

Martech Technical Services Limited

**Directors' report and financial
statements**

Registered number 2769370

For the year ended 31 December 2002



Contents

Directors' report	1
Independent auditors' report to the members of Martech Technical Services Limited	3
Profit and loss account	4
Statement of total recognised gains and losses	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 2002.

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

Turnover increased during the year on initiatives to develop the company's testing consultancy business with outside clients further. This has developed satisfactorily and is being developed into other sectors of the construction industry.

On 1 January 2003, the whole of the company's trade and assets were sold to Makers UK Limited, a fellow group company, at a value equal to the net asset value of Martech Technical Services Limited as at 31 December 2002.

Martech Technical Services Limited will cease to trade with effect from 31 December 2002.

Results

Results for the year are as follows:

	2002 £000	2001 £000
Turnover	724	499
Profit/(loss) on ordinary activities before taxation	51	(75)

Dividends

The directors do not recommend the payment of a final dividend for the year (2001: £Nil).

Directors and their interests

The directors who served during the year are as follows:

T Dobson	
MWC Martin	(resigned 31 December 2002)
K Whitehouse	
AD Hammond	(appointed 1 January 2002)

As at 31 December 2002 no director had any beneficial interests in the company.

At 31 December 2002, the interests of the directors in the ultimate holding company, Keller Group plc, were as follows:

	Ordinary shares 31 December 2002	Ordinary shares 1 January 2002	Deferred annual bonus scheme	Share options 1994 scheme	Share options Unapproved plan
AD Hammond	4,573	-	-	-	964
K Whitehouse	149,483	192,299	2,409	5,000	7,500

Share options under the Unapproved Plan were granted on 14 May 2001 at an option price of 231.5p with the exception of AD Hammond whose options under the unapproved plan were granted on 13 March 2002 at an exercise price of 332p and are normally exercisable within three to ten years of the date of grant.

Mr T Dobson is a director of the ultimate parent undertaking, Keller Group plc, and his 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:

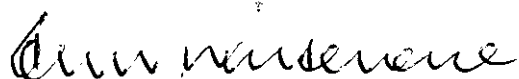
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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

Birmingham Road
Coventry
CV5 9AB

31 July 2003



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.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 director's 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 director's 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

31 July 2003

Profit and loss account
for the year ended 31 December 2002

	<i>Note</i>	2002 £000	2001 £000
Turnover – discontinued operations	2	724	499
Operating profit/ (loss) – discontinued operations and profit/(loss) on ordinary activities before taxation	3	51	(75)
Taxation on profit/(loss) on ordinary activities	6	(17)	(1)
Profit/(loss) on ordinary activities after taxation being retained profit/(loss) for the financial year	12	34	(76)

Statement of total recognised gains and losses
for the year ended 31 December 2002

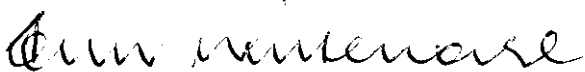
	2002 £000	2001 £000
Profit/(loss) for the financial year	34	(76)
Prior year adjustment	-	5
Total gains and losses since last annual report	34	(71)

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

Balance sheet
at 31 December 2002

	<i>Note</i>	2002	2001
		£000	£000
Fixed assets			
Tangible assets	7	4	11
Current assets			
Debtors	8	202	118
Cash at bank and in hand		35	79
		<u>237</u>	<u>197</u>
Creditors: Amounts falling due within one year	9	<u>(349)</u>	<u>(354)</u>
Net current liabilities		(112)	(153)
Net liabilities		<u>(108)</u>	<u>(142)</u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	(109)	(143)
Equity shareholders' funds	13	<u>(108)</u>	<u>(142)</u>

These financial statements were approved by the board of directors on 31 July 2003 and were signed on its behalf by:



K Whitehouse
 Director

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 £108,000 (2001: £142,000). 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 which have arisen but not reversed at the balance sheet date.

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 £724,000 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

	2002 £000	2001 £000
<i>Operating profit/(loss) is stated</i>		
<i>after charging/(crediting):</i>		
Raw materials and consumables	27	25
Other external operating charges	294	304
Wages and salaries	300	192
Social security costs	20	16
Other pension costs	16	10
Rental for hire of plant and vehicles under operating leases	7	19
Profit on fixed asset disposals	-	(5)
Auditors' remuneration	2	4
Depreciation on owned assets	7	9
	<hr/> 673	<hr/> 574

Fees in respect of other services provided by the auditors and their associates amounted to £1,800 (2001: £2,000).

4 Directors' emoluments

There were no directors' emoluments in respect of executive service (2001: £Nil).

5 Staff numbers

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

	2002 Number	2001 Number
Administration	<hr/> 11	<hr/> 9

Notes *(continued)*

6 Taxation on profit/(loss) on ordinary activities

The charge for taxation is as follows:

	2002 £000	2001 £000
UK corporation tax	16	-
Deferred tax (see note 10)	1	1
	<hr/>	<hr/>
	17	1
	<hr/>	<hr/>

Factors affecting the tax charge for the year

	2002 £000	2001 £000
Profit/(loss) on ordinary activities before tax	51	(75)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities multiplied by 30% (2001: 30%)	15	(23)
Effects of:		
Losses surrendered as group relief for which £Nil payment is made	-	24
Capital allowances for the period in excess of depreciation	(1)	(1)
Expenses not deductible for tax purposes	2	-
	<hr/>	<hr/>
Tax charge for the year	16	-
	<hr/>	<hr/>

Notes (continued)

7 Tangible fixed assets

	Land and buildings	Plant, machinery and motor vehicles	Total
	£000	£000	£000
Cost or valuation			
At beginning of year	7	142	149
Disposals	(7)	-	(7)
	<hr/>	<hr/>	<hr/>
At end of year	-	142	142
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	7	131	138
Charge for year	-	7	7
Disposals	(7)	-	(7)
	<hr/>	<hr/>	<hr/>
At end of year	-	138	138
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2002	-	4	4
	<hr/>	<hr/>	<hr/>
At 31 December 2001	-	11	11
	<hr/>	<hr/>	<hr/>

Commitments

There were no capital commitments at 31 December 2002 (2001: £Nil).

8 Debtors

	2002 £000	2001 £000
Trade debtors	199	114
Other debtors	3	4
	<hr/>	<hr/>
	202	118
	<hr/>	<hr/>

Included in other debtors above are amounts due after more than one year of £3,000 (2001: £4,000) relating to deferred tax, as analysed in note 10.

Notes (continued)

9 Creditors: Amounts falling due within one year

	2002 £000	2001 £000
Trade creditors	40	42
Amounts owed to fellow subsidiary undertakings	274	285
Taxation and social security	35	27
	<hr/>	<hr/>
	349	354
	<hr/>	<hr/>
Taxation and social security comprises:		
Other taxes and social security	17	14
Corporation and withholding tax	18	13
	<hr/>	<hr/>
	35	27
	<hr/>	<hr/>

10 Deferred taxation

Full provision for deferred taxation has been made at 30% (2001: 30%) analysed as follows:

	2002 £000	2001 £000
Accelerated capital allowances	(3)	(4)
	<hr/>	<hr/>
Opening balance	(4)	(5)
Deferred tax charged to the profit and loss account in the year	1	1
	<hr/>	<hr/>
At end of year	(3)	(4)
	<hr/>	<hr/>

11 Called up share capital

	2002 £000	2001 £000
<i>Authorised:</i>		
100,000 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
1,000 ordinary shares of £1 each	1	1
	<hr/>	<hr/>

Notes (continued)

12 Reserves

	Profit and loss account £000
At beginning of year	(143)
Retained profit for the year	34
	<hr/>
At end of year	(109)
	<hr/>

13 Reconciliation of movements in shareholders' funds

	2002 £000	2001 £000
Opening shareholders' funds		
As previously restated	(142)	(72)
Prior year adjustment	-	5
	<hr/>	<hr/>
As restated	(142)	(66)
Profit for the financial year	34	(76)
	<hr/>	<hr/>
Closing deficit on equity shareholders' funds	(108)	(142)
	<hr/>	<hr/>

14 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.

15 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