

WESSEX RESINS AND ADHESIVES LIMITED

DIRECTORS REPORT

The directors have pleasure in submitting their report with the accounts for the year ended 31st December 1987.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is that of Manufacturers of specialist resin systems for industry, particularly marine, sub-sea and other harsh environment use.

The directors consider the results for the year satisfactory in the light of the current economic position and look forward to increased growth and profitability in the forthcoming year.

RESULT AND DIVIDEND

The profit for the year, after taxation amounted to £36,984

No payment of a dividend is recommended (1986 nil).

FIXED ASSETS

The position regarding fixed assets is shown in the note to the accounts.

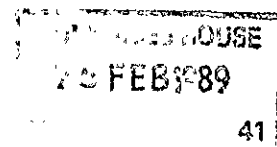
DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their shareholding in the company at 31st December 1987 is set out as follows:-

	<u>Shareholding</u>
J D Keating	2500
R A Oliver	2500
L M Keating	-
V I M Oliver	-

AUDITORS

In accordance with Section 384 (1) of the Companies Act 1985 a resolution proposing the re-appointment of Hazell Minshall & Co as auditors of the company will be put to the annual general meeting.



WESSEX RESINS AND ADHESIVES LIMITED

REPORT OF THE DIRECTORS (Continued)

CHAIRMAN'S COMMENTS

Despite considerably increased competition in all markets turnover for the year improved by 24.67% over the level achieved in 1986, and the exports during the year showed a significant improvement. Additional new product developments have been produced because of the expansion of the Research Department by the appointment of pure research staff.

The Company has maintained its policy of strict Quality Assurance for all products and continues to be a registered manufacturer under the MQAD (Ministry of Defence) AQA<sup>24</sup> Scheme, as well as the YSC/QA Lloyd's Register of Shipping Type Approval Scheme. The Company is also pleased to have now qualified under the BSI registered firm scheme and now holds the quality standard of BS 5750 as manufacturers.

The increase in Net Profitability from 1986 is as a result of expanding the Research Department and improving the service to customers.

STATUS

The Company is a close Company as defined in Section 414 of the Income and Corporation Taxes Act 1988.

By Order of the Board



J D KEATING  
Chairman

WESSEX RESINS AND ADHESIVES LIMITED

BALANCE SHEET

31st December 1987

			<u>1986</u>	
	<u>NOTE</u>	<u>£</u>	<u>£</u>	<u>£</u>
FIXED ASSETS				
Tangible Assets	4		206,425	197,221
Intangible Assets			-	2,100
INVESTMENTS	14		30,185	17,693
			<hr/>	<hr/>
			236,610	217,014
CURRENT ASSETS				
Stock	8	28,532		23,750
Debtors	10	167,071		104,731
Cash and Bank Balances		327,139		142,175
		<hr/>		<hr/>
		522,742		270,656
CREDITORS (due within one year)	11	591,519		354,721
		<hr/>		<hr/>
NET CURRENT ASSETS/(LIABILITIES)			(68,777)	(84,065)
			<hr/>	<hr/>
			167,833	132,949
			<hr/>	<hr/>

Represented by:-

CAPITAL AND RESERVES

Share Capital	12	5,000	5,000
Capital Reserves		-	-
Revenue Reserves		162,833	127,949
		<hr/>	<hr/>
		167,833	132,949
		=====	=====

Approved by the Board on 14th September 1988

J D KEATING

R A OLIVER

Directors

WESSEX RESINS AND ADHESIVES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 1987

				<u>1986</u>
	<u>NOTE</u>	<u>£</u>	<u>£</u>	<u>£</u>
TURNOVER	5	1,141,437		915,561
DIRECT COSTS		743,343		623,732
GROSS PROFIT		398,094		291,829
ADMINISTRATIVE AND OTHER EXPENSES		357,106		260,239
OPERATING PROFIT/(LOSS)	2	40,988		31,590
INTEREST:-	7			
Payable		(2,050)	(19,388)	
Receivable		17,011	19,414	
			14,961	26
PROFIT/(LOSS) before taxation		55,949		31,616
TAXATION	6	18,965		14,983
PROFIT/(LOSS) after taxation		36,984		16,633
EXTRAORDINARY ITEMS	15	2,100		2,100
TRANSFER TO RESERVES		34,884		14,533
BALANCE BROUGHT FORWARD		127,949		113,416
BALANCE CARRIED FORWARD		162,833		127,949
		=====		=====

WESSEX RESINS AND ADHESIVES LIMITED  
STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31st DECEMBER 1987

	£	£	1986	£
<b>SOURCE OF FUNDS</b>				
Generated from Operations:				
Profit/(Loss) before Taxation		55,949		31,616
Adjustment for items not involving the movement of funds:				
Depreciation		14,715		16,462
Loss/(Profit) on disposal of Fixed Assets		-		-
		<hr/>		<hr/>
		70,664		48,078
Funds from other Sources:				
Sale of Fixed Assets		2,396		5,645
Sale of Investments (at cost)		500		-
		<hr/>		<hr/>
		73,560		53,723
<b>APPLICATION OF FUNDS</b>				
Purchase of Fixed Assets	(25,999)		(18,669)	
Loan Repayments	-		(145,197)	
Taxation paid	(26,866)		-	
Purchase of Investments	(12,992)		(4,250)	
		<hr/>		<hr/>
		( 65,857 )		(168,116)
		<hr/>		<hr/>
		7,703		(114,393)
		<hr/>		<hr/>
		=====		=====
<b>MOVEMENT IN WORKING CAPITAL</b>				
Stocks	4,782		(5,750)	
Debtors	62,340		(78,358)	
Creditors	(217,409)		(12,494)	
		<hr/>		<hr/>
		(150,287)		(96,602)
<b>MOVEMENT IN NET LIQUID FUNDS</b>				
Cash and Bank Balances		157,990		(17,791)
		<hr/>		<hr/>
		7,703		(114,393)
		<hr/>		<hr/>
		=====		=====

WESSEX RESINS AND ADHESIVES LIMITED

NOTES TO THE ACCOUNTS

31st DECEMBER 1987

1. ACCOUNTING POLICIES

- a) Accounting Convention. The accounts have been prepared under the historical cost convention.
- b) Turnover. The turnover represents net invoiced sales excluding value added tax.
- c) Hire/Lease Purchase Interest. Interest charged in the agreements is written off, in equal instalments, over the life of the agreements.
- d) Stock. Stocks and Work in Progress are valued at the lower of cost and net realisable value and, where appropriate, include a proportion of fixed and variable overheads.
- e) Depreciation. Depreciation is charged in the manner set out below to write off the cost of assets over their anticipated useful lives, taking into account, where appropriate, any scrap values:-

Vehicles                                      25% on written down value  
Fixtures and Fittings                      15% on written down value

Certain assets purchased during the year have not, however, been depreciated as it was not considered that their value had fallen below cost by 31st December 1987.  
Freehold Property. It is the company's policy to maintain its properties to a satisfactory state of repair at all times and therefore no provision for depreciation is made.

- f) Deferred Taxation. Provision is made for taxation deferred in respect of all material timing differences at the current corporation tax rate applicable to the company, except to the extent that, in the opinion of the directors, there is reasonable probability no liability will arise in the foreseeable future.

2. OPERATING PROFIT/(LOSS)

The operating profit (1986 profit) before taxation is stated after charging:-

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Depreciation	14,715	16,462
Plant/Equipment Hire	211	533
Auditors Remuneration	5,000	4,526
Staff Costs (Note 3)	137,318	99,679
	=====	=====

3. STAFF COSTS

Wages and Salaries	78,273	46,497
Directors Remuneration	42,000	38,814
Pension Costs	11,937	10,000
National Insurance	5,108	4,368
	<u>137,318</u>	<u>99,679</u>
Average number of employees in year:	<u>12</u>	<u>10</u>

WESSEX RESINS AND ADHESIVES LIMITED

NOTES TO THE ACCOUNTS (Continued)

31st DECEMBER, 1987

4. TANGIBLE FIXED ASSETS

	Freehold Property	Vehicles	Plant etc.	Leasehold Property	TOTAL
Cost and Valuation					
At 1st January 1987	124,147	25,444	87,563	12,750	249,904
Additions	-	8,500	17,499	-	25,999
Disposals	-	(8,200)	-	-	(8,200)
At 31st December 1987	124,147	25,744	105,062	12,750	267,703
Depreciation					
At 1st January 1987	-	12,710	32,473	7,500	52,683
Charges	-	3,184	10,031	1,500	14,715
Eliminated on disposals	-	(6,120)	-	-	(6,120)
At 31st December 1987	-	9,774	42,504	9,000	61,278
Net Book Values					
At 31st December 1987	124,147	15,970	62,558	3,750	206,425
At 31st December 1986	124,147	12,734	55,090	5,250	197,221

5. TURNOVER

The turnover is attributable to the principal activity of the company.

Geographical market:	<u>1987</u> £	<u>1986</u> £
UK	442,841	593,561
Export	698,596	322,000
	<u>1,141,437</u>	<u>915,561</u>

6. TAXATION

The charge in the accounts comprises:-	<u>1987</u> £	<u>1986</u> £
Current corporation tax	18,000	15,000
Prior year adjustment	965	(17)
	<u>18,965</u>	<u>14,983</u>

WESSEX RESINS AND ADHESIVES LIMITED

NOTES TO THE ACCOUNTS (Continued)

31st DECEMBER, 1987

	<u>1987</u> £	<u>1986</u> £
7. INTEREST		
Payable:-		
Bank Overdraft and short term loans	2,050	19,388
Long term loans (over five years)	-	4,210
	<hr/> 2,050	<hr/> 23,598
	=====	=====
Receivable:-		
Deposit account	16,991	19,414
Divident income (net)	<u>20</u>	<u>-</u>
	=====	=====
8. STOCK		
Raw materials	8,231	6,540
Finished Goods	20,301	17,210
	<hr/> 28,532	<hr/> 23,750
	=====	=====
9. DEFERRED TAXATION		
No adjustments have been made in these Accounts re deferred taxation, as a deferred tax liability is unlikely to arise in the foreseeable future.		
10. DEBTORS		
Trade	165,466	90,442
Other	1,605	14,289
	<hr/> 167,071	<hr/> 104,731
	=====	=====



WESSEX RESINS AND ADHESIVES LIMITED

NOTES TO THE ACCOUNTS (Continued)

31st DECEMBER, 1987

	<u>1987</u> £	<u>1986</u> £
11. CREDITORS		
Due within one year:-		
Bank overdraft	47,252	20,278
Trade	348,282	225,800
Taxes and National Insurance	25,466	14,083
Current Corporation Tax	36,018	43,919
Other Creditors and Accruals	134,501	50,641
	<hr/>	<hr/>
	591,519	354,721
	=====	=====

12. SHARE CAPITAL

Authorised		
Ordinary shares of £1 each	5,000	5,000
	=====	=====
Allotted, Issued and Fully Paid		
Ordinary shares of £1 each	5,000	5,000
	=====	=====

13. CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date (1986 nil).

14. INVESTMENTS

Quoted investments, at cost	30,185	17,693
	=====	=====

15. EXTRAORDINARY ITEMS

Write-off of Goodwill	2,100	2,100
	=====	=====

16. ROYALTIES

The following royalties were paid during the year:-

1. £7,747 to Gougeon Bros Inc. USA re the West System Brand on product Sales of £193,666.
2. £3,312 to Department of Energy UK Government on qualifying sales of £33,116

AUDITORS REPORT TO THE MEMBERS OF  
WESSEX RESINS AND ADHESIVES LIMITED

We have audited the financial statements on pages 3 to 9 in accordance with the approved Auditing Standards, having regard to matters referred to in the following paragraph.

In common with many businesses of similar size and organisation the company's system of control is dependent upon the close involvement of the directors who are major shareholders. Where independent confirmation of the completeness of the accounting records was therefore not available we have received assurances from the directors that all the company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1987 and of its result and source and application of funds for the year then ended and comply with the Companies Act 1985.

2/3 Clarendon Terrace  
High Street  
Stockbridge  
Hampshire  
SO20 6EY  
15th September 1988

HAZELL MINSHALL & CO

Chartered Accountants