

**Armacell UK Limited**

**Directors' report and financial  
statements**

**Registered number 3729805**

**31 December 2002**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

### Principal activity

The principal activity of the company during the year was the manufacture and sale of elastomeric and polyethylene products.

### Business review

The results for the year are set out on page 4 of the financial statements.

### Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend. The loss for the year absorbed by the company is £1,181,000.

### Directors and directors' interests

The directors who held office during the year were as follows:

SL Abbott (resigned 5 April 2002)  
JF Mars  
UJ Weimer  
SM Wheatley (appointed 5 April 2002)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares or debentures of the company. The directors' interest in the shares of the ultimate parent company are disclosed in the accounts of that company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

### Political and charitable contributions

The company made a charitable contribution of £615 during the year. There were no political contributions made during the year.

### Auditors

KPMG were reappointed auditors at the Annual General Meeting but since the reappointment their business was transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 14 May 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising.

A resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

SM Wheatley  
Secretary



Mars Street  
Oldham  
Lancashire  
OL9 6LY

## 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; and
- 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.





St James' Square  
Manchester  
M2 6DS  
United Kingdom

## **Report of the independent auditors to the members of Armacell UK Limited**

We have audited the financial statements on pages 4 to 21.

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

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

*30 July 2003*





**Profit and loss account**  
*for the year ended 31 December 2002*

	<i>Note</i>	<b>2002</b> <b>£000</b>	<b>2001</b> <b>£000</b>
<b>Turnover from continuing operations</b>	<b>2</b>	<b>8,927</b>	<b>9,954</b>
Cost of sales		(7,662)	(8,781)
<b>Gross profit</b>		<b>1,265</b>	<b>1,173</b>
Distribution costs		(715)	(709)
Administrative expenses (including exceptional costs of £nil (2001: £173,000))	<b>3</b>	(1,592)	(1,626)
<b>Operating loss from continuing operations</b>		<b>(1,042)</b>	<b>(1,162)</b>
Other interest receivable and similar income	<b>6</b>	-	72
Interest payable and similar charges	<b>7</b>	(139)	(70)
<b>Loss on ordinary activities before taxation</b>	<b>2-7</b>	<b>(1,181)</b>	<b>(1,160)</b>
Tax on loss on ordinary activities	<b>8</b>	-	36
<b>Loss on ordinary activities after taxation and retained for the financial year</b>	<b>15</b>	<b>(1,181)</b>	<b>(1,124)</b>

The company has no recognised gains or losses in either the current or preceding year other than those reported above and therefore no separate statement of total recognised gains or losses has been presented.

**Balance sheet**  
*at 31 December 2002*

	<i>Note</i>	<b>2002</b>	<b>2001</b>
		£000	£000
<b>Fixed assets</b>			
Tangible assets	9	1,723	2,165
<b>Current assets</b>			
Stocks	10	677	803
Debtors	11	729	1,396
Cash at bank and in hand		92	92
		<u>1,498</u>	<u>2,291</u>
<b>Creditors: amounts falling due within</b>			
One year	12	(2,522)	(2,521)
		<u>(1,024)</u>	<u>(230)</u>
<b>Net current liabilities</b>			
		699	1,935
<b>Total assets less current liabilities</b>			
Provisions for liabilities and charges	13	-	(55)
		<u>699</u>	<u>1,880</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	14	4,500	4,500
Profit and loss account	15	(3,801)	(2,620)
		<u>699</u>	<u>1,880</u>
<b>Equity shareholder's funds</b>			

These financial statements were approved by the board of directors on 27 June 2003 and were signed on its behalf by:

SM Wheatley  
Director



**Cash flow statement**  
*for the year ended 31 December 2002*

	<i>Note</i>	<b>2002</b> <b>£000</b>	<b>2001</b> <b>£000</b>
<b>Reconciliation of operating profit to net cash flow from operating activities</b>			
Operating loss		<b>(1,042)</b>	(1,162)
Depreciation charges		<b>562</b>	497
Loss/(profit) on sale of fixed assets		<b>11</b>	(18)
Decrease in stocks		<b>126</b>	558
Decrease in debtors		<b>667</b>	345
Decrease in creditors		<b>(171)</b>	(11)
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>		<b>153</b>	209
		<hr/>	<hr/>
<b>Cash flow statement</b>			
<b>Cash flow from operating activities</b>		<b>153</b>	209
<b>Returns on investments and servicing of finance</b>	<i>18</i>	<b>(139)</b>	2
<b>Taxation</b>		<b>-</b>	36
<b>Capital expenditure</b>	<i>18</i>	<b>(131)</b>	151
		<hr/>	<hr/>
<b>(Decrease)/ increase in cash in the year</b>		<b>(117)</b>	398
		<hr/>	<hr/>
<b>Reconciliation of net cash flow to movement in net debt</b>			
<b>(Decrease)/ increase in cash in the year</b>	<i>19</i>	<b>(117)</b>	398
		<hr/>	<hr/>
<b>Movement in net debt in the year</b>		<b>(117)</b>	398
<b>Net funds/(debt) at the start of the year</b>	<i>19</i>	<b>49</b>	(349)
		<hr/>	<hr/>
<b>Net (debt)/funds at the end of the year</b>	<i>19</i>	<b>(68)</b>	49
		<hr/>	<hr/>

**Reconciliation of movements in shareholder's funds**  
*for the year ended 31 December 2002*

	2002 £000	2001 £000
Loss for the financial year	(1,181)	(1,124)
Net reduction in shareholder's funds	(1,181)	(1,124)
Opening shareholder's funds	1,880	3,004
Closing shareholder's funds	699	1,880

## 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 except as noted below. The company has adopted FRS 19 'Deferred tax' in these financial statements. The company has followed the transitional arrangements of FRS 17 'Retirement benefits' in these financial statements. No restatement of prior year balances has been necessary.

#### *Basis of preparation*

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

The going concern basis has been used in the preparation of the financial statements as the ultimate holding company, Armacell International GmbH has confirmed that it will continue to provide financial support to enable the company to continue to trade and to meet its liabilities to third parties for a period of at least 12 months from the date of signature of the financial statements.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	5% or over the period of the lease (whichever is the higher)
Plant, equipment and software licences	10-25%
Motor vehicles	25%

No depreciation is provided on freehold land or assets in the course of construction.

A full year's charge is provided on fixed assets in the year of acquisition or when fully brought into use.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, unless covered by a specific foreign exchange contract when the contracted rate is used. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date. The gains or losses on translation are taken to the profit and loss account.

#### *Leases*

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *Post-retirement benefits*

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the company.

#### *Research and development expenditure*

Expenditure on research and development is written off against profits in the year in which it is incurred.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale the FIFO basis is used. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

#### *Taxation*

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

#### *Cash*

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

### 2 Analysis of turnover and loss on ordinary activities before taxation

Turnover and loss on ordinary activities before taxation are derived from the company's principal activity.

An analysis of turnover by geographical market is set out below:

	2002 £000	2001 £000
United Kingdom	7,512	8,630
Rest of Europe	965	857
Australia and Far East	286	321
Middle East and Africa	130	98
USA	33	45
Other	1	3
	<hr/>	<hr/>
	8,927	9,954
	<hr/>	<hr/>

**Notes (continued)**

**3 Loss on ordinary activities before taxation**

	2002 £000	2001 £000
<i>Loss on ordinary activities before taxation is stated</i>		
<i>after charging/(crediting)</i>		
Auditors' remuneration:		
Audit	17	15
Depreciation of owned tangible fixed assets	562	497
Exchange losses/(gains)	82	(71)
Hire of plant and machinery - rentals payable under operating leases	45	45
Hire of other assets - operating leases	88	156
Loss/(profit) on sale of fixed assets	11	(18)
Exceptional item - restructuring costs	75	173
	<u>          </u>	<u>          </u>

The exceptional item relates to costs incurred in restructuring the manufacturing operations and is principally redundancy costs.

**4 Remuneration of directors**

	2002 £000	2001 £000
Directors' emoluments	-	10
Pension costs	-	1
	<u>          </u>	<u>          </u>
	-	11
	<u>          </u>	<u>          </u>

There are no retirement benefits accruing to the directors under defined benefit schemes (2001: £nil).

**Notes** *(continued)*

**5 Staff numbers and costs**

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

	<b>Number of employees</b>	
	<b>2002</b>	<b>2001</b>
Administration	27	26
Production	60	67
	<hr/>	<hr/>
	87	93
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	2,078	2,070
Social security costs	151	174
Other pension costs (note 17)	274	282
	<hr/>	<hr/>
	2,503	2,526
	<hr/>	<hr/>

**6 Other interest receivable and similar income**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Foreign exchange gains	-	71
Interest	-	1
	<hr/>	<hr/>
	-	72
	<hr/>	<hr/>

**7 Interest payable and similar charges**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
On bank loans and overdrafts	57	70
Foreign exchange losses	82	-
	<hr/>	<hr/>
	139	70
	<hr/>	<hr/>





## Notes (continued)

### 8 Taxation

#### Analysis of charge in period

	2002 £000	2001 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	(16)
Adjustments in respect of prior periods	-	(20)
	<hr/>	<hr/>
Total current tax	-	(36)
	<hr/>	<hr/>
Tax on loss on ordinary activities	-	(36)
	<hr/>	<hr/>

#### Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2001 : higher) than the standard rate of corporation tax in the UK (30%, 2001: 30%). The differences are explained below.

	2002 £000	2001 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(1,181)	(1,160)
	<hr/>	<hr/>
Current tax at 30% (2001: 30 %)	(354)	(337)
	<hr/>	<hr/>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	11	9
Capital allowances for period in excess of depreciation	68	(16)
Creation of tax losses	275	330
Short term timing differences	-	(2)
Adjustments in respect of prior years	-	(20)
	<hr/>	<hr/>
Total current tax charge (see above)	-	(36)
	<hr/>	<hr/>

**Notes (continued)**

**9 Tangible fixed assets**

	Freehold land	Leasehold Improvements	Plant, equipment and software licences	Motor Vehicles	Assets in the course of construction	Total
	£000	£000	£000	£000	£000	£000
<i>Cost</i>						
At beginning of year	54	2,003	6,966	52	232	9,307
Additions	-	(9)	160	-	-	151
Transfers from assets in the Course of construction	-	99	69	-	(168)	-
Disposals	-	-	(31)	-	(11)	(42)
At end of year	54	2,093	7,164	52	53	9,416
<i>Depreciation</i>						
At beginning of the year	-	1,153	5,942	47	-	7,142
Charge for the year	-	152	408	2	-	562
On disposals	-	-	(11)	-	-	(11)
At end of year	-	1,305	6,339	49	-	7,693
<i>Net book value</i>						
At 31 December 2002	54	788	825	3	53	1,723
At 31 December 2001	54	850	1,024	5	232	2,165

**10 Stocks**

	2002 £000	2001 £000
Raw materials and consumables	188	136
Finished goods and goods for resale	489	667
	677	803

**11 Debtors**

	2002 £000	2001 £000
Trade debtors	477	553
Amounts owed by group undertakings	156	617
Other debtors	-	66
Prepayments and accrued income	96	160
	729	1,396

All debtors fall due within one year.

**Notes (continued)**

**12 Creditors: amounts falling due within one year**

	2002 £000	2001 £000
Bank loans and overdrafts	160	43
Trade creditors	652	456
Amounts owed to group undertakings	1,402	1,582
Other taxation and social security	87	214
Accruals and deferred income	221	226
	<u>2,522</u>	<u>2,521</u>

**13 Provisions for liabilities and charges**

	Restructuring provisions £000
At beginning of year	55
Additions	75
Provisions utilised	(130)
<b>At end of year</b>	<u>-</u>

The restructuring provision relates to redundancy costs.

The elements of deferred taxation are as follows:

	2002 £000	2001 £000
Difference between accumulated depreciation and amortisation and capital allowances	128	207
Other timing differences	(38)	(39)
Tax losses	(90)	(168)
Undiscounted provision	<u>-</u>	<u>-</u>
Deferred tax asset	<u>-</u>	<u>-</u>

The company has £1,094,000 of unrecognised deferred tax asset relating to tax losses which the company can offset against future taxable profits.

**14 Called up share capital**

	2002 £	2001 £
<i>Authorised</i>		
4,500,100 ordinary shares of £1 each	<u>4,500,100</u>	<u>4,500,100</u>
<i>Allotted, called up and fully paid</i>		
4,500,002 ordinary shares of £1 each	<u>4,500,002</u>	<u>4,500,002</u>

**Notes (continued)**

**15 Reserves**

	Profit and loss account £000
At beginning of year	(2,620)
Loss for the financial year	(1,181)
	<hr/>
At end of year	<b>(3,801)</b>
	<hr/>

**16 Commitments**

(i) There were no contracts for capital expenditure at 31 December 2002 (2001: £nil). Capital expenditure authorised by the board but not contracted for amounted to £9,000 (2001: £3,000).

(ii) Annual commitments under non-cancellable operating leases are as follows:

	2002		2001	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	77	-	78	-
In the second to fifth years inclusive	6	15	77	15
Over five years	5	-	1	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>88</b>	<b>15</b>	<b>156</b>	<b>15</b>
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 17 Pension scheme

The company operates a pension scheme, the Armacell UK Pension Scheme, which provides 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 was at 31 December 2001.

In the eleven month period ended 30 November 2000, the company had participated in the group pension scheme operated by Armstrong World Industries Limited, a former group undertaking. From 1 December 2000 the company participated in the Armacell UK Pension Scheme to which the accrued benefits of employees formerly participating in the Armstrong World Industries Limited Scheme were transferred, at the discretion of each respective member, in the year ended 31 December 2002.

The actuarial valuation at 31 December 2001 was prepared on two bases: the actual position at 31 December 2001 and the position as at 31 December 2001 assuming the bulk transfer from Armstrong World Industries Limited had taken place. This bulk transfer actually took place on 24 July 2002.

The assumptions having the most significant effect on the contribution rates are those relating to the rate of return on assets of 7% (pre retirement) and 6.5% (post retirement), a rate of increase in pensionable salaries of 5% and a rate of increase of pensions of 3%.

The actuarial valuation as at 31 December 2001, prepared on the basis that the bulk transfer had taken place, showed that the market value of the scheme's assets was £3,362,000 at 31 December 2001 and that the actuarial value of those assets represented 100% of the benefits that had accrued to members and after allowing for expected future increases in earnings. The contributions of the company and employees will remain at 15% and 5% of earnings respectively.

The actuarial valuation as at 31 December 2001, prepared on the basis that the bulk transfer had not taken place, showed that the market value of the scheme liabilities was £481,000 and that the actuarial value of those assets represented 144% of the benefits that had accrued to members.

The total pension cost charge for the current year was £274,000 (2001: £282,000). There are no amounts provided in respect of the amortisation of experience surpluses or deficits as the scheme was 100% funded at the last actuarial valuation as stated above.

Whilst the company continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pension costs', under FRS 17 'Retirement benefits' the following transitional disclosures are required.

A valuation was updated by the actuary on an FRS 17 basis as at 31 December 2001 and 31 December 2002.

The major assumptions used in this valuation were:

	2002	2001
Rate of increase in salaries		
- staff and executives	4.25%	4.5% pa
- works	3.25%	3.5% pa
Rate of increase in pensions in payment and deferred pensions	2.25%	2.5% pa
Discount rate	5.5%	5.75% pa
Inflation assumption	2.25%	2.5% pa

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

**Notes (continued)**

**17 Pension scheme (continued)**

**Scheme assets**

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return At 31 December 2002	Value at 31 December 2002 £000	Long term rate of return At 31 December 2001	Value at 31 December 2001 £000
Equities	7.25%	2,761	7.0%	-
Bonds	5.0%	507	5.5%	-
Other investments	4.0%	68	4.0%	397
		<hr/>		<hr/>
		3,336		397
Present value of scheme liabilities		(4,657)		(366)
		<hr/>		<hr/>
(Deficit)/surplus in the scheme – Pension (liability)/asset		(1,321)		31
Related deferred tax asset/(liability)		396		(9)
		<hr/>		<hr/>
Net pension (liability) /asset		(925)		22
		<hr/>		<hr/>

The amount of this net pension (liability)/asset would have a consequential effect on reserves.

FRS 17 transitional disclosures have not been made in respect of the Armstrong World Industries scheme as any surplus or deficit in the scheme would not impact upon the company's reserves.

**Movement in surplus/deficit during the year**

	2002 £000
Surplus in scheme at beginning of year	31
Current service cost	(297)
Contributions paid	255
Loss on settlement	(777)
Other finance costs	(11)
Actuarial loss	(522)
	<hr/>
Deficit in the scheme at end of year	(1,321)
	<hr/>

## Notes (continued)

### 17 Pension scheme (continued)

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes would have been:

Analysis of other pension costs charged in arriving at operating profit/loss.

	2002 £000
Current service cost	297
Loss on settlement	777
	<hr/>
Total operating charge	1,074
	<hr/>

The loss on settlement is in respect of the bulk transfer from the Armstrong World Industries Limited Pension Scheme which was received on 24 July 2002. The loss has arisen because the FRS 17 liability arising in respect of the benefits granted from this transfer was calculated at 31 December 2001 on a different basis from that used to calculate the actual transfer amount.

Analysis of amounts included in other finance income/costs

	2002 £000
Expected return on pension scheme assets	102
Interest on pension scheme liabilities	(113)
	<hr/>
Net return	(11)
	<hr/>

Analysis of amount recognised in statement of total recognised gains and losses

	2002 %	2002 £000
Actual return less expected return on scheme assets		(147)
Percentage of year end scheme assets	(4%)	
Experience gains and losses arising on scheme liabilities		(319)
Percentage of present value of year end scheme liabilities	(7%)	
Changes in assumptions underlying the present value of scheme liabilities		(56)
Percentage of present value of year end scheme liabilities	(1%)	
		<hr/>
Actuarial loss recognised in statement of total recognised gains and losses		(522)
		<hr/>



**Notes** *(continued)*

**18 Analysis of cash flows**

	2002 £000	2001 £000
<b>Returns on investment and servicing of finance</b>		
Interest received	-	1
Interest paid	(57)	(70)
Net foreign exchange (losses)/gains	(82)	71
	<u>(139)</u>	<u>2</u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(151)	(586)
Sale of plant and machinery	20	737
	<u>(131)</u>	<u>151</u>

**19 Analysis of net debt**

	At beginning of year £000	Cash flow £000	At end of year £000
Cash in hand, at bank	92	-	92
Overdrafts	(43)	(117)	(160)
<b>Total</b>	<u>49</u>	<u>(117)</u>	<u>(68)</u>

## Notes (continued)

### 20 Related party disclosures

This company is controlled by Armacell International GmbH (see note 21)

The following information is provided in accordance with Financial Reporting Standard 8 as being all material transactions with related parties of Armacell UK Limited during the year. All transactions are conducted under normal commercial terms.

Transactions	Sales and recharges to group undertakings £000	Purchases and recharges from group undertakings £000
<b>2001</b>		
Armacell Insulation Product S.P.zo.o.	12	-
Armacell Iberia SA	40	-
Armacell Italia SPA	5	-
Armacell GmbH	18	1,882
Armacell Switzerland AG	228	-
Armacell Guangzhou Limited	14	-
Armacell LLC	45	-
Armacell Asia Limited	15	-
Total	<u>377</u>	<u>1,882</u>
<b>2002</b>		
Armacell Insulation Product S.P.zo.o.	38	-
Armacell Iberia SA	28	-
Armacell Italia SPA	14	-
Armacell GmbH	12	1,876
Armacell Switzerland AG	248	-
Armacell Guangzhou Limited	8	-
Armacell LLC	33	-
Armacell Asia Limited	4	-
Armacell (Thailand) Limited	-	8
Total	<u>385</u>	<u>1,884</u>

**Notes** *(continued)*

**20 Related party disclosures** *(continued)*

Balances	Amounts owed by group undertakings		Amounts owed to group undertakings	
	2002 £000	2001 £000	2002 £000	2001 £000
Armacell Consulting Limited	-	319	53	5
Armacell United Kingdom Holding Limited	88	48	-	-
Armacell Iberia SA	-	9	-	-
Armacell GmbH	12	6	523	521
Armacell Enterprise GmbH	20	19	10	15
Armacell International GmbH	-	-	802	1,039
Armacell Switzerland AG	12	1	-	2
Armacell Australia Pty. Limited	7	-	-	-
Armacell Guangzhou Limited	15	184	-	-
Armacell (Thailand) Limited	-	26	14	-
Armacell Asia Limited	2	5	-	-
	<u>156</u>	<u>617</u>	<u>1,402</u>	<u>1,582</u>

**21 Ultimate parent company and parent undertaking of a larger group of which the company is a member**

The company is a subsidiary undertaking of Armacell International GmbH which is incorporated in Germany.

The largest group in which the results of the company are consolidated is that headed by Armacell International GmbH. The consolidated accounts are available to the public and may be obtained from Armacell International GmbH, Robert-Bosch-Strasse 10, 48153 Muenster, Germany.

No other group accounts include the results for the company.