

**Becorit (Holdings) Limited**  
**and Subsidiary Undertakings**

**Directors' report and accounts**

**31 December 1996**

Registered number 2116731



# Becorit (Holdings) Limited and Subsidiary Undertakings

## Directors' report

The directors present their annual report and the audited accounts for the year ended 31 December 1996.

## Principal activities and business review

The company does not trade.

## Results for the year

The profit for the year before taxation amounted to £152,000 (1995: £359,000). The profit and loss account is shown on page 5.

## Dividends

The directors do not recommend the payment of a dividend for the year (1995: £Nil).

## Directors

The directors retiring under the provisions of the Articles of Association are Mr. G. Allan and Mr. H.D. Cone who, being eligible, offer themselves for re-election.

The beneficial interests of the directors holding office on 31 December 1996 in the ordinary share capital of Rolls-Royce plc are as follows:

	<u>Rolls-Royce plc</u> <u>Ordinary Shares</u>		<u>Options over Rolls-Royce plc ordinary shares</u>		
	<u>1.1.96</u>	<u>31.12.96</u>	<u>1.1.96</u>	<u>Exercised</u> <u>in 1996</u>	<u>31.12.96</u>
H.D. Cone	-	-	178,205	6,982	171,223
G. Allan	-	-	1,840	-	1,840

# **Becorit (Holdings) Limited and Subsidiary Undertakings**

Directors' report (*continued*)

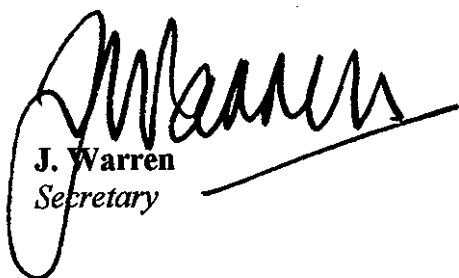
## **Fixed Assets**

Movements in the tangible fixed assets of the group are shown in note 9 to the accounts.

## **Insurance**

During the year the company maintained insurance cover for its officers against liabilities in relation to the company.

By order of the Board,

  
**J. Warren**  
*Secretary*

5 March 1997

# **Becorit (Holdings) Limited and Subsidiary Undertakings**

## **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 group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 the going concern basis unless it is inappropriate to presume that the group 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# Report of the Auditor KPMG Audit Plc

To the members of Becorit (Holdings) Limited

We have audited the accounts on pages 5 to 15 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.

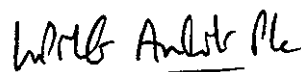
## **Basis of opinion**

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 accounts. 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 group'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 affairs of the company and the group as at 31 December 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*  
*110 Quayside*  
*Newcastle Upon Tyne*  
*NE1 3DX*

5 March 1997

# Becorit (Holdings) Limited and Subsidiary Undertakings

Consolidated profit and loss account  
for the year ended 31 December 1996

	Notes	1996 £000	1995 £000
Net operating expenses	2	<u>(7)</u>	<u>(2)</u>
<b>Operating loss</b>		<b>(7)</b>	<b>(2)</b>
Exceptional income	3	-	200
Other interest receivable and similar income	4	224	161
Interest payable and similar charges	5	<u>(65)</u>	<u>-</u>
<b>Profit on ordinary activities before taxation</b>	6	<b>152</b>	<b>359</b>
Tax on profit on ordinary activities	7	<u>(150)</u>	<u>(42)</u>
<b>Retained profit for the financial year</b>	16	<u><b>2</b></u>	<u><b>317</b></u>

The group has no recognised gains or losses in either the current or preceding years other than those disclosed in the consolidated profit and loss account.

# Becorit (Holdings) Limited and Subsidiary Undertakings

Consolidated balance sheet  
for the year ended 31 December 1996

	Notes	1996		1995	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	9		-		-
<b>Current assets</b>					
Debtors	11	14		10	
Cash at bank and in hand	12	<u>2,607</u>		<u>2,552</u>	
		2,621		2,562	
<b>Creditors: amounts falling due within one year</b>	13	<u>(137)</u>		<u>(80)</u>	
<b>Net current assets</b>			<u>2,484</u>		<u>2,482</u>
<b>Net assets</b>			<u>2,484</u>		<u>2,482</u>
<b>Capital and reserves</b>					
Called up share capital	15		6,822		6,822
Other reserves	16		118		118
Profit and loss account	16		<u>(4,456)</u>		<u>(4,458)</u>
<b>Equity shareholders' funds</b>			<u>2,484</u>		<u>2,482</u>

These accounts were approved by the board of directors on 5 March 1997 and were signed on its behalf by:



**G. Allan**  
Director

# Becorit (Holdings) Limited and Subsidiary Undertakings

Company balance sheet  
for the year ended 31 December 1996

	Notes	1996 £000	1995 £000
<b>Fixed assets</b>			
Tangible assets	9	-	-
Investments	10	<u>2,760</u>	<u>2,760</u>
		2,760	2,760
<b>Current assets</b>			
Debtors	11	14	10
Cash at bank and in hand	12	<u>2,607</u>	<u>2,552</u>
		2,621	2,562
<b>Creditors: amounts falling due within one year</b>	13	<u>(137)</u>	<u>(80)</u>
<b>Net current assets</b>		<u>2,484</u>	<u>2,482</u>
<b>Total assets less current liabilities</b>		5,244	5,242
<b>Creditors: amounts falling due after more than one year</b>	14	<u>(3,296)</u>	<u>(3,296)</u>
<b>Net assets</b>		<u>1,948</u>	<u>1,946</u>
<b>Capital and reserves</b>			
Called up share capital	15	6,822	6,822
Profit and loss account	16	<u>(4,874)</u>	<u>(4,876)</u>
<b>Equity shareholders' funds</b>		<u>1,948</u>	<u>1,946</u>

These accounts were approved by the board of directors on 5 March 1997 and were signed on its behalf by:



G. Allan  
Director



# Becorit (Holdings) Limited and Subsidiary Undertakings

## Cash flow statement

for the year ended 31 December 1996

	Notes	1996 £000	1995 £000
<b>Net cash (outflow)/inflow from operating activities</b>	18	(22)	66
<b>Net cash inflow from returns on investments and servicing of finance</b>			
Interest received		154	161
Interest paid		<u>(65)</u>	<u>-</u>
		89	161
<b>Taxation</b>			
Corporation tax (paid)/received		(82)	4
<b>Net cash inflow from investing activities</b>			
Other cash inflows from investing activities		<u>70</u>	<u>200</u>
<b>Net cash inflow</b>		<u><u>55</u></u>	<u><u>431</u></u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Cash at bank at 1 <sup>st</sup> January		2,552	2,121
Cash at bank at 31 <sup>st</sup> December		<u>2,607</u>	<u>2,552</u>
<b>Net cash inflow</b>		<u><u>55</u></u>	<u><u>431</u></u>

# Becorit (Holdings) Limited and Subsidiary Undertakings

## Notes

*(forming part of the financial statements)*

### 1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

#### *Basis of accounting*

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

#### *Consolidation*

The consolidated financial statements incorporate the accounts of Becorit (Holdings) Limited and all of its subsidiary undertakings for the year ended 31 December 1996.

A separate profit and loss account dealing with the results of the company itself has not been presented, as permitted by S230 of the Companies Act 1985.

#### *Tangible fixed assets*

Fixed assets are included at cost. Depreciation is calculated so as to write off the tangible fixed assets by equal installments over their estimated useful lives as follows:

Plant and machinery	5% - 25% per annum
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#### *Investments*

Investments are valued at cost, or at written down value where in the opinion of the directors there is a permanent diminution in value.

#### *Deferred taxation*

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

# Becorit (Holdings) Limited and Subsidiary Undertakings

Notes (continued)

## 2 Net operating expenses

	1996 £000	1995 £000
Administrative expenses	<u>7</u>	<u>2</u>
	<u>7</u>	<u>2</u>

## 3 Exceptional income

	1996 £000	1995 £000
Redundancy provision repaid by Long Airdox/Becorit Limited	<u>-</u>	<u>200</u>

## 4 Other interest receivable and similar income

	1996 £000	1995 £000
Bank interest	154	161
Other income	<u>70</u>	<u>-</u>
	<u>224</u>	<u>161</u>

## 5 Interest payable and similar charges

	1996 £000	1995 £000
Other interest	<u>65</u>	<u>-</u>

## 6 Profit on ordinary activities before taxation

	1996 £000	1995 £000
<i>Profit on ordinary activities before taxation is stated after charging the following:</i>		
Auditors' remuneration		
- for audit work	<u>3</u>	<u>3</u>

# Becorit (Holdings) Limited and Subsidiary Undertakings

Notes (continued)

## 7 Taxation on profit on ordinary activities

	1996 £000	1995 £000
<i>Taxation based on the profit for the year of the company and its subsidiary undertakings:</i>		
UK Corporation tax charge at 33% (1995: 33%)	72	51
Adjustments in respect of prior year	<u>78</u>	<u>(9)</u>
Tax charge/(credit) for the year	<u>150</u>	<u>42</u>

## 8 Profit for the financial year

	1996 £000	1995 £000
Dealt within the financial statements of the company	<u>2</u>	<u>317</u>

# Becorit (Holdings) Limited and Subsidiary Undertakings

Notes (continued)

## 9 Tangible fixed assets

	<b><u>Plant and Machinery</u></b> £000
<i>Cost or valuation:</i>	
At 1 January 1996 and 31 December 1996	<u>7</u>
<i>Depreciation:</i>	
At 1 January 1996 and 31 December 1996	<u>7</u>
<i>Net book value:</i>	
At 31 December 1995 and 31 December 1996	<u>-</u>

## 10 Investments

### Shares in group undertakings

	<b><u>Shares</u></b> £000	<b><u>Total</u></b> £000
<i>Cost:</i>		
At 1 January and 31 December 1996	<u>2,760</u>	<u>2,760</u>
<i>Amounts written off:</i>		
At 1 January and 31 December 1996	<u>-</u>	<u>-</u>
<i>Net book value:</i>		
At 31 December 1995 and 31 December 1996	<u>2,760</u>	<u>2,760</u>

The following are dormant subsidiary undertakings of Becorit (Holdings) Limited:

### Company

Becorit Limited  
 Becorit & Herweg Limited  
 Becorit Hudson Limited  
 Robert Hudson Ralettrux (Midlands) Limited  
 Wultex Machine Company Limited  
 AFC Wultex Limited  
 Olympus Welding Supplies Limited  
 Wultex Overseas Investments Limited

All subsidiaries are wholly owned and registered in England and are included in the consolidation.

# Becorit (Holdings) Limited and Subsidiary Undertakings

Notes (continued)

## 11 Debtors

	<b>Group &amp; Company</b>	
	<b>1996</b>	<b>1995</b>
	<b>£000</b>	<b>£000</b>
<i>Amounts falling due within one year:</i>		
Due from parent company	14	-
Prepayments and accrued income	<u>-</u>	<u>10</u>
	<u><b>14</b></u>	<u><b>10</b></u>

## 12 Cash at bank and in hand

	<b>Group &amp; Company</b>	
	<b>1996</b>	<b>1995</b>
	<b>£000</b>	<b>£000</b>
Amount due from ultimate parent company	<u><b>2,607</b></u>	<u><b>2,552</b></u>

## 13 Creditors: amounts falling due within one year

	<b>Group &amp; Company</b>	
	<b>1996</b>	<b>1995</b>
	<b>£000</b>	<b>£000</b>
Corporation tax - Group relief	127	59
Other creditors	<u>10</u>	<u>21</u>
	<u><b>137</b></u>	<u><b>80</b></u>

## 14 Creditors: amounts falling due after more than one year

	<b>Group &amp; Company</b>	
	<b>1996</b>	<b>1995</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings	<u><b>3,296</b></u>	<u><b>3,296</b></u>

# Becorit (Holdings) Limited and Subsidiary Undertakings

Notes (continued)

## 15 Called up share capital

	1996 £000	1995 £000
<i>Authorised:</i>		
Ordinary shares of £1 each	<u>7,000</u>	<u>7,000</u>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u>6,822</u>	<u>6,822</u>

## 16 Reserves

	Group Other <u>Reserves</u> £000	Group Profit and loss <u>Account</u> £000	Company Profit and loss <u>Account</u> £000
At 1 January 1996	118	(4,458)	(4,876)
Profit for the financial year	—	<u>2</u>	<u>2</u>
<b>At 31 December 1996</b>	<b><u>118</u></b>	<b><u>(4,456)</u></b>	<b><u>(4,874)</u></b>

## 17 Reconciliation of movements in shareholders' funds

	Group £000	Company £000
At 1 January 1996	2,482	1,946
Profit for the financial year	<u>2</u>	<u>2</u>
<b>At 31 December 1996</b>	<b><u>2,484</u></b>	<b><u>1,948</u></b>

## 18 Reconciliation of operating loss to net cash flow from operating activities

	1996 £000	1995 £000
Operating loss	(7)	(2)
(Increase)/decrease in debtors	(4)	65
(Decrease)/increase in creditors	<u>(11)</u>	<u>3</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<b><u>(22)</u></b>	<b><u>66</u></b>

# **Becorit (Holdings) Limited and Subsidiary Undertakings**

Notes *(continued)*

## **19 Deferred taxation**

No potential deferred taxation liability existed at 31 December 1996 or 31 December 1995.

## **20 Ultimate parent company**

The ultimate parent company is Rolls-Royce plc, a company registered in England. A copy of the ultimate parent company's accounts may be obtained from Rolls-Royce plc, 65 Buckingham Gate, London, SW1A 6AT.