



**PERMAROCK STRUCTURAL
CHEMICALS LIMITED**

Report and Financial Statements

31 December 1995

**Deloitte & Touche
St Johns House
East Street
Leicester
LE1 6NG**



**REPORT AND FINANCIAL STATEMENTS 1995**

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REPORT AND FINANCIAL STATEMENTS 1995

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr R Littlewood (Resigned 12 January 1996)
Dr R G Canning
Mr M J Sharman

SECRETARY

Mr H C T Staunton

REGISTERED OFFICE

Jubilee Drive
Loughborough
Leicestershire
LE11 OXS

BANKERS

National Westminster Bank plc
235 High Street
Orpington
Kent
BR6 ONS

SOLICITORS

Hugh Staunton & Co
6 West Walk
Leicester
LE1 7NA

AUDITORS

Deloitte & Touche
Chartered Accountants
St Johns House
East Street
Leicester
LE1 6NG

**DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year to 31 December 1995.

ACTIVITIES

The principal activity of the company is the distribution of resin coatings.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Results for the year were unsatisfactory and the company's activities have been discontinued.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend. The retained loss of £140,080 (1994: £100,802) has been transferred from reserves.

FIXED ASSETS

Details of tangible fixed assets are set out in note 7 of the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are as follows:

Mr R Littlewood (Resigned on 12 January 1996)

Mr M Hutchinson (Resigned on 26 June 1995)

Dr R G Canning

Mr M J Sharman

Mr R Littlewood had a beneficial interest in 10,000 of the parent company's ordinary shares throughout the year.

Dr R G Canning and Mr M J Sharman are Directors of Permarock Products Limited, the company's parent company. Mr M Hutchinson was also a director of the same parent company until he resigned on 26 June 1995. Their interests in the shares of the parent company are shown in that company's financial statements.

None of the directors had any beneficial interest in the shares of the company.

**DIRECTORS' REPORT****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 as at the end of the financial year 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; 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.

EMPLOYEE INVOLVEMENT

Regular meetings are held between the directors and employees to keep employees informed of developments within the company.

EMPLOYMENT OF DISABLED PERSONS

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities.

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors

and signed on behalf of the Board

Hugh Staunton

Secretary

26/2/96



Chartered Accountants

Deloitte & Touche
St. John's House
East Street
Leicester LE1 6NG

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AUDITORS' REPORT TO THE MEMBERS OF

PERMAROCK STRUCTURAL CHEMICALS LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

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 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants
and Registered Auditors

26/2/96



PROFIT AND LOSS ACCOUNT
Year ended 31 December 1995

	Note	1995 £	1994 £
TURNOVER	2	84,253	333,508
Cost of sales		73,867	236,289
Gross profit		10,386	97,219
Administration expenses (including exceptional costs of £39,447)	3	150,466	198,021
OPERATING LOSS	4	(140,080)	(100,802)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(140,080)	(100,802)
Tax on loss on ordinary activities	5	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(140,080)	(100,802)
Retained deficit brought forward		(181,130)	(80,328)
Retained deficit carried forward		(321,210)	(181,130)

There are no recognised gains or losses or movements on reserves other than those shown in the profit and loss account above for the current and prior years. All activities were discontinued in the year.



BALANCE SHEET
As at 31 December 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Tangible assets	7	-	9,765
CURRENT ASSETS			
Stocks	8	6,206	30,358
Debtors	9	51,127	48,096
Cash at bank and in hand		467	120
		<u>57,800</u>	<u>78,574</u>
CREDITORS: amounts falling due within one year	10	<u>368,910</u>	<u>264,369</u>
NET CURRENT LIABILITIES		<u>(311,110)</u>	<u>(185,795)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(311,110)</u>	<u>(176,030)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	11	<u>(10,000)</u>	<u>(5,000)</u>
		<u>(321,110)</u>	<u>(181,030)</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account		<u>(321,210)</u>	<u>(181,130)</u>
TOTAL EQUITY SHAREHOLDERS FUNDS		<u>(321,110)</u>	<u>(181,030)</u>

These financial statements were approved by the Board of Directors on

26/2/96

Signed on behalf of the Board of Directors

R G Canning

Director

**NOTES TO THE ACCOUNTS**
Year ended 31 December 1995**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The company's activities were discontinued on 12 January 1996. All assets have been written down to their realisable value and all liabilities relating to the termination have been included in the accounts.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures and fittings	10% per annum
Motor vehicles	25% per annum
Plant and machinery	10%-20% per annum

Stocks

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

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Repairs and renewals

Repairs and renewals are charged to the profit and loss account as incurred.

Cashflow

The Company has taken advantage of the exemption granted under FRS1 not to prepare a cash flow statement as it is a wholly owned subsidiary of another UK company.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of Value Added Tax.

3. ADMINISTRATION EXPENSES

Included in administration expenses are exceptional costs of £39,447 relating to the discontinuance of the company's activities. No provision had previously been made in the accounts for these costs.



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

4. OPERATING LOSS

	1995	1994
	£	£
Operating loss is after charging:		
Depreciation	9,765	6,917
Rentals under operating leases		
Hire of plant and machinery	195	390
Other operating leases	-	7,371
Auditors' remuneration	1,500	1,500
	<u> </u>	<u> </u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge for the year (1994: Nil).

6. STAFF COSTS

	1995	1994
	£	£
Staff costs during the year (including directors)		
Wages and salaries	36,314	58,062
Social security costs	3,551	5,251
Pension	3,868	3,807
	<u> </u>	<u> </u>
	43,733	67,120
	<u> </u>	<u> </u>
	No	No
Average number of persons employed	<u> </u>	<u> </u>
	2	3

The Directors who are also Directors of Permarock Products Limited received a total remuneration of £100,592 disclosed in Permarock Products Limited's financial statements. It is not practicable to allocate this between their services as directors of Permarock Products Limited and Permarock Structural Chemicals Limited.


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
6. STAFF COSTS (CONTINUED)

The other directors received the following remuneration:

	1995	1994
	£	£
Directors' emoluments		
Salaries	30,240	31,363
Compensation for loss of office	29,844	-
Social security contributions	3,246	3,695
Benefits in kind	3,611	3,222
Pension contributions	3,868	3,807
	<u>70,809</u>	<u>42,087</u>
Scale of directors' remuneration for these directors	No	No
£ 40,001 - £45,000	-	1
£ 70,001 - £75,000	<u>1</u>	<u>-</u>

7. TANGIBLE FIXED ASSETS

	Fixtures & Fittings	Motor Vehicles	Plant and machinery	Total
	£	£	£	£
Cost				
At 1 January 1995 and at 31 December 1995	<u>6,169</u>	<u>19,150</u>	<u>7,058</u>	<u>32,377</u>
Accumulated depreciation				
At 1 January 1995	3,901	14,364	4,347	22,612
Charge for the year	<u>2,268</u>	<u>4,786</u>	<u>2,711</u>	<u>9,765</u>
At 31 December 1995	<u>6,169</u>	<u>19,150</u>	<u>7,058</u>	<u>32,377</u>
Net book value				
At 31 December 1995	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 1994	<u>2,268</u>	<u>4,786</u>	<u>2,711</u>	<u>9,765</u>

8. STOCKS

Stocks consist of raw materials and consumables.



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

9. DEBTORS - DUE WITHIN ONE YEAR

	1995	1994
	£	£
Trade debtors due within one year	51,025	47,273
Other debtors	102	823
	<u>51,127</u>	<u>48,096</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£	£
Trade creditors	27,395	25,757
Tax and social security	5,541	7,490
Other creditors	32,208	-
Amount owed to parent company	303,766	231,122
	<u>368,910</u>	<u>264,369</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 January 1995 £	Charged to Profit and Loss account £	Balance at 31 December 1995 £
Warranty provision	<u>5,000</u>	<u>5,000</u>	<u>10,000</u>

There is no deferred taxation provision, or movement, in either 1994 or 1995.

12. CALLED UP SHARE CAPITAL

	1995	1994
	£	£
Authorised 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

13. OPERATING LEASE COMMITMENTS

There were no operating lease commitments at 31 December 1995.

14. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Permarock Products Limited, a company registered in the England and Wales. Group accounts can be obtained from Permarock Products Limited, Jubilee Drive, Loughborough, Leicestershire, LE11 0XS.