Martech Technical Services Limited

Directors' report and financial statements

Registered number 2769370

For the year ended 31 December 2001

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Principal activities

The principal activities of the company during the year have been the hire and development of specialist equipment and the provision of technical and consultancy services to contractors operating in the electro chemical repair of reinforced concrete.

Business review and future developments

The business suffered poor results in comparison to previous years as a result of the downturn in market demand resulting in increased competitive pressures during the trading year.

Results

Results for the year are as follows:

	2001 £000	2000 £000
Turnover	**499**	632
(Loss)/profit on ordinary activities before taxation	**(75)**	9

Dividends

The directors do not recommend the payment of a final dividend for the year *(2000: £Nil)*.

Directors and their interests

The directors who served during the year are as follows:

T Dobson
MWC Martin
K Whitehouse
RH King (deceased 3 October 2001)

Mr AD Hammond was appointed as a director of the company on 1 January 2002.

As at 31 December 2001 no director had any beneficial interests in the company.

At 31 December 2001, the interests of Mr K Whitehouse in the ultimate holding company, Keller Group plc, were as follows:

	Ordinary shares			**Share options**	
	31 December 2001	**1 January 2001**	**Deferred annual bonus scheme**	**1994 scheme**	**Unapproved plan**
K Whitehouse	192,299	202,951	5,203	-	7,500

Share options under the Unapproved Plan were granted on 14 May 2001 at an option price of 231.5p and are normally exercisable within three to ten years of the date of grant.

Mr T Dobson and Mr MWC Martin are directors of the ultimate parent undertaking, Keller Group plc, and their interests in that company are disclosed in its financial statements.

Directors' report *(continued)*

Employees

During the year, employees were provided with information relating to the performance of the company and on the progress of the business through regular consultation between employee representatives and the company.

Disabled persons

It is the policy of the company to make fullest use of the potential of all of its employees including those who are disabled. Employees are given the opportunity and encouragement to undertake training and career development to enable them to be considered as candidates for promotion.

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 year. 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;
- 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 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board

K Whitehouse
Secretary

Oxford Road
Ryton-on-Dunsmore
Coventry
CV8 3EG

7 March 2002

KPMG

KPMG Audit Plc
2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of Martech Technical Services Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit 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 as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

7 March 2002

Profit and loss account
for the year ended 31 December 2001

	Note	**2001**	2000 restated
		£000	£000
Turnover - continuing operations	*2*	**499**	632
Operating (loss)/profit - continuing operations	3	**(75)**	9
Interest payable and similar charges	*4*	**-**	-
(Loss)/profit on ordinary activities before taxation		**(75)**	9
Taxation on (loss)/profit on ordinary activities	*7*	**(1)**	(4)
(Loss)/profit on ordinary activities after taxation being retained (loss)/profit for the financial year	*13*	**(76)**	5

No operations were discontinued during the year.

Statement of total recognised gains and losses
for the year ended 31 December 2001

	2001	2000 restated
	£000	£000
(Loss)/profit for the financial year	**(76)**	5
Prior year adjustment (see note 7)	**5**	
Total gains and losses since last annual report	**(71)**	

The notes on pages 6 to 11 form part of these financial statements.

Balance sheet
at 31 December 2001

	Note	**2001**		2000 restated	
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	*8*		**11**		18
Current assets					
Debtors	*9*	**118**		95	
Cash at bank and in hand		**79**		73	
		197		168	
Creditors: Amounts falling due within one year	*10*	**(350)**		(252)	
Net current liabilities			**(153)**		(84)
Net liabilities			**(142)**		(66)
Capital and reserves					
Called up share capital	*12*		**1**		1
Profit and loss account	*13*		**(143)**		(67)
Equity shareholders' funds	*14*		**(142)**		(66)

These financial statements were approved by the board of directors on 7 March 2002 and were signed on its behalf by:

K Whitehouse
Director

The notes on pages 6 to 11 form part of these financial statements.

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 company's financial statements:

In preparing these financial statements, the company has adopted Financial Reporting Standard No. 19 "Deferred tax" for the first time. This has resulted in a prior year adjustment as set out in note 7.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

The company has net liabilities of £142,000 *(2000: £66,000)*. The ultimate parent undertaking, Keller Group plc have confirmed their willingness to continue to support the above company for a period of at least twelve months to enable the company to continue to trade and pay its debts as they fall due. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

Under Financial Reporting Standard No 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

Under Financial Reporting Standard No 8, the company is exempt from the requirement to disclose transactions with entities that are part of the Keller group on the grounds that it is wholly owned by a parent undertaking which includes the company in its own published consolidated financial statements.

Turnover

Turnover represents the valuation of work done on contracts performed during the year on behalf of clients and the invoiced value of goods and services charged to clients, excluding value added tax.

Depreciation

Depreciation is provided on all other tangible fixed assets in order to write off the original cost less estimated residual value of those assets over their estimated useful lives at the following annual rates:

Plant and equipment	12½% straight line
Computers	33% straight line
Motor vehicles	25% straight line

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made on an undiscounted basis on all timing differences between the treatment of certain items for taxation and accounting purposes.

Lease rentals

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Research and development

Expenditure on research and development is written off against profits as incurred.

Pensions

The company is a participating employer in the Keller Group Pension Scheme (Makers' Section). In the UK, the group operates a defined benefit scheme based upon final salary. Contributions have been made in line with the funding rates recommended by the actuary for the schemes as a whole. Pension costs charged to the profit and loss account are based on actuarial valuations and are calculated to spread the cost of providing pensions over the period of the employees' service.

The company also operates a defined contribution scheme, with the amounts charged to the profit and loss account representing contributions relating to the accounting period.

Notes *(continued)*

2 Turnover

In the opinion of the directors the company does not operate in more than one class of business.

The turnover of £499,000 primarily arose in the UK and Europe from the activity of the hiring of specialist equipment and the provision of technical consultancy services to contractors included in the electrochemical repair of reinforced concrete.

3 Operating profit

	2001	2000
	£000	£000
Operating profit is stated		
after charging/(crediting):		
Raw materials and consumables	**25**	33
Other external operating charges	**304**	292
Wages and salaries	**192**	235
Social security costs	**16**	20
Other pension costs	**10**	11
Rental for hire of plant and vehicles under operating leases	**19**	27
Gain on fixed asset disposals	**(5)**	(11)
Auditors' remuneration	**4**	2
Depreciation on owned assets	**9**	14
	574	623

Fees in respect of other services provided by the auditors and their associates amounted to £2,000 *(2000: £Nil).*

4 Interest payable and similar charges

	2001	2000
	£000	£000
Interest payable to fellow subsidiary undertakings	**-**	-

5 Directors' emoluments

There were no directors' emoluments in respect of executive service *(2000: £Nil).*

6 Staff numbers

The average number of persons employed by the company during the year, analysed by category, was as follows:

	2001	2000
	Number	Number
Administration	**9**	8

Notes *(continued)*

7 Taxation on loss on ordinary activities

The charge for taxation is as follows:

	2001	2000 restated
	£000	£000
UK corporation tax	-	-
Deferred tax (see note 11)	1	4
	1	4

The company has adopted FRS 19: deferred tax in the current year. This has resulted in the restatement of the comparative results and financial position by increasing the tax charge for the year ended 31 December 2000 by £4,000, recognising a deferred tax asset at 31 December 2000 of £5,000 and increasing the profit and loss reserve at 1 January 2000 by £9,000. The current year charge is also increased by £1,000.

Factors affecting the tax charge for the year

	2001	2000
	£000	£000
(Loss)/profit on ordinary activities before tax	(75)	9
(Loss)/profit on ordinary activities multiplied by 30% *(2000: 30%)*	(23)	3
Effects of:		
Losses surrendered as group relief for which £Nil payment is made	24	-
Capital allowances for the period in excess of depreciation	(1)	(4)
Expenses not deductible for tax purposes	-	1
Tax charge for the year	-	-

Notes *(continued)*

8 Tangible fixed assets

	Land and buildings £000	Plant, machinery and motor vehicles £000	Total £000
Cost or valuation			
At beginning of year	7	147	154
Disposals	-	(5)	(5)
At end of year	7	142	149
Depreciation			
At beginning of year	7	129	136
Charge for year	-	7	7
Disposals	-	(5)	(5)
At end of year	7	131	138
Net book value			
At 31 December 2001	**-**	**11**	**11**
At 31 December 2000	-	18	18

Commitments

There were no capital commitments at 31 December 2001 *(2000: £Nil).*

9 Debtors

	2001 **£000**	2000 restated £000
Trade debtors	**114**	89
Other debtors	**4**	5
	118	94

Included in other debtors above are amounts due after more than one year of £4,000 *(2000: £5,000)* relating to deferred tax, as analysed in note 11.

Notes *(continued)*

10 Creditors: Amounts falling due within one year

	2001 £000	2000 £000
Trade creditors	**42**	24
Amounts owed to fellow subsidiary undertakings	**285**	222
Taxation and social security	**27**	6
	354	252
Taxation and social security comprises:		
Other taxes and social security	**14**	6
Corporation and withholding tax	**13**	-
	27	6

11 Deferred taxation

Full provision for deferred taxation has been made at 30% *(2000: 30%)* analysed as follows:

	2001 £000	2000 restated £000
Accelerated capital allowances	**(4)**	(5)
Other timing differences	**-**	-
	(4)	(5)
Opening balance:		
As previously stated	**-**	-
Prior year adjustment	**(5)**	(9)
As restated	**(5)**	(9)
Deferred tax charged to the profit and loss account in the year	**1**	4
At 31 December 2001	**(4)**	(5)

12 Called up share capital

	2001 £000	2000 £000
Authorised:		
Ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid:		
Ordinary shares of £1 each	**1**	1

Notes *(continued)*

13 Reserves

	Profit and loss account £000
Opening balance:	
As previously stated	(72)
Prior year adjustment	5
As restated	(67)
Retained loss for the year	(76)
Closing balance	**(143)**

14 Reconciliation of movements in shareholders' funds

	2001 £000	2000 £000
Opening shareholders' funds		
As previously restated	**(72)**	(80)
Prior year adjustment	**5**	9
As restated	**(66)**	(71)
Profit for the financial year	**(76)**	5
Closing deficit on equity shareholders' funds	**(142)**	(66)

15 Pension schemes

The company is a member of a pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its shares of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 "Retirement Benefits", the scheme will be accounted for by the company when the accounting standard is fully adopted by the company as if the scheme was a defined contribution scheme.

16 Ultimate parent company

The ultimate parent undertaking is Keller Group plc, a company registered in England and Wales. Keller Group plc prepares group financial statements which includes this company's financial statements. There are no other group financial statements which include the financial statement of this company. A copy of the group financial statements can be obtained from:

Aztec House
397-405 Archway Road
London
N6 4EY