

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Related parties transactions

The company is a wholly owned subsidiary of Total SA, the consolidated accounts of which are publicly available.

Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Total SA group.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold property improvements	-	10 years
Plant & machinery	-	8 years
Fixtures & fittings	-	3-5 years
Motor vehicles	-	5 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Provision is made for obsolete, slow-moving or defective items where appropriate.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 December 2004

1. Accounting policies (continued)

Foreign currencies

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

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

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates both defined contribution pension and defined benefit schemes.

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

For defined contributions schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2. Turnover

Turnover is attributable to one continuing activity, the sale of rubber-to-metal bonded components for the automotive and general engineering industries.

An analysis of turnover by geographical market is given below:

	2004 £	2003 £
United Kingdom	1,921,529	12,778,534
Rest of the world	439,101	1,892,417
	<u>2,360,630</u>	<u>14,670,951</u>

Notes to the financial statements

at 31 December 2004

3. Operating profit

This is stated after charging/(crediting):

	2004 £	2003 £
Auditors' remuneration - audit services	19,000	18,000
- non-audit services	-	-
Depreciation of owned fixed assets	5,236	175,660
Operating lease rentals - land and buildings	110,673	180,000
- plant and machinery	21,227	27,193

4. Staff costs

	2004 £	2003 £
Wages and salaries	98,114	680,049
Social security costs	10,309	59,505
Other pension costs	3,256	42,945
	111,679	782,499

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

	2004 No.	2003 No.
Sales and administration	2	10
Production	3	24
	5	34

5. Directors' emoluments

	2004 £	2003 £
Emoluments	21,400	39,046
	2004 No.	2003 No.
Members of defined benefit pension schemes	1	1

The directors of the company are also directors or officers of a number of the companies within the Total SA group of companies. The directors remuneration disclosed above represents the amounts paid by the company for their services.

Notes to the financial statements

at 31 December 2004

6. Interest receivable

	2004 £	2003 £
Interest receivable from group undertakings	<u>120,464</u>	<u>49,147</u>

7. Interest payable and similar charges

	2004 £	2003 £
Interest payable to group undertakings	–	10,744
Other interest payable	900	113
	<u>900</u>	<u>10,857</u>

8. Taxation on ordinary activities

(a) Tax on profit on ordinary activities
The tax (credit)/charge is made up as follows:

	2004 £	2003 £
<i>Current tax:</i>		
UK corporation tax	62,641	369,801
Tax over provided in previous years	<u>(150,999)</u>	<u>(171,860)</u>
Total current tax (note 8(b))	<u>(88,358)</u>	<u>197,941</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	<u>27,177</u>	<u>(55,252)</u>
Tax on profit on ordinary activities	<u>(61,181)</u>	<u>142,689</u>

The tax credit in respect of overpayment in previous years represents group relief surrendered to the company by a fellow group undertaking without payment. The current year tax charge is stated net of £52,593 (2003 - £nil) of group relief surrendered by the company without payment.

Notes to the financial statements

at 31 December 2004

8. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%). The differences are reconciled below:

	2004 £	2003 £
Profit on ordinary activities before taxation	123,855	857,945
Profit on ordinary activities multiplied by standard rate of tax	37,157	257,384
Disallowable expenses and non taxable income	300	58,332
Capital allowances in excess of depreciation	(12,976)	89,043
Other timing differences	(14,433)	(34,958)
Trade loss surrendered as group relief for which no payment is made	52,593	—
Adjustment to tax charge in respect of prior years	(150,999)	(171,860)
Total current tax (note 8(a))	(88,358)	197,941

(c) Deferred tax

	2004 £	2003 £
Capital allowances in advance of depreciation	—	13,187
Other timing differences	—	13,990
Provision for deferred taxation	—	27,177
		£
At 1 January 2004		27,177
Profit and loss account movement arising during the year		(27,177)
At 31 December 2004		—

Notes to the financial statements

at 31 December 2004

9. Tangible fixed assets

	<i>Leasehold property improvements</i>	<i>Plant and machinery</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2004	47,839	441,005	170,198	659,042
Disposals	(47,839)	(441,005)	(170,198)	(659,042)
At 31 December 2004	—	—	—	—
Depreciation:				
At 1 January 2004	47,839	441,005	164,962	653,806
Provided during the year	—	—	5,236	5,236
Disposals	(47,839)	(441,005)	(170,198)	(659,042)
At 31 December 2004	—	—	—	—
Net book value:				
At 31 December 2004	—	—	—	—
At 1 January 2004	—	—	5,236	5,236

10. Stocks

	2004	2003
	£	£
Raw materials	—	17,111
Finished goods and goods for resale	—	731,457
	—	748,568

11. Debtors

	2004	2003
	£	£
Trade debtors	49,708	2,055,182
Amounts owed by group undertakings	3,122,272	230,731
Other debtors	195,829	143,995
Prepayments and accrued income	2,158	72,466
Deferred taxation (note 8)	—	27,177
	3,369,967	2,529,551

Notes to the financial statements

at 31 December 2004

12. Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	5,509	57,691
Amounts owed to group undertakings	26,840	1,504,864
Corporation tax	443,518	172,921
Other taxation and social security	—	333,845
Accruals and deferred income	57,138	439,406
	<u>533,005</u>	<u>2,508,727</u>

13. Commitments under operating leases

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	2004		2003	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	—	—	180,000	14,587
In two to five years	—	—	—	12,606
	<u>—</u>	<u>—</u>	<u>180,000</u>	<u>27,193</u>

14. Share capital

	2004 £	Authorised 2003 £
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

	Allotted, called up and fully paid			
	No.	2004 £	No.	2003 £
Ordinary shares of £1 each	10,000	<u>10,000</u>	10,000	<u>10,000</u>

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 January 2003	10,000	2,556,639	2,566,639
Profit for the year	—	715,256	715,256
At 31 December 2003	<u>10,000</u>	<u>3,271,895</u>	<u>3,281,895</u>
Profit for the year	—	185,036	185,036
At 31 December 2004	<u>10,000</u>	<u>3,456,931</u>	<u>3,466,931</u>

Notes to the financial statements

at 31 December 2004

16. Ultimate parent company

The company's immediate parent undertaking is Hutchinson Holdings UK Limited, a company registered in England and Wales.

The smallest group into which the results of Paulstra Limited are consolidated is that headed by Total Oil Holdings Limited, a company registered in England and Wales. The consolidated financial statements of the group are available to the public from 33 Cavendish Square, London W1M 0HX.

The largest group into which the results of Paulstra Limited are consolidated is that headed by Total SA, the ultimate parent undertaking, incorporated in France. The consolidated financial statements of the group are available to the public from 24 Cours Michelet, 92800 Puteaux, RCS Nanterre B542.051.180, France.