

**PMG**

## **Aquaproof Limited**

(formerly Palmers Corrosion Control Limited)

### **Directors' report and financial statements**

**31 December 1995**

Registered number 2849114



# Aquaproof Limited (formerly Palmers Corrosion Control Limited)

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes	7

# Aquaproof Limited (formerly Palmers Corrosion Control Limited)

## Directors' report

The directors present their report together with the audited financial statements for the year ended 31 December 1995.

### Principal activity and business review

The principal activity of the Company was the provision of corrosion control services. On 26 January 1996 the ongoing trade and certain assets of the marine deck covering systems business were transferred to Ruberoid International Limited, a fellow subsidiary undertaking for their net book value.

By a written resolution in accordance with 381A of the Companies Act 1985, passed on 30 April 1996, the company changed its name from Palmers Corrosion Control Limited to Aquaproof Limited.

From 26 January 1996 the company has been involved in the completion of certain contracts relating to its principal activity.

### Post balance sheet event

On 26 January 1996, the company purchased certain contracts together with their associated assets and liabilities of Aaronite Limited and Aaronite Overseas Limited, fellow subsidiary undertakings of Ruberoid PLC, for their net book value.

### Results and dividends

The profit and loss account is shown on page 5.

The profit for the period amounted to £177,000 (1994: profit £214,000).

The directors recommend the payment of a final dividend of £300,000 (1994: £nil). The directors propose that the retained loss of £123,000 be transferred from reserves.

### Directors and directors' interests

The directors who served during the year and subsequently were:

DT Watson	
EB McCann	
MA Clough	
RA Turner	(resigned 31 July 1995)
RF Antliff	(resigned 30 April 1996)
RP Tyekiff	(resigned 28 April 1995)

The interests of Messrs DT Watson and EB McCann in the share capital of the Company's ultimate parent company, Ruberoid PLC, are disclosed in the report and financial statements of that company.

# Aquaproof Limited (formerly Palmers Corrosion Control Limited)

## Directors' report (continued)

The declarable interest in the share capital of Ruberoid PLC of the remaining directors who held office at 31 December 1995 was as follows:

	At 31 December 1995		At 31 December 1994		Share option movements in year	
	Fully paid	Share options	Fully paid	Share options	Granted	Exercised
MA Clough	-	28,000	-	28,000	-	-

The Ruberoid PLC share options were granted on 25 November 1993 pursuant to the Executive Share Option Scheme and are exercisable, subject to the achievement of performance targets between November 1996 and November 2003 at the issue price of 150 pence per share.

None of the directors had any beneficial interest in the share or loan capital of the Company during the period.

### Fixed assets

The movements in tangible assets during the year are shown in note 8 on page 10.

### Insurance

Insurance cover has been arranged in respect of liabilities which may be incurred by directors and officers of the Company in the course of their duties.

This report was approved by the board on 23 October 1996 and signed on its behalf by:



**ML Kippen**  
Secretary

197 Knightsbridge  
London  
SW7 1RB

# Aquaproof Limited (formerly Palmers Corrosion Control Limited)

## 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 of the profit or loss 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, 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 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.



2 Cornwall Street  
Birmingham B3 2DL

## Auditors' report to the members of Aquaproof Limited

We have audited the financial statements on pages 5 to 13.

### *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 as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

23 October 1996



# Aquaproof Limited (formerly Palmers Corrosion Control Limited)

## Profit and loss account for the year ended 31 December 1995

	Note	Year ended 31 December 1995 £000	16 months ended 31 December 1994 £000
Turnover	2	4,133	3,941
Cost of sales		(3,577)	(3,272)
<b>Gross profit</b>		<b>556</b>	<b>669</b>
Other expenses	3	(306)	(335)
<b>Operating profit</b>		<b>250</b>	<b>334</b>
Net interest	4	17	(11)
<b>Profit on ordinary activities before taxation</b>	6	<b>267</b>	<b>323</b>
Tax on profit on ordinary activities	7	(90)	(109)
<b>Profit for the financial period</b>		<b>177</b>	<b>214</b>
Dividend proposed	16	(300)	-
<b>Retained (loss)/profit for the financial period transferred (from)/to reserves</b>	14	<b>(123)</b>	<b>214</b>

The result for the financial year was derived wholly from discontinued operations.

There is no difference between the result as disclosed in the profit and loss account and the result calculated on an unmodified historical cost basis.

Movements in reserves are set out in note 14 on page 12.

## Statement of total recognised gains and losses

There were no recognised gains or losses during the year ended 31 December 1995 attributable to shareholders other than those disclosed in the profit and loss account.

# Aquaproof Limited (formerly Palmers Corrosion Control Limited)

## Balance sheet

at 31 December 1995

	Note	1995 £000	1994 £000
<b>Fixed assets</b>			
Tangible assets	8	312	304
<b>Current assets</b>			
Stocks	9	740	141
Debtors	10	1,617	930
Cash at bank and in hand		4	319
		<u>2,361</u>	<u>1,390</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(2,582)</u>	<u>(1,480)</u>
<b>Net current liabilities</b>		<u>(221)</u>	<u>(90)</u>
<b>Net assets</b>		<u>91</u>	<u>214</u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account	14	91	214
<b>Equity shareholders' funds</b>		<u>91</u>	<u>214</u>

These financial statements were approved by the board of directors on 23 October 1996 and were signed on its behalf by:

EB McCann  
Director



DT Watson  
Director





# Aquaproof Limited (formerly Palmers Corrosion Control Limited)

## Notes

*(forming part of the financial statements)*

### 1 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 preparation*

The financial statements are prepared in accordance with applicable accounting standards using the historic cost accounting rules.

#### *Turnover*

Turnover represents the net amount receivable, excluding value added tax, for contracts completed for external customers during the year.

#### *Depreciation*

Freehold land is not depreciated. Depreciation is provided to write off the cost of other tangible assets less their estimated residual values, by equal instalments over their estimated useful lives, as follows:

Freehold buildings	- 50 years
Plant, machinery and vehicles	- 3 to 15 years

#### *Foreign currencies*

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the transaction dates. Balances outstanding at the period end, denominated in foreign currencies, are translated into sterling at the exchange rates ruling at the period end. Exchange differences are reflected in the results for the period.

#### *Leased assets*

Operating lease costs are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Stocks*

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes appropriate overhead.

#### *Deferred taxation*

Deferred taxation, calculated using the liability method, is included only where the effects of timing differences between results as stated in the financial statements and as computed for taxation purposes are likely to crystallise in the foreseeable future.

# Aquaproof Limited (formerly Palmers Corrosion Control Limited)

## Notes (continued)

### 1 Accounting policies (continued)

#### Pension

The Company operates both money purchase and final salary pension schemes. The amount charged against profit in respect of the money purchase schemes represents the contributions payable to the schemes in respect of the accounting period. Contributions to the final salary schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company.

### 2 Turnover

All turnover arose from one class of business. The United Kingdom was the company's sole market.

### 3 Other expenses

	1995 £000	1994 £000
Administrative expenses	<u>306</u>	<u>335</u>

### 4 Net interest

	1995 £000	1994 £000
Net interest receivable from/(payable to) the Company's parent undertaking	<u>17</u>	<u>(11)</u>

### 5 Employees and directors

The average number of employees (including directors of the Company) during the year comprises:

	1995 Number	1994 Number
Production	88	92
Administration	<u>12</u>	<u>9</u>
	<u>100</u>	<u>101</u>

# Aquaproof Limited (formerly Palmers Corrosion Control Limited)

## Notes (continued)

### 5 Employees and directors (continued)

The aggregate employment costs are as follows:

	1995 £000	1994 £000
Wages and salaries	1,627	1,740
Social security costs	165	172
Other pension costs	18	14
	<u>1,810</u>	<u>1,926</u>

None of the directors received any emoluments during the year ended 31 December 1995 (1994: £Nil).

### 6 Profit on ordinary activities before taxation

	1995 £000	1994 £000
<i>Profit on ordinary activities before taxation has been arrived at after charging:</i>		
Depreciation on tangible assets (note 8)	55	57
Operating leases:		
Hire of plant and machinery	325	369
Hire of other assets	-	8
Auditor's remuneration - audit	3	3
	<u>3</u>	<u>3</u>

### 7 Tax on profit on ordinary activities

Taxation based on the profit for the period comprises:

	1995 £000	1994 £000
UK Corporation tax at 33 %	96	119
Deferred taxation at 33 % (see note 12)	(6)	(10)
	<u>90</u>	<u>109</u>

# Aquaproof Limited (formerly Palmers Corrosion Control Limited)

## Notes (continued)

### 8 Tangible assets

	Freehold land and buildings £000	Plant, machinery & vehicles £000	Total £000
<b>Cost</b>			
At beginning of year	300	255	555
Additions	-	63	63
	<hr/>	<hr/>	<hr/>
At end of year	300	318	618
	<hr/>	<hr/>	<hr/>
Gross book value of depreciable assets	300	318	618
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of year	29	222	251
Charge for the year	6	49	55
	<hr/>	<hr/>	<hr/>
At end of year	35	271	306
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 1995	265	47	312
	<hr/>	<hr/>	<hr/>
At 31 December 1994	271	33	304
	<hr/>	<hr/>	<hr/>

### 9 Stocks

	1995 £000	1994 £000
Raw materials and consumables	7	14
Work in progress	1,506	311
	<hr/>	<hr/>
Progress payments receivable	1,513 (773)	325 (184)
	<hr/>	<hr/>
	740	141
	<hr/>	<hr/>

# Aquaproof Limited (formerly Palmers Corrosion Control Limited)

## Notes (continued)

### 10 Debtors

	1995 £000	1994 £000
Trade debtors	1,488	894
Amounts owed by fellow subsidiary undertakings	35	-
Other debtors	70	36
Prepayments and accrued income	24	-
	<u>1,617</u>	<u>930</u>

Included within other debtors is a deferred tax debtor of £16,000 (1994: £10,000) which is due after more than one year.

### 11 Creditors: amounts falling due within one year

	1995 £000	1994 £000
Bank loans and overdrafts	1,279	-
Trade creditors	520	297
Amounts owed to fellow subsidiary undertakings	17	938
Corporation tax	214	119
Other taxation and social security costs	243	107
Other creditors	4	8
Accruals and deferred income	5	11
Proposed dividend	300	-
	<u>2,582</u>	<u>1,480</u>

### 12 Deferred taxation

The movements in the deferred tax asset during the year are as follows:

	1995 £000	1994 £000
At beginning of year	10	-
Transfer to profit and loss account	6	10
At end of year	<u>16</u>	<u>10</u>

The amounts provided for deferred taxation are as follows:

	1995 £000	1994 £000
Accelerated capital allowances	<u>16</u>	<u>10</u>

There was no unprovided deferred tax liability at 31 December 1995 (1994: £Nil). The deferred tax asset is included in other debtors (see note 10).

# Aquaproof Limited (formerly Palmers Corrosion Control Limited)

## Notes (continued)

### 13 Share capital

Number                      £

#### *Authorised:*

At 31 December 1995 and 1994

Ordinary shares of £1 each

100                      100

#### *Authorised, called up and fully paid:*

At 31 December 1995 and 1994

Ordinary shares of £1 each

2                      2

### 14 Profit and loss account

£000

At beginning of year

Retained loss

214  
(123)

At end of year

91

### 15 Reconciliation of movement in equity shareholders' funds

16 months  
ended  
31 December  
1995                      1994  
£000                      £000

Profit for the financial period

Dividend

177                      214  
(300)                      -

Movement in equity shareholders' funds

Equity shareholders' funds at beginning of period

(123)                      214  
214                      -

Equity shareholders' funds at end of period

91                      214

### 16 Dividends

£                      £

Proposed final dividend of £150,000 (1994: £Nil) per  
ordinary share

300,000                      -

# Aquaproof Limited (formerly Palmers Corrosion Control Limited)

## Notes (continued)

### 17 Commitments

The Company has annual commitments under non-cancellable operating leases which expire:

	1995 Other £000	1994 Other £000
Within one year	-	5
In second to fifth years	-	5
After fifth year	-	10
	<hr/>	<hr/>
	-	20
	<hr/>	<hr/>

There were authorised but not contracted capital commitments of £51,000 as at 31 December 1995 (1994: £Nil).

### 18 Pensions

All monthly staff are entitled to contribute to a group final salary scheme. Operatives are entitled to contribute to a group money purchase scheme. Full disclosure is contained in the financial statements of the ultimate parent company, Ruberoid PLC.

### 19 Contingent liabilities

The Company has guaranteed bank overdrafts and loan in respect of its parent company and fellow subsidiary undertakings. At 31 December 1995 these guarantees amounted to £16,174,575 (1994: £3,618,000).

### 20 Ultimate parent company

The ultimate parent company is Ruberoid PLC, a company registered in England and Wales. Copies of the consolidated financial statements are available from the Secretary, Ruberoid PLC, 197 Knightsbridge, London, SW7 1RB.

The financial statements of Ruberoid PLC are the only consolidated financial statements to incorporate Aquaproof Limited.