

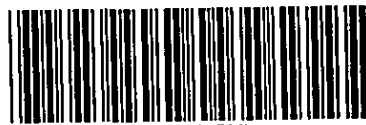
Registered number 03657539

Dri-eaz Products Limited

Directors' report and financial statements

For the period ended 31 May 2012

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Dri-eaz Products Limited

Company Information

Directors E W Moore (appointed 30 September 2011)
R Rice (appointed 30 September 2011)
M Teller (appointed 30 September 2011)

Company number 03657539

Registered office 37 St Margaret's Street
Canterbury
Kent
CT1 2TU

Auditors Reeves & Co LLP
Chartered Accountants & Registered Auditors
37 St Margaret's Street
Canterbury
Kent
CT1 2TU

Dri-eaz Products Limited

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Dri-eaz Products Limited

Directors' report For the period ended 31 May 2012

The directors present their report and the financial statements for the period ended 31 May 2012

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period. In preparing these 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities and review of business

The principal activity of the company for the period under review was that of the provision of industrial and commercial dehumidifiers.

The business strengthened its position during the period January 2011 to May 2012 under review, despite challenging trading and economic conditions.

Positive progress has been made implementing our strategy of developing and enhancing relationships within the Rental market. The introduction of new products combined with additional customer relationship and marketing activities, has successfully broaden our customer base.

Sales within the traditional UK Damage Restoration sector were soft. Insurance companies continue to select service providers with fewer operating overheads whilst also developing relationships with building contractors to undertake restorative drying activities. We have enhanced marketing activities to further promote and underpin our brand, product and service values within this sector. Export continues to deliver sales opportunities and growth through customers who value the product and service support we are able to offer.

A combination of product and customer mix changes together with increased competitive pressures resulted in a small reduction to gross margins. We continue to tightly manage overhead costs whilst increasing expenditure on telemarketing, advertising, social media, exhibitions, etc. to ensure we successfully strengthen and promote brand and product awareness.

Whilst challenging trading conditions and competitive pressures are likely to continue, a number of activities and plans are in place to ensure the business is well positioned for continued success during the next period.

Dri-eaz Products Limited

**Directors' report
For the period ended 31 May 2012**

Results

The profit for the period, after taxation, amounted to £542,226 (2010 - £285,474)

Directors

The directors who served during the period were

E W Moore (appointed 30 September 2011)
R Rice (appointed 30 September 2011)
M Teller (appointed 30 September 2011)
W Bruders (resigned 30 September 2011)
C Heath (resigned 30 September 2011)
E Morris (resigned 30 September 2011)

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

The auditors, Reeves & Co LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on September 25, 2012 and signed on its behalf



E W Moore
Director

Independent auditors' report to the shareholders of Dri-eaz Products Limited

We have audited the financial statements of Dri-eaz Products Limited for the period ended 31 May 2012, set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditors' 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

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the shareholders of Dri-eaz Products Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Reeves & Co LLP

Rodney Sutton BA ACA FCCA CA(SA) (Senior statutory auditor)

for and on behalf of
Reeves & Co LLP

Chartered Accountants
Registered Auditors

37 St Margaret's Street
Canterbury
Kent

CT1 2TU

Date *5/10/12*

Dri-eaz Products Limited

**Profit and loss account
For the period ended 31 May 2012**

	Note	17 months ended 31 May 2012 £	Year ended 31 December 2010 £
Turnover	1,2	4,952,750	2,633,475
Cost of sales		(3,421,386)	(1,744,255)
Gross profit		1,531,364	889,220
Administrative expenses		(794,679)	(493,685)
Other operating income	3	4,211	880
Operating profit	4	740,896	396,415
Interest receivable and similar income		299	78
Profit on ordinary activities before taxation		741,195	396,493
Tax on profit on ordinary activities	6	(198,969)	(111,019)
Profit for the financial period	13	542,226	285,474

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2010 other than those included in the Profit and loss account

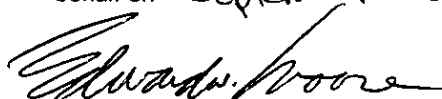
The notes on pages 7 to 13 form part of these financial statements

Dri-eaz Products Limited
Registered number 03657539

Balance sheet
As at 31 May 2012

	Note	£	31 May 2012 £	31 December 2010 £
Fixed assets				
Tangible assets	7		22,846	83,336
Current assets				
Stocks	8	184,183		189,323
Debtors	9	2,063,391		1,407,120
Cash at bank and in hand		142,319		260,102
		<u>2,389,893</u>		<u>1,856,545</u>
Creditors amounts falling due within one year	10	(321,792)		(391,160)
Net current assets			<u>2,068,101</u>	<u>1,465,385</u>
Net assets			<u>2,090,947</u>	<u>1,548,721</u>
Capital and reserves				
Called up share capital	12		2	2
Profit and loss account	13		<u>2,090,945</u>	<u>1,548,719</u>
Shareholders' funds	14		<u>2,090,947</u>	<u>1,548,721</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on *September 25, 2012*



E W Moore
Director

The notes on pages 7 to 13 form part of these financial statements

Dri-eaz Products Limited

Notes to the financial statements For the period ended 31 May 2012

1. Accounting policies

1 1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1 2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1 3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts

1 4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	-	20% on cost
Motor vehicles	-	20% on cost
Fixtures & fittings	-	20% on cost
Improvements to property	-	20% on cost and over the term of the lease

It is the company policy to capitalise all equipment purchased over the value of £1,000. Any purchases under this value are expensed to the profit and loss account.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

1 5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1 6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Dri-eaz Products Limited

Notes to the financial statements For the period ended 31 May 2012

1 Accounting policies (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period

1.10 Related party transactions

The company has taken advantage of the exemption from disclosing related party transactions with its fellow group members provided by paragraph 3c of FRS8 as it is a wholly owned subsidiary undertaking of RPM International Inc

2 Turnover

The whole of the turnover is attributable to the sale of industrial and commercial dehumidifiers

A geographical analysis of turnover is as follows

	17 months ended 31 May 2012 £	Year ended 31 December 2010 £
United Kingdom	3,556,018	1,975,106
Rest of European Union	1,239,272	658,369
Rest of world	157,460	-
	<u>4,952,750</u>	<u>2,633,475</u>

Dri-eaz Products Limited

Notes to the financial statements For the period ended 31 May 2012

3. Other operating income

	17 months ended 31 May 2012 £	Year ended 31 December 2010 £
Other operating income	<u>4,211</u>	<u>880</u>

4 Operating profit

The operating profit is stated after charging

	17 months ended 31 May 2012 £	Year ended 31 December 2010 £
Depreciation of tangible fixed assets - owned by the company	60,490	43,620
Auditors' remuneration	6,500	6,250
Operating lease rentals - other operating leases	70,408	49,700
Difference on foreign exchange	<u>99,296</u>	<u>33,544</u>

During the period, no director received any emoluments (2010 - £NIL)

5 Staff costs

Staff costs were as follows

	17 months ended 31 May 2012 £	Year ended 31 December 2010 £
Wages and salaries	261,428	165,780
Social security costs	33,006	22,923
Other pension costs	12,195	6,659
	<u>306,629</u>	<u>195,362</u>

The average monthly number of employees, including the directors, during the period was as follows

	17 months ended 31 May 2012 No	Year ended 31 December 2010 No
	<u>4</u>	<u>4</u>

Dri-eaz Products Limited

Notes to the financial statements For the period ended 31 May 2012

6 Taxation

	17 months ended 31 May 2012 £	Year ended 31 December 2010 £
Analysis of tax charge in the period/year		
Current tax (see note below)		
UK corporation tax charge on profit for the period/year	206,340	111,019
Adjustments in respect of prior periods	1,627	-
Total current tax	207,967	111,019
Deferred tax (see note 11)		
Origination and reversal of timing differences	(8,998)	-
Tax on profit on ordinary activities	198,969	111,019

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2010 - the same as) the standard rate of corporation tax in the UK of 26 11% (2010 - 28%) The differences are explained below

	17 months ended 31 May 2012 £	Year ended 31 December 2010 £
Profit on ordinary activities before tax	741,195	396,493
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26 11% (2010 - 28%)	193,526	111,019
Effects of		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	225	-
Capital allowances for period/year in excess of depreciation	10,793	-
Adjustments to tax charge in respect of prior periods	1,627	-
Other differences leading to an increase (decrease) in the tax charge	1,796	-
Current tax charge for the period/year (see note above)	207,967	111,019

Factors that may affect future tax charges

There were no factors that may affect future tax charges

Dri-eaz Products Limited

**Notes to the financial statements
For the period ended 31 May 2012**

7 Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Improve- ments to property £	Total £
Cost					
At 1 January 2011 and 31 May 2012	52,657	84,875	23,417	181,900	342,849
Depreciation					
At 1 January 2011	34,266	54,617	23,417	147,213	259,513
Charge for the period	8,555	17,248	-	34,687	60,490
At 31 May 2012	42,821	71,865	23,417	181,900	320,003
Net book value					
At 31 May 2012	9,836	13,010	-	-	22,846
At 31 December 2010	18,391	30,258	-	34,687	83,336

8 Stocks

	31 May 2012 £	31 December 2010 £
Raw materials	184,183	189,323

9. Debtors

	31 May 2012 £	31 December 2010 £
Trade debtors	379,184	783,518
Amounts owed by group undertakings	1,545,015	521,320
Other debtors	67,489	71,035
Prepayments and accrued income	62,705	31,247
Deferred tax asset (see note 11)	8,998	-
	2,063,391	1,407,120

Dri-eaz Products Limited

**Notes to the financial statements
For the period ended 31 May 2012**

**10. Creditors
Amounts falling due within one year**

	31 May 2012 £	31 December 2010 £
Trade creditors	61,346	92,069
Corporation tax	206,340	111,019
Social security and other taxes	28,340	89,291
Accruals and deferred income	25,766	98,781
	321,792	391,160

11 Deferred taxation

	31 May 2012 £	31 December 2010 £
At beginning of period/year	-	-
Released during period/year	8,998	-
At end of period/year	8,998	-

The deferred taxation balance is made up as follows

	31 May 2012 £	31 December 2010 £
Accelerated capital allowances	7,347	-
Other timing differences	1,651	-
	8,998	-

12 Share capital

	31 May 2012 £	31 December 2010 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

Dri-eaz Products Limited

Notes to the financial statements For the period ended 31 May 2012

13 Reserves

	Profit and loss account £
At 1 January 2011	1,548,719
Profit for the period	542,226
At 31 May 2012	<u>2,090,945</u>

14 Reconciliation of movement in shareholders' funds

	31 May 2012 £	31 December 2010 £
Opening shareholders' funds	1,548,721	1,263,247
Profit for the period/year	<u>542,226</u>	<u>285,474</u>
Closing shareholders' funds	<u>2,090,947</u>	<u>1,548,721</u>

15 Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £12,195 (2010 - £6,659). Contributions totalling £Nil (2010 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

16 Operating lease commitments

At 31 May 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	31 May 2012 £	31 December 2010 £	31 May 2012 £	31 December 2010 £
Expiry date				
Within 1 year	-	-	-	323
Between 2 and 5 years	-	49,700	4,920	3,860
After more than 5 years	<u>41,500</u>	<u>-</u>	<u>-</u>	<u>-</u>

17. Ultimate parent undertaking and controlling party

The directors regard RPM International Incorporated, resident in the United States of America, to be the ultimate parent company. Copies of the parent's consolidated accounts may be obtained from The Secretary, RPM International Inc, P O Box 777, Medina, Ohio, USA.