

3734749

OMNOVA PERFORMANCE CHEMICALS LIMITED

Report and Accounts

30 November 2000



# Omnova Performance Chemicals Limited

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Registered No. 3734749

## **DIRECTORS**

K Byrne  
K McMullen  
M Zima  
J LeMay  
J Scouller  
F Nataro

## **SECRETARY**

T Rashid

## **AUDITORS**

Ernst & Young LLP  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

## **BANKERS**

Barclays Bank PLC  
Hatton Garden Business Park  
99 Hatton Garden  
London EC1N 80N

## **SOLICITORS**

Simmons & Simmons  
21 Wilson Street  
London EC2M 2TX

## **REGISTERED OFFICE**

74-78 Wood Lane End  
Hemel Hempstead  
Hertfordshire HP2 4RF

## DIRECTORS' REPORT

The directors submit their audited report and accounts for the year ended 30 November 2000.

### RESULTS AND DIVIDENDS

The profit for the year after taxation was £261,000 (5 months to 30 November 1999 £290,000). The directors do not recommend the payment of a dividend (5 months to 30 November 1999 £nil).

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the business is the supply of floor care products. For the year under review, manufacturing was contracted out to a third party, Rohm and Haas.

### FUTURE DEVELOPMENTS

The directors aim to maintain the management policies, which have resulted in the company's successful performance during the year.

### DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

K Byrne	
N Mass	(appointed 30 June 1999, resigned 1 May 2000)
J Yasinsky	(appointed 30 June 1999, resigned 1 September 2000)
K McMullen	
M Zima	
J LeMay	
J Scouller	(appointed 31 January 2000)
F Nataro	(appointed 1 December 1999)

There are no directors' interests requiring disclosure under the Companies Act 1985.

### CHARITABLE AND POLITICAL CONTRIBUTIONS

No charitable or political contributions were made by the company during the year.

### DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

### EMPLOYEE INVOLVEMENT

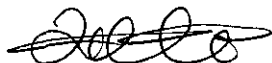
During the year, the policy of providing employees with information about the company has been continued. Regular meetings are held between management and staff in which employees are encouraged to present their suggestions and view on the company's performance.

DIRECTORS' REPORT

**AUDITORS**

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Director

27/02/2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. 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.

**INDEPENDENT AUDITORS' REPORT to the members of Omnova Performance Chemicals Limited**

We have audited the company's financial statements for the year ended 30 November 2000 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Shareholders' Funds and the related notes 1 to 17. These financial statements have been prepared on the basis of the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts give a true and fair view of the state of affairs of the company as at 30 November 2000 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

*28 February 2002*

# Omnova Performance Chemicals Limited

## PROFIT AND LOSS ACCOUNT for the year ended 30 November 2000

		2000	5 months to 1999
	Notes	£000	£000
<b>TURNOVER</b>	2	1,834	1,090
Cost of sales		(956)	(500)
<b>Gross profit</b>		<u>878</u>	<u>590</u>
Administrative expenses		(385)	(118)
Distribution costs		(103)	(32)
<b>OPERATING PROFIT</b>	3	<u>390</u>	<u>440</u>
Interest payable and similar charges	5	-	(1)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>390</u>	<u>439</u>
Tax on profit on ordinary activities	6	(129)	(149)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>261</u>	<u>290</u>
<b>RETAINED PROFIT FOR THE YEAR</b>	13	<u>261</u>	<u>290</u>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £261,000 in the year ended 30 November 2000 (5 months to November 1999 – £290,000).

## Omnova Performance Chemicals Limited

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the year ended 30 November 2000

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 1 December 1999	-	290	290
Retained profit for the year	-	261	261
At 30 November 2000	-	551	551



# Omnova Performance Chemicals Limited

## BALANCE SHEET

at 30 November 2000

	Notes	2000 £000	1999 £000
<b>FIXED ASSETS</b>			
Intangible assets	7	583	616
		<u>583</u>	<u>616</u>
<b>CURRENT ASSETS</b>			
Stock	8	252	-
Debtors	9	938	1,256
Cash at bank and in hand		1,061	-
		<u>2,251</u>	<u>1,256</u>
<b>CREDITORS: amounts falling due within one year</b>	10	(1,653)	(943)
<b>NET CURRENT ASSETS</b>		<u>598</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,181</u>	<u>929</u>
<b>CREDITORS: amounts falling due after more than one year</b>	11	(630)	(639)
		<u>551</u>	<u>290</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	-	-
Profit and loss account	13	551	290
		<u>551</u>	<u>290</u>

Approved by the board on  
and signed on its behalf by

27/02/ 2002



Director

NOTES TO THE ACCOUNTS  
at 30 November 2000

1. ACCOUNTING POLICIES

*Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

*Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the foreseeable future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

*Stocks*

Stocks are stated at the lower of cost and net realisable value.

*Foreign currencies*

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at year-end rates of exchange. All exchange differences thus arising are recorded in the profit and loss accounts for the period.

*Cash flow statement*

The directors have not prepared a cash flow statement as the company is indirectly wholly owned by Omnova Solutions Inc. which prepares publicly available consolidated financial statements in which the company is included.

*Goodwill*

Goodwill is the difference between the cost of acquired assets and liabilities and the aggregate of the fair value of those identifiable assets and liabilities. Purchased goodwill is amortised through the profit and loss account over the directors' estimate of its useful life. Where an impairment occurs the related goodwill will be written off in the year that the impairment occurs.

*Other intangible assets*

Acquired intangible assets are capitalised at their fair value as determined by an independent valuation. Intangible assets are amortised through the profit and loss account over the directors' estimate of their useful economic life.

2. TURNOVER

Turnover comprises the invoice value of goods and services supplied by the company, exclusive of VAT.

# Omnova Performance Chemicals Limited

## NOTES TO THE ACCOUNTS

at 30 November 2000

### 3. OPERATING PROFIT

(a) This is stated after charging:

	12 months to 2000 £000	5 months to 1999 £000
Amortisation of goodwill and intangible fixed assets	33	23
Staff costs – salaries	246	-

As in previous years, the audit fee is borne by the parent undertaking.

### 4. DIRECTORS EMOLUMENTS

	Year ended 30 November 2000 £000	5 months to 30 November 1999 £000
Emoluments (including pension contributions)	189	-

For the year ended 30 November 2000, directors' emoluments were paid by the parent undertaking Omnova Wallcovering UK limited.

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 November 2000 £000	5 months to 30 November 1999 £000
Foreign exchange loss	16	1

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge based on the profit for the year comprises:

	Year ended 30 November 2000 £000	5 months to 30 November 1999 £000
UK corporation tax at 31%	129	149

# Omnova Performance Chemicals Limited

## NOTES TO THE ACCOUNTS at 30 November 2000

### 7. INTANGIBLE FIXED ASSETS

	<i>Goodwill</i> <i>£000</i>	<i>Other</i> <i>£000</i>	<i>Total</i> <i>£000</i>
Costs:			
At 30 November 1999 and 2000	394	245	639
Amortisation:			
At 30 November 1999	11	12	23
Provided during the period	21	12	33
At 31 November 2000	32	24	56
Net book value:			
At 30 November 1999	383	233	616
At 30 November 2000	362	221	583

Goodwill is being amortised over its estimated useful life of 20 years.

Intangible assets are being amortised over their estimated useful economic life of 10 to 15 years.

### 8. STOCK

	<i>2000</i> <i>£000</i>	<i>1999</i> <i>£000</i>
Finished goods	252	-

### 9. DEBTORS

	<i>2000</i> <i>£000</i>	<i>1999</i> <i>£000</i>
Trade debtors	872	1,256
Other debtors	64	-
Prepayments	2	-
	938	1,256

# Omnova Performance Chemicals Limited

## NOTES TO THE ACCOUNTS at 30 November 2000

### 10. CREDITORS: amounts falling due within one year

	2000 £000	1999 £000
Trade creditors	1,139	636
Corporation tax	291	149
Amounts due to other group undertakings	223	119
VAT	-	39
	<u>1,653</u>	<u>943</u>

### 11. CREDITORS: amounts falling due after more than one year

	2000 £000	1999 £000
Loan from ultimate parent undertaking	630	639
	<u>630</u>	<u>639</u>

### 12. SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid £
At 30 November 1999	1,000	2
Movement in year	-	-
At 30 November 2000	<u>1,000</u>	<u>2</u>

### 13. RETAINED PROFIT

Retained profit for the company in the year was as follows:

	£000
At 1 December 1999	290
Retained profit for year	261
At 30 November 2000	<u>551</u>

### 14. PENSION ARRANGEMENTS

The company operates a defined contribution pension scheme. The assets of this scheme are held separately from those of the company in independently administered funds.

**NOTES TO THE ACCOUNTS**  
at 30 November 2000

**15. OTHER FINANCIAL COMMITMENTS**

On 26 April 1999 the company entered into a three year European Supply and Transition Agreement with Rohm and Haas that stipulates that certain products will be manufactured and stored by Rohm and Haas for this period.

**16. RELATED PARTIES**

The company has taken advantage of the exemption within Financial Reporting Standard 8, which permits it not to disclose transactions with its parent undertaking or fellow subsidiary undertakings.

**17. ULTIMATE PARENT UNDERTAKING**

The parent undertaking of the largest group for which group accounts are drawn up and of which the company is a member is Omnova Solutions Inc., a company registered in the United States of America.

The smallest group for which group accounts are drawn up and of which the company is a member is Omnova Wallcovering (UK) Limited.

Copies of Omnova Solutions Inc. and Omnova Wallcovering (UK) Limited accounts can be obtained from 74-78 Wood Lane End, Hemel Hempstead, Hertfordshire, HP2 4RF.