



**ANDERSEN**

**Paulstra Limited**

Annual report and accounts  
for the year ended 31 December 2000  
together with directors' and auditors' reports

Registered number: 1146549



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31/10/01

## Directors' report

For the year ended 31 December 2000

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 2000.

### Principal activity and business review

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

The company traded profitably during the year, despite a decrease in turnover of 1.8% over the previous year. The directors expect the company to continue to trade profitably in 2001.

### Dividends

The directors do not recommend the payment of a dividend (1999 - £Nil).

### Directors and their interests

The directors who served during the year and subsequently were as follows:

R W Fairclough  
G Gehin (French)

Neither of the directors has any interest requiring disclosure under Schedule 7 of the Companies Act 1985.

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Swift Park  
Rugby  
CV21 1DZ

By order of the Board



R W Fairclough

Director

29 October 2001

## 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; 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 enable them to ensure that the accounts 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.

**To the Shareholders of Paulstra Limited**

We have audited the financial statements of Paulstra Limited for the year ended 31 December 2000 which comprise the Profit and Loss Account, the Balance Sheet and the related Notes numbered 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. 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 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 judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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.

## Auditors' report (continued)

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 2000 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

Four Brindleyplace  
Birmingham  
B1 2HZ

29 October 2001

# Profit and loss account

For the year ended 31 December 2000

	Notes	2000 £	1999 £
<b>Turnover</b>	2	14,233,264	14,499,649
Cost of sales		<u>(12,274,737)</u>	<u>(12,445,319)</u>
<b>Gross profit</b>		1,958,527	2,054,330
Distribution costs		(85,932)	(95,047)
Administrative expenses		(1,571,556)	(1,710,789)
Other operating income		<u>64,545</u>	<u>153,482</u>
<b>Operating profit</b>		365,584	401,976
Interest receivable		36,298	39,191
Interest payable and similar charges	4	<u>(89,546)</u>	<u>(104,751)</u>
<b>Profit on ordinary activities before taxation</b>	5	312,336	336,416
Tax on profit on ordinary activities	6	<u>(105,940)</u>	<u>(69,734)</u>
<b>Profit on ordinary activities after taxation</b>		206,396	266,682
<b>Retained profit brought forward</b>		<u>982,132</u>	<u>715,450</u>
<b>Retained profit carried forward</b>		<u>1,188,528</u>	<u>982,132</u>

All turnover in both years arises from continuing activities.

There are no recognised gains or losses in either year other than the profit for that year.

The accompanying notes are an integral part of this profit and loss account.

# Balance sheet

31 December 2000

	Notes	2000 £	1999 £
<b>Fixed assets</b>			
Tangible assets	7	2,100,601	2,353,820
		<u>2,100,601</u>	<u>2,353,820</u>
<b>Current assets</b>			
Stocks	8	1,698,021	1,510,489
Debtors	9	1,761,883	1,683,367
Cash at bank and in hand		1,376,935	3,412,198
		<u>4,836,839</u>	<u>6,606,054</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(4,588,912)</u>	<u>(7,967,742)</u>
<b>Net current assets (liabilities)</b>		247,927	(1,361,688)
<b>Creditors: Amounts due after more than one year</b>	11	<u>(1,150,000)</u>	<u>-</u>
<b>Net assets</b>		<u>1,198,528</u>	<u>992,132</u>
<b>Capital and reserves</b>			
Called-up share capital	13	10,000	10,000
Profit and loss account		<u>1,188,528</u>	<u>982,132</u>
<b>Shareholders' funds - all equity</b>	14	<u>1,198,528</u>	<u>992,132</u>

The accounts on pages 6 to 15 were approved by the board of directors and signed on its behalf by:

R W Fairclough

Director

*R W Fairclough* 29/10/01

29 October 2001

The accompanying notes are an integral part of this balance sheet.

## Notes to accounts

31 December 2000

### 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

#### a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has taken advantage of the exemption in FRS 8 which does not require disclosure of transactions between a subsidiary undertaking and other group undertakings where more than 90% of the company's voting rights are controlled within the group.

Under the provisions of FRS 1 (Revised), the company has not prepared a cash flow statement as the ultimate parent undertaking, Total Fina Elf S.A., prepares consolidated accounts which are publicly available and which include the results of the company.

#### b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on all fixed assets, except freehold property, to write off the cost, less estimated residual value, of tangible fixed assets on a straight-line basis over their estimated useful lives as follows:

Leasehold property improvements	10 years
Plant and equipment	8 years
Fixtures and fittings	3 - 5 years
Motor vehicles	5 years

Residual value is calculated on prices prevailing at the date of acquisition.

#### c) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is based on:

Raw materials	- purchase cost on a first-in, first-out basis including transport
Work-in-progress and finished goods	- cost of direct materials and labour, plus a reasonable proportion of manufacturing overheads based on normal levels of activity

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.



## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### d) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

The company is part of a UK group and accordingly may take advantage of the group relief provisions whereby current tax profits can be offset by current taxable losses arising in other companies within the group. The group's policy is that no payment will be made for tax losses surrendered under the group relief provisions.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) has been calculated using the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

#### e) Pension costs and other post retirement benefits

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 contribution 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.

#### f) Foreign currencies

Transactions denominated in foreign currencies have been translated at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### g) Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

#### h) Leases

Rentals paid under operating leases are charged against income on a straight-line basis over the lease term, even if payments are not made on such a basis.

## Notes to accounts (continued)

### 2 Segment information

The geographical analysis of turnover by destination is as follows:

	2000 £	1999 £
United Kingdom	13,805,990	14,339,122
Rest of the world	427,274	160,527
	<u>14,233,264</u>	<u>14,499,649</u>

### 3 Staff costs

The average monthly number of persons (including executive directors) was:

	2000 Number	1999 Number
Sales and administration	9	8
Production	61	48
	<u>70</u>	<u>56</u>

Their aggregate remuneration comprised:

	2000 £	1999 £
Wages and salaries	983,615	866,535
Social security costs	81,515	70,646
Other pension costs	38,048	38,236
	<u>1,103,178</u>	<u>975,417</u>

#### *Directors' remuneration*

	2000 £	1999 £
Compensation for loss of office	-	40,000
Emoluments	55,479	65,791
Company contributions to money purchase pension schemes	-	287
	<u>55,479</u>	<u>106,078</u>

## Notes to accounts (continued)

### 3 Staff costs (continued)

#### Pensions

The number of directors who were members of company pension schemes was as follows:

	2000 Number	1999 Number
Money purchase schemes	-	1

### 4 Interest payable and similar charges

	2000 £	1999 £
Bank overdraft	-	2,100
Group loan interest	89,546	102,651
	<u>89,546</u>	<u>104,751</u>

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2000 £	1999 £
Operating lease rentals for land and buildings	196,304	133,354
Depreciation	510,718	460,616
Auditors' remuneration for audit services	18,000	10,000

### 6 Tax on profit on ordinary activities

	2000 £	1999 £
UK corporation tax at 30% (1999: 30%)	105,940	70,000
Adjustment in respect of prior years		
– UK corporation tax	-	(266)
	<u>105,940</u>	<u>69,734</u>

# Notes to accounts (continued)

## 7 Tangible fixed assets

	Leasehold property improve- ments £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2000	46,859	3,705,515	132,216	460	3,885,050
Additions	-	238,023	24,477	-	262,500
Disposals	-	(15,000)	-	-	(15,000)
At 31 December 2000	46,859	3,928,538	156,692	460	4,132,549
<b>Depreciation</b>					
At 1 January 2000	21,417	1,405,730	103,623	460	1,531,230
Charge	4,688	483,866	22,164	-	510,718
Disposals	-	(10,000)	-	-	(10,000)
At 31 December 2000	26,105	1,879,596	125,787	460	2,031,948
<b>Net book value</b>					
At 31 December 1999	25,442	2,299,784	28,593	-	2,353,820
At 31 December 2000	20,754	2,048,941	30,905	-	2,100,601

## 8 Stocks

	2000 £	1999 £
Goods for resale	1,282,234	1,090,660
Raw materials	319,941	358,154
Work-in-progress	95,846	61,675
	<u>1,698,021</u>	<u>1,510,489</u>

There is no material difference between the book value and replacement cost of stocks.

## Notes to accounts (continued)

### 9 Debtors

	2000 £	1999 £
Trade debtors	1,240,859	1,518,223
Amounts owed by group undertakings	45,228	2,188
Other debtors	15,162	420
Overseas VAT	384,511	70,576
Prepayments and accrued income	76,123	91,960
	<u>1,761,883</u>	<u>1,683,367</u>

### 10 Creditors: Amounts falling due within one year

	2000 £	1999 £
Trade creditors	787,084	2,518,572
Amounts owed to group undertakings	3,041,496	4,767,335
Taxation and social security	705,291	618,032
Accruals and deferred income	55,101	63,803
	<u>4,588,912</u>	<u>7,967,742</u>

At 31 December 2000, the company owed £1,150,000 (1999 - £1,812,094) to Total Fina Elf Finance Limited. The loan is unsecured and bears interest at LIBOR plus a margin of 0.275 basis points per annum. At 31 December 2000 this loan has been reclassified to creditors falling due in more than one year under the terms of availability of the facility to the company.

### 11 Creditors: Amounts falling due after more than one year

	2000 £	1999 £
Amounts owed to group undertakings	<u>1,150,000</u>	<u>-</u>

### 12 Provisions for liabilities and charges

Amounts not provided in respect of liability for deferred taxation are as follows:

	Deferred taxation	
	2000 £	1999 £
Accelerated capital allowances	155,248	155,601
Other timing differences	(25,779)	(5,396)
	<u>129,468</u>	<u>150,205</u>

# Notes to accounts (continued)

## 13 Called-up share capital

	2000 £	1999 £
<i>Authorised:</i>		
10,000 ordinary shares of £1 each	10,000	10,000
<i>Allotted, called-up and fully-paid:</i>		
10,000 ordinary shares of £1 each	10,000	10,000

## 14 Reconciliation of movement in shareholders' funds

	2000 £	1999 £
Profit for the financial year	206,396	266,682
Opening shareholders' funds	992,132	725,450
Closing shareholders' funds	1,198,528	992,132

## 15 Financial commitments

### a) Capital commitments

	2000 £	1999 £
Contracted for but not provided for	78,000	176,160

### b) Lease commitments

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

	2000		1999	
	Land and buildings £	Equipment £	Land and buildings £	Equipment £
Expiry date:				
- within 1 year	-	3,156	-	3,903
- between 2 to 5 years	180,000	36,202	164,476	26,239
	180,000	39,358	164,476	30,142

## Notes to accounts (continued)

### 15 Financial commitments (continued)

#### c) Pensions

The company contributes to certain defined contribution pension schemes on behalf of certain of its employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge in the year was £862 (1999 - £1,147).

The company is a participating employer in a final pay defined benefit pension scheme for eligible employees called the Hutchinson (U.K.) Limited 1978 Retirement Benefits Scheme. The assets of the scheme are held in separate funds administered by trustees. The pension cost charge in the year was £37,186 (1999 - £37,089). The pension creditor at 31 December 2000 was £3,476 (1999: £17,986)

The pension cost is assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuation of the scheme was carried out as at 31 March 2000 and used the projected unit method. The main actuarial assumptions used were that pensionable salaries would increase by 3.75% per annum, pensions in payment by 3% per annum and that the return on investments would be 7% per annum.

At the date of the last actuarial valuation, the market value of the assets was £11,737,000 and the actuarial value of the assets was sufficient to cover 108% of the benefits that had accrued to members after allowing for future increases in earnings.

### 16 Ultimate parent undertaking

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 accounts 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 Fina Elf S.A., the ultimate parent undertaking, incorporated in France. The consolidated accounts of the group are available to the public from 24 Cours Mitchelet, 92800 Puteaux, RCS Nanterre B542, 051, 180, France.