Martech Technical Services Limited

Directors' report and financial statements

Registered number 2769370

For the year ended 31 December 2000

Contents

Directors' report	1
Auditors' report to the members of Martech Technical Services Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

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 2000 result is improved over 1999 after restructuring the fixed cost base and refocused marketing efforts.

Results for the year are as follows:

	2000 **£000**	1999 £000
Turnover	**632**	335
Profit/(loss) on ordinary activities before taxation	**9**	(42)

Dividends

The directors do not recommend the payment of a final dividend for the year *(1999: £Nil)*.

Directors and their interests

The directors who served throughout the year are as follows:

T Dobson
MWC Martin
K Whitehouse
RH King

As at 31 December 2000 no director had any beneficial interests in the company.

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.

As at 31 December 2000, Mr K Whitehouse and Mr RH King held 202,951 *(1999: 202,951)* shares and 140,000 *(1999: 140,000)* shares respectively in the ultimate parent undertaking, Keller Group plc.

At 31 December 1999 and 2000, no other director had any beneficial interests in the ultimate parent undertaking, Keller Group plc.

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' report *(continued)*

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

4 June 2001

KPMG

KPMG Audit Plc
2 Cornwall Street
Birmingham
B3 2DL

Auditors' report to the members of Martech Technical Services Limited

We have audited the financial statements on pages 4 to 10.

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. 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 2000 and of its profit 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

4 June 2001

Profit and loss account

for the year ended 31 December 2000

	Note	2000 £000	1999 £000
Turnover - continuing operations	*2*	**632**	335
Operating profit/(loss) - continuing operations	*3*	**9**	(42)
Interest payable and similar charges	*4*	-	-
Profit/(loss) on ordinary activities before taxation		**9**	(42)
Taxation on profit/(loss) on ordinary activities	*7*	-	25
Profit/(loss) on ordinary activities after taxation being retained profit/(loss) for the year	*13*	**9**	(17)

No operations were discontinued during the year and the company has no recognised gains or losses other than those disclosed in the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

Balance sheet
at 31 December 2000

	Note	2000		1999	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	*8*		18		31
Current assets					
Debtors	*9*	89		54	
Cash at bank and in hand		73		14	
		162		68	
Creditors: Amounts falling due within one year	*10*	(252)		(180)	
Net current liabilities			(90)		(112)
Total assets less current liabilities			(72)		(81)
Capital and reserves					
Called up share capital	*12*		1		1
Profit and loss account	*13*		(73)		(82)
Equity shareholders' funds	*14*		(72)		(81)

These financial statements were approved by the board of directors on 4 June 2001 and were signed on its behalf by:

MWC Martin
Director

The notes on pages 6 to 10 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:

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 £72,000 *(1999: £81,000)*. 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

Deferred taxation is provided using the liability method in respect of the taxation effect of timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable liabilities will actually crystallise in the foreseeable future.

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 two defined benefit schemes 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 introduced a defined contribution scheme during the year, 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 £632,000 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/(loss)

	2000	1999
	£000	£000
Operating profit/(loss) is stated after charging/(crediting):		
Raw materials and consumables	**33**	22
Other external operating charges	**292**	202
Wages and salaries	**235**	113
Social security costs	**20**	12
Other pension costs	**11**	3
Rental for hire of plant and vehicles under operating leases	**27**	14
(Gain)/loss on fixed asset disposals	**(11)**	7
Auditors' remuneration	**2**	2
Depreciation on owned assets	**14**	2
	623	377

There were no fees in respect of other services provided by the auditors and their associates *(1999: £Nil)*.

4 Interest payable and similar charges

	2000	1999
	£000	£000
Interest payable to fellow subsidiary undertakings	**-**	-

5 Directors' emoluments

There were no directors' emoluments in respect of executive service *(1999: £Nil)*.

6 Staff numbers

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

	2000	1999
	Number	Number
Administration	**8**	8

Notes *(continued)*

7 Taxation on profit/(loss) on ordinary activities

The charge/(credit) for taxation is as follows:

	2000 £000	1999 £000
Corporation tax at 30% *(1999: 30%)*	-	-
Adjustment for prior years	-	(25)
	-	(25)

8 Tangible fixed assets

	Land and buildings £000	Plant, machinery and motor vehicles £000	Total £000
Cost or valuation			
At beginning of year	7	153	160
Disposals	-	(6)	(6)
At end of year	7	147	154
Depreciation			
At beginning of year	-	129	129
Charge for year	7	7	14
Disposals	-	(7)	(7)
At end of year	7	129	136
Net book value			
At 31 December 2000	**-**	**18**	**18**
At 31 December 1999	7	24	31

Commitments

There were no capital commitments at 31 December 2000 *(1999: £Nil).*

9 Debtors

	2000 £000	1999 £000
Trade debtors	89	54

Notes *(continued)*

10 Creditors: Amounts falling due within one year

	2000 £000	1999 £000
Trade creditors	**24**	21
Amounts owed to fellow subsidiary undertakings	**222**	145
Taxation and social security	**6**	9
Other creditors	**-**	2
Accruals and deferred income	**-**	3
	252	180
Taxation and social security comprises:		
Other taxes and social security	**6**	9

11 Provisions for liabilities and charges

Deferred taxation

The full potential deferred tax asset and amounts provided, calculated on the liability method, at 30% *(1999: 30%)* are as follows:

	2000		1999	
	Amounts provided £000	**Potential amounts not recognised £000**	Amounts provided £000	Potential amounts not recognised £000
Accelerated capital allowances	**-**	**(6)**	-	(11)
Other timing differences	**-**	**(18)**	-	(18)
Net debit balance	**-**	**(24)**	-	(29)

12 Called up share capital

	2000 £000	1999 £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
At 1 January 2000	(82)
Retained profit for the year	9
At 31 December 2000	**(73)**

14 Reconciliation of movements in shareholders' funds

	2000 £000	1999 £000
Opening deficit on equity shareholders' funds	(81)	(64)
Retained profit/(loss) for the year	9	(17)
Closing deficit on equity shareholders' funds	**(72)**	(81)

15 Pension schemes

The company is a participating employer in the two pension schemes operated by Keller Group plc providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation of these group schemes was at 5 April 1999. Further particulars of these schemes are contained in the financial statements of the ultimate parent undertaking, Keller Group plc. The scheme became closed to new members on the 6 April 2000.

There is an accrual of £18,365 in the balance sheet as at 31 December 2000 *(1999: £13,842)*. The provision represents the difference between the amount charged in the profit and loss account and the amount paid into the pension scheme in the year.

As from the 10 February 2000, the company has introduced a standard life group personal pension plan which is a defined contributions scheme. Employer contributions are set at 1% higher than employees with a cap of 7%.

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