

**Bostik Limited**  
**Directors' report and financial**  
**statements**  
**Registered number 68328**  
**31 December 2008**

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

### Principal activity

The principal activity of the company continues to be the manufacture of adhesives, sealants and other chemicals.

The company continues to develop business in the Consumer and Industrial market place, in both its domestic and export markets.

### Business review

The company is ultimately a wholly owned subsidiary of Total SA and operates within Total's Chemical Division. As shown in the company's profit and loss account on page 5, the company's turnover has decreased by 5% from the prior year and profit after tax has decreased by 71%. This is principally due to the economic downturn which impacted the business in the latter part of the period, however despite the challenges posed by the deterioration in the trading environment, the business remained profitable and cash generative.

The balance sheet on page 6 of the financial statements shows that the company's financial position at the year-end and, excluding the funding of the company's pension obligations, is broadly consistent with the prior year.

There are no significant events since the balance sheet date.

### Principal risks and uncertainties

Competitive pressure in pricing raw materials is a continuing risk for the company, which it actively manages.

The company provides final salary-related benefits to its employees through the TotalFinaElf UK Pension Plan ('the Plan'). The employers participating into the Plan are grouped into Business Units and the assets and liabilities for each Business Unit are tracked separately. The information provided in these financial statements relates to the Bostik Findley Business Unit, the main employer of which being Bostik Limited.

The company is financed by Total SA, of which the details can be found in the Total SA annual report and accounts, and do not form part of this report.

### Proposed dividend and reserves

The directors agreed to pay a dividend of £5.0 million during 2008 (2007: Nil).

The retained profit for the period for the year was £2.9 million (2007: £10.0 million).

### Research and development

The company undertakes research and development activities, involving new product invention and new production service functions.

### Directors and directors' interests

The directors who served during the year and subsequently were as follows:

K J Charlesworth  
AP Davison  
PJ Derby

No director has any interests in shares of the company.

### Employees

Details of the number of employees and related costs can be found in note 6 to the financial statements.

## **Directors' report** *(continued)*

### **Employees** *(continued)*

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

### **Charitable donations**

During the year £2,560 was donated under deed of covenant to the Leicester Charity Link.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware there is no relevant audit information of which the company's auditors are unaware; and each director has taken all of the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed, and KPMG LLP will therefore continue in office.

By order of the board



**K J Charlesworth**  
*Secretary*

Ulverscroft Road  
Leicester, LE4 6BW

*11<sup>th</sup> August 2009*

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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, they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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;
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP  
1 Waterloo Way  
Leicester  
LE1 6LP  
United Kingdom

## **Independent auditors' report to the members of Bostik Limited**

We have audited the financial statements of Bostik Limited for the year ended 31 December 2008, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 of 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

Chartered Accountants  
Registered Auditor

17 August 2009

**Profit and loss account**  
*for the year ended 31 December 2008*

	<i>Note</i>	<b>2008</b> <b>£000</b>	<b>2007</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>131,276</b>	<b>138,356</b>
Cost of sales		<b>(97,450)</b>	<b>(98,641)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>33,826</b>	<b>39,715</b>
Net operating expenses	<b>3</b>	<b>(31,994)</b>	<b>(30,128)</b>
		<hr/>	<hr/>
<b>Operating profit</b>		<b>1,832</b>	<b>9,587</b>
<hr/>			
Operating profit excluding goodwill amortisation and exceptional costs		<b>3,484</b>	<b>10,994</b>
Amortisation of goodwill	<b>9</b>	<b>(1,652)</b>	<b>(1,668)</b>
Exceptional restructuring income	<b>3</b>	<b>-</b>	<b>261</b>
		<hr/>	<hr/>
Net interest payable and similar charges	<b>4</b>	<b>(881)</b>	<b>(1,590)</b>
Other finance income	<b>4</b>	<b>702</b>	<b>797</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	<b>5</b>	<b>1,653</b>	<b>8,794</b>
Tax credit on profit on ordinary activities	<b>7</b>	<b>1,232</b>	<b>1,220</b>
		<hr/>	<hr/>
<b>Retained profit for the year</b>		<b>2,885</b>	<b>10,014</b>
		<hr/>	<hr/>

The above results were derived entirely from continuing operations.

**Balance sheet**  
*at 31 December 2008*

	<i>Note</i>	<b>2008</b> £000	2007 £000
<b>Fixed assets</b>			
Intangible assets	9	33,850	35,266
Investment	10	262	262
Tangible assets	11	22,945	23,858
		<hr/> 57,057	<hr/> 59,386
<b>Current assets</b>			
Stocks	12	12,644	12,807
Debtors	13	25,885	36,321
Debtors: amounts falling due after more than one year	13	1,000	1,700
Cash at bank and in hand		2,457	1,278
		<hr/> 41,986	<hr/> 52,106
<b>Creditors: amounts falling due within one year</b>	14	(38,796)	(41,823)
<b>Net current assets</b>		<hr/> 3,190	<hr/> 10,283
<b>Total assets less current liabilities</b>		<hr/> 60,247	<hr/> 69,669
<b>Creditors: amounts falling due after more than one year</b>	15	(20,392)	(27,397)
Provisions for liabilities and charges	16	(1,165)	(1,265)
<b>Net assets excluding pension asset</b>		<hr/> 38,690	<hr/> 41,007
Pension asset	22	5,295	8,001
<b>Net assets including pension asset</b>		<hr/> 43,985	<hr/> 49,008
<b>Capital and reserves</b>			
Called up share capital	17	7,882	7,882
Revaluation reserve	18	1,229	1,328
Profit and loss account	18	34,874	39,798
<b>Shareholders' funds – all equity</b>	19	<hr/> 43,985	<hr/> 49,008

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

*11<sup>th</sup> August 2009*

*K. J. Charlesworth*

**K J Charlesworth**  
*Director*



## Note of historical cost profits and losses

*for the year ended 31 December 2008*

	2008 £000	2007 £000
Reported profit on ordinary activities before taxation	1,653	8,794
Difference between a historical cost depreciation charge and the actual depreciation charge for the year	99	99
<b>Historical cost profit on ordinary activities before taxation</b>	<b>1,752</b>	<b>8,893</b>
<b>Historical cost profit for the financial year retained after taxation</b>	<b>2,984</b>	<b>10,113</b>

## Statement of total recognised gains and losses

*for the year ended 31 December 2008*

	2008 £000	2007 £000
Profit for the financial year	2,885	10,014
Actuarial (loss)/gain recognised in the pension scheme	(4,225)	4,656
Deferred tax on actuarial loss/gain	1,183	(1,304)
Capital contribution from parent undertaking	134	123
<b>Total recognised (losses)/gains for the financial year</b>	<b>(23)</b>	<b>13,489</b>

## 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.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards.

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to produce group financial statements because it is a wholly owned subsidiary of Total SA, registered in France. These financial statements present information about the company as an individual undertaking and not about its group.

Total SA has prepared consolidated financial statements that incorporate the results of the company, and are publicly available. For this reason, no cash flow statement has been prepared, and no disclosure is provided of transactions between group members.

As a subsidiary undertaking of Total SA, the company has taken advantage of the exemption in FRS 8 'Related party disclosures' from disclosing transactions with other members of the group headed by Total SA.

#### *Intangible and tangible fixed assets*

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised to nil by equal annual instalments over its useful life.

Land and buildings are shown at original historical cost or subsequent valuation, net of depreciation and any provision for impairment, as set out in note 10. Other fixed assets are shown at cost, net of depreciation and any provision for impairment.

Depreciation of tangible and intangible fixed assets, apart from freehold land, is calculated on the cost of the assets so as to write off the cost or valuation, less estimated residual value, over the expected useful lives in equal annual instalments over the following periods:

Covenant not to compete	-	7 years
Goodwill	-	15-40 years
Plant and machinery	-	12 years
Office machinery, fixtures and fittings	-	10 years
Computer equipment	-	5 years
Commercial vehicles	-	4 years
Freehold buildings	-	20-45 years

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

Residual values are determined at the date of acquisition.

#### *Investments*

Fixed asset investments are stated at cost less any provision for impairment. Provisions for impairment are charged to the profit and loss account as they arise. Income from investments is included in the financial statements for the financial year in which it is receivable.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Stocks*

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

Cost incurred in bringing each product to its present location and condition is based on:

Raw materials	-	purchase cost on first-in, first-out basis, including transport
Work in progress	-	cost of direct materials and labour, plus a reasonable proportion
and finished goods		of manufacturing overheads based on normal levels of activity.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### *Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The taxation liabilities of certain group companies may be reduced wholly, or in part, by the surrender of losses by fellow group companies. No payments are made for such relief.

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.

#### *Post-retirement benefits*

Prior to 1 October 2003, Bostik Limited participated in the Bostik (UK) Limited Pension Fund and the Atofina Pension Scheme, both defined-benefit pension schemes in the UK. On 1 October 2003, they merged with the other pension schemes of the TotalFinaElf Group in the UK to form the TotalFinaElf UK Pension Plan ('the Plan'). The employers participating in the Plan are grouped into Business Units, and the assets and liabilities for each Business Unit are tracked separately.

As the major employer for the Business Unit, Bostik Limited is required to account for the whole Business Unit on a defined-benefit basis.

The defined-benefit scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating charges and finance items, and in the statement of total recognised gains and losses, actuarial gains and losses.

#### *Share-based payments*

In preparing the financial statements the company has adopted FRS 20 "Share-Based Payment". The adoption of FRS 20 has resulted in a change in accounting policy for share-based payment transactions relating to restricted stock grants and options granted to company staff for shares in Total S.A.. FRS 20 requires the fair value of options and share awards, which ultimately vest to be charged to the profit and loss account over the vesting period or performance period. The options granted are equity settled transactions, the fair value of which determined at the date of grant using the Black & Scholes method. The expense is allocated on a straight-line basis between grant date and vesting date.

## Notes (continued)

### 1 Accounting policies (continued)

#### Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

#### Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

#### Leases

Assets held under finance leases are capitalised as tangible fixed assets, and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases in order to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term.

#### Revaluation reserve

The company has taken advantage of the transitional provisions of FRS 15 'Tangible fixed assets' and retained the book amounts of certain freehold properties, which were revalued prior to implementation of that standard. The properties were last revalued on 26 January 1990, and the valuations have not subsequently been updated.

Surpluses, which have arisen on the revaluation of individual fixed assets, were previously credited to a revaluation reserve (see note 18). Where depreciation charges have been increased following a revaluation, an amount equal to such increase is transferred annually from this reserve to the profit and loss account as a movement on reserves. On the disposal of a revalued fixed asset, any remaining revaluation surplus corresponding to the item is also transferred to the profit and loss account.

### 2 Turnover

Geographical analysis of turnover is as follows:

	2008 £000	2007 £000
United Kingdom	108,703	116,617
Rest of Europe	16,018	16,416
United States	219	268
Other	6,336	5,055
	<hr/>	<hr/>
Total	131,276	138,356
	<hr/>	<hr/>

## Notes (continued)

### 3 Net operating expenses

	2008 £000	2007 £000
Distribution costs	24,173	23,097
Administrative expenses (including exceptional credit of £ Nil (2007: net income of £261,000))	7,821	7,031
	<u>31,994</u>	<u>30,128</u>

### Exceptional restructuring costs

These costs relate to the restructuring of recent acquisitions (Sealocrete and Laybond), and the restructure of existing manufacturing operations in Barnsley, Yorkshire.

### 4 Net interest payable and similar charges

	2008 £000	2007 £000
<i>Other interest receivable and similar income</i>		
Interest receivable and similar income	409	58

### *Interest payable and similar charges*

	2008 £000	2007 £000
Interest payable to fellow group companies	1,290	1,648

### Net interest payable

	2008 £000	2007 £000
Interest payable and similar charges	1,290	1,648
Less: investment income	(409)	(58)
	<u>881</u>	<u>1,590</u>

### Other finance income/(costs)

Analysis of the amounts that have been credited/(charged) to the profit and loss account under FRS 17

	2008 £000	2007 £000
Expected return on pension scheme assets	4,760	4,446
Interest on pension scheme liabilities	(4,058)	(3,649)
	<u>702</u>	<u>797</u>

## Notes (continued)

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2008 £000	2007 £000
Depreciation and other amounts written off tangible fixed assets		
– Owned	2,653	2,631
Amortisation of goodwill	1,652	1,668
Hire of other assets – operating leases	1,248	1,489
Research and development expenditure	1,492	1,286
Auditors' remuneration for audit services	66	52
	<u>          </u>	<u>          </u>

No other professional fees were paid to the auditors during the year (2007: £nil).

### 6 Staff costs

The aggregate payroll costs of employees (including executive directors) are shown below:

	2008 £000	2007 £000
Wages and salaries	16,823	16,759
Share-based payments	134	123
Social security costs	1,602	1,784
Other pension costs (see note 22)	1,332	1,576
	<u>          </u>	<u>          </u>
	19,891	20,242
	<u>          </u>	<u>          </u>

The average number of employees during the year was as follows:

	2008 Number	2007 Number
Manufacturing	444	332
Non-manufacturing	202	292
	<u>          </u>	<u>          </u>
	646	624
	<u>          </u>	<u>          </u>

### Director's remuneration

The remuneration of the directors was as follows:

	2008 £000	2007 £000
Emoluments	258	418
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Staff costs (continued)

#### Pensions

The number of directors who were members of pension schemes was as follows:

	2008 Number	2007 Number
Defined benefit schemes	2	2

#### Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2008 £000	2007 £000
Emoluments	132	171

The accrued pension entitlement under the company's defined-benefit scheme of the highest paid director at 31 December 2008 was £31,924 (2007: £25,323).

### 7 Tax on profit on ordinary activities

#### Analysis of credit in the year

	2008 £000	2007 £000
<i>UK corporation tax</i>		
Current tax on income for the period	893	782
Adjustments in respect of prior periods	(2,156)	(3,280)
Total current tax credit	(1,263)	(2,498)
<i>Deferred tax</i>		
Pension scheme deferred tax movement	131	2,077
Reversal of timing differences (see note 16)	(100)	(843)
Release of FRS 20 deferred tax timing differences	-	44
Tax credit on profit on ordinary activities	(1,232)	(1,220)

The tax credit in respect of overpayments in prior years mainly represents group relief surrendered to the company by a fellow group undertaking without payment.

## Notes (continued)

### 7 Tax on profit on ordinary activities (continued)

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

The current tax charge for the period is higher (2007: lower) than the standard rate of corporation tax in the UK (28.5%, 2007:30%). The differences are explained below.

	2008 £000	2007 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,653	8,794
	<hr/>	<hr/>
Current tax at 28.5% (2007: 30%)	471	2,638
Effects of:		
Expenses not deductible for tax purposes	40	44
Depreciation on non-qualifying assets	161	194
Industrial building allowances	(58)	(74)
Non allowable intangible fixed asset amortisation	446	474
Additional tax credit for research and development costs	(28)	(34)
Depreciation for period lower than/in excess of capital allowances	20	(211)
Share-based payments	(20)	37
Other short term timing differences	(6)	(80)
Pension timing differences	(133)	(2,206)
	<hr/>	<hr/>
Total current tax charge (see above)	893	782
	<hr/>	<hr/>
<b>Tax effect of exceptional income</b>		
	£000	£000
Exceptional income	-	(261)
	<hr/>	<hr/>
Tax @ 30%	-	(78)
	<hr/>	<hr/>

#### Factors that may affect future current and total tax charges

The corporation tax rate reduced from 30% to 28% with effect from 1 April 2008.

Tax depreciation on plant and machinery capital additions also reduced from 25% to 20% per annum with effect from 1 April 2008.

### 8 Dividends

	2008 £000	2007 £000
Equity dividends paid in the year	5,000	-
	<hr/>	<hr/>

The dividend was paid on 15<sup>th</sup> December 2008.



## Notes (continued)

### 9 Intangible fixed assets

	Covenant not to compete £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 January 2008	1,652	41,085	42,737
Additions during the year	-	236	236
	<hr/>	<hr/>	<hr/>
At 31 December 2008	1,652	41,321	42,973
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 January 2008	1,652	5,819	7,471
Charged for year	-	1,652	1,652
	<hr/>	<hr/>	<hr/>
At 31 December 2008	1,652	7,471	9,123
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2008	-	33,850	33,850
	<hr/>	<hr/>	<hr/>
At 31 December 2007	-	35,266	35,266
	<hr/>	<hr/>	<hr/>

Goodwill acquired on the acquisition of the trade and assets of Evode Limited is being amortised over a period of 40 years, being the directors' best estimate of the useful economic life.

Goodwill acquired on the acquisition of the trade and assets of Biscem, Laybond and Sealocrete are being amortised over a period of 20 years, being the directors' best estimate of the useful economic life.

Current year additions in intangibles represent the Dupont intangibles purchased at Total group level, and these include Know-how of £38,000, Trademark of £38,000 and Goodwill of £160,000. These additions are also amortised over a period of 20 years, being the directors' best estimate of the useful economic life.

### 10 Fixed asset investments

	Shares in subsidiary undertakings £000
<b>Cost and net book value</b>	
At 1 January 2008 and 31 December 2008	12,971
	<hr/>
<b>Impairment</b>	
At 1 January 2008 and 31 December 2008	12,709
	<hr/>
<b>Net book value</b>	
At 31 December 2008	262
	<hr/>
At 1 January 2008	262
	<hr/>

## Notes (continued)

### 10 Fixed asset investment (continued)

	Principal Activities	Country of Registration	Class of Shares held	Proportion
The Laybond Group Limited	Dormant	England	Ordinary	100%
Wetherby Building Products Limited	Manufacturer of Adhesives	England	Ordinary	100%
Sealocrete (Holdings) Limited	Dormant	England	Ordinary	100%

### 11 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2008	16,776	67,547	84,323
Additions	166	1,618	1,784
Disposals	-	(342)	(342)
	<hr/>	<hr/>	<hr/>
At 31 December 2008	<b>16,942</b>	<b>68,823</b>	<b>85,765</b>
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 January 2008	6,223	54,242	60,465
Charge for year	564	2,089	2,653
Eliminated on disposals	-	(298)	(298)
	<hr/>	<hr/>	<hr/>
At 31 December 2008	<b>6,787</b>	<b>56,033</b>	<b>62,820</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2008	<b>10,155</b>	<b>12,790</b>	<b>22,945</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2007	<b>10,553</b>	<b>13,305</b>	<b>23,858</b>
	<hr/>	<hr/>	<hr/>

Depreciation has not been charged on freehold land, which is stated at its cost or revalued amount of £2,712,853 (2007: £2,712,853).

On 26 January 1990, Snow & Astill Chartered Surveyors undertook a revaluation of freehold property on an open market value basis. The property, with a cost of £768,235, was revalued at £1,829,815. Original cost and aggregate depreciation based on cost of the property included at valuation are as follows:

	2008 £000	2007 £000
Cost	768	768
Aggregate depreciation based on cost	(454)	(447)
	<hr/>	<hr/>
Net book value	<b>314</b>	<b>321</b>
	<hr/>	<hr/>

**Notes (continued),**

**12 Stocks**

	2008 £000	2007 £000
Raw materials and consumables	3,750	3,818
Work-in-progress	366	333
Finished goods and goods for resale	8,528	8,656
	<u>12,644</u>	<u>12,807</u>

In the opinion of the directors the replacement cost of stocks is not materially different from book value.

**13 Debtors**

**Amounts falling due within one year**

	2008 £000	2007 £000
Trade debtors	23,552	28,200
Amounts owed by group undertakings	1,323	5,562
Other debtors	262	152
Corporation tax	236	1,698
Prepayments and accrued income	512	709
	<u>25,885</u>	<u>36,321</u>

**Amounts falling due after more than one year**

Amounts owed by group undertakings	<u>1,000</u>	<u>1,700</u>
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**14 Creditors: amounts falling due within one year**

	2008 £000	2007 £000
Trade creditors	14,833	18,633
Amounts owed to group undertakings	16,028	15,927
Other creditors:		
- VAT	624	962
- Social security and PAYE	521	570
Accruals and deferred income	6,790	5,731
	<u>38,796</u>	<u>41,823</u>

## Notes (continued)

### 15 Creditors: amounts falling due after more than one year

	2008 £000	2007 £000
Loan from group undertaking	20,000	27,000
Other long-term liability	223	228
Deferred income	169	169
	<u>20,392</u>	<u>27,397</u>

The loan from group undertaking is on a rolling 12 months ("evergreen") repayment agreement until further notice. This agreement is automatically renewed for a further 12 months on every 8<sup>th</sup> of January. Earlier repayment is at the discretion of the company. Interest is charged at LIBOR plus a margin of 27.5 basis points per annum.

### 16 Provisions for liabilities and charges

Movement on deferred tax liability during the year:

	Deferred taxation 2008 £000
At 1 January 2008	1,265
Credit to the profit and loss account for the year	(100)
	<u>1,165</u>
At 31 December 2008	<u>1,165</u>

The deferred taxation liability is as follows:

	2008 £000	2007 £000
Accelerated capital allowances	1,409	1,510
Other timing differences	(244)	(245)
	<u>1,165</u>	<u>1,265</u>

The corporation tax rate reduced from 30% to 28% with effect from 1 April 2008. The deferred tax liabilities on accelerated capital allowances and other timing differences, at both 31 December 2007 and 31 December 2008, have been calculated using a tax rate of 28%.

### 17 Called up share capital

	2008 £000	2007 £000
<i>Authorised</i>		
7,882,001 ordinary shares of £1 each	7,882	7,882
	<u>7,882</u>	<u>7,882</u>
<i>Allotted, called up and fully paid</i>		
7,882,001 ordinary shares of £1 each	7,882	7,882
	<u>7,882</u>	<u>7,882</u>

## Notes (continued)

### 18 Reserves

	Revaluation reserve £000	Profit and loss account £000
At beginning of year <i>as previously stated</i>	1,328	39,798
Profit for the year	-	2,885
Dividend in respect of equity shares	-	(5,000)
Transfers (to)/from revaluation reserve	(99)	99
Actuarial gain recognised in the pension scheme	-	(4,225)
Deferred tax arising on gains in the pension scheme	-	1,183
Capital contribution from parent undertaking	-	134
At end of year	<u>1,229</u>	<u>34,874</u>
	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Profit and loss reserve excluding pension asset	29,579	31,797
Pension asset (net)	5,295	8,001
Profit and loss reserve including pension asset	<u>34,874</u>	<u>39,798</u>

The transfer from the revaluation reserve to profit and loss account represents the difference between the depreciation charge for the year based on revalued amounts and the depreciation charge for the year based on cost.

### 19 Reconciliation of movements in shareholders' funds

	2008 £000	2007 £000
Profit for the year	2,885	10,014
Dividend in respect of equity shares	(5,000)	-
Other recognised (losses)/gains relating to the year	(4,225)	4,656
Deferred tax credit/(charge) thereon	1,183	(1,304)
Capital contribution from parent undertaking	134	123
Net <i>(reduction in)</i> addition to shareholders' funds	<u>(5,023)</u>	<u>13,489</u>
Opening shareholders' funds <i>as stated</i>	<u>49,008</u>	<u>35,519</u>
Closing shareholders' funds (equity interests)	<u>43,985</u>	<u>49,008</u>

## Notes (continued)

### 20 Share-based payments

Total SA (the ultimate parent of the company) operates a share ownership programme that allows group employees to acquire shares in the company. A share option scheme for senior management was established in March 1997. The fair value of services received in return for shares and share options granted to employees is measured by reference to the fair value of shares and share options granted.

As permitted by FRS 20, the company has applied the requirements of this standard to all share-based payment awards granted after 7 November 2003. The estimate of the fair value of services received is measured based on the Black Scholes formula.

During the year ended 31 December 2008, the company recognised an expense of £134,000 (2007: £123,000) in respect of outstanding share options.

The fair values and the assumptions used in their calculations are detailed in the consolidated accounts of Total SA for the year ended 31 December 2008. These include assumptions on expected volatility, dividend yield and risk free interest rate.

Share options were granted under a service condition and a non-market performance condition. Such conditions are not taken into account in the fair value measurement at grant date. There are no market conditions associated with the share option grants. Share options vest 2 years after grant date and are exercisable at any time within 7 years of the vesting date.

The grant date, exercise price per share and number of shares put under option are as follows:

Grant date	Exercise price	Number of shares	Expiry date of options
2005	€10.02	3,660	2013
2006	€11.26	3,480	2014
2006 restricted shares	€46.37	2,784	N/A
2007	€13.90	3,420	2015
2007 restricted shares	€57.31	2,708	N/A
2008	€4.99	2,580	2016
2008 restricted shares	€30.91	3,324	N/A

The principal assumptions used in assessing the fair value of the options are as follows:

- vesting period - 2 years
- exercise period - 8 years
- expected volatility – 33%
- expected dividends – 8.4%
- risk-free interest rate – 4.3%

The total expense recognised for each year arising from share-based payments is as follows:

	2008 £000	2007 £000
Equity settled share-based payments	134	123

## Notes (continued)

### 21 Guarantees and other financial commitments

#### a) Capital commitments

	2008 £000	2007 £000
Contracted for but not provided for	1,909	641

#### b) Contingent liabilities

	2008 £000	2007 £000
In respect of bonds and indemnities granted to or by banks	30	30

#### c) Lease commitments

The company has entered into non-cancellable operating leases in respect of plant and machinery.

The minimum annual rentals under non-cancellable operating leases are as follows:

	2008 Plant and machinery £000	2007 Plant and machinery £000
Operating leases which expire:		
- Within one year	460	330
- Within 2-5 years	867	818
	<u>1,327</u>	<u>1,148</u>

### 22 Pension Schemes

As explained in note 1 on page 9 the company provides final salary related benefits to its employees through the TotalFinaElf UK Pension Plan ('the Plan'). The employers participating into the Plan are grouped into Business Units and the assets and liabilities for each Business Unit are tracked separately.

The information provided below for FRS 17 purposes relates to the Bostik Findley Business Unit, the main employer of which being Bostik Limited.

The calculations for the liabilities of the Business Unit are based on an actuarial valuation provided by an independent qualified actuary as at 1 July 2008, rolled forward to 31 December 2008 employing assumptions that are consistent with the requirements of FRS 17. The asset value attributed to the Business Unit was based on an approximate roll forward of the asset allocation as at 1 October 2003 allowing for subsequent cash flows. A unitisation project is in progress, which will provide a more accurate attribution of assets to Business Units for future years.

Additional disclosures regarding the group's 2008 defined benefit pension scheme, the TotalFinaElf UK Pension Plan, are required under the FRS 17 "Retirement benefits" and these are set out below.

The actuarial valuation described below has been updated at 31 December 2008 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

## Notes (continued)

### 22 Pension schemes (continued)

The major assumptions used for the actuarial valuation were:

	2008 %	2007 %	2006 %
Rate of increase in salaries	4.50	4.00	3.75
Rate of increase in pensions in payment	3.00	3.00	2.75
Discount rate	6.00	5.75	5.00
Inflation assumption	3.00	3.00	2.75

The mortality assumptions are based on standard mortality tables, which allow for the future mortality improvements. The assumptions are that a member currently aged 65 will live average for a further 21 years if male and for a further 25 years if female.

The fair value of the assets attributed to the Business Unit, and the present value of the liabilities and the expected rate of return at each balance sheet date were:

	2008 %	2008 £000	2007 %	2007 £000	2006 %	2006 £000
Property	7.50	4,016	7.50	4,551	7.25	5,120
Government bonds	4.25	44,907	4.50	48,816	4.50	23,408
Corporate bonds	6.00	6,223	5.75	4,220	5.00	2,926
Equities	8.50	20,624	8.50	22,919	8.25	32,186
Cash	2.00	663	5.75	2,234	4.50	9,509
<b>Total fair value of assets</b>		<b>76,433</b>		<b>82,740</b>		<b>73,149</b>
<b>Present value of scheme liabilities</b>		<b>(69,079)</b>		<b>(71,628)</b>		<b>(74,047)</b>
<b>Surplus/(deficit) in the scheme</b>		<b>7,354</b>		<b>11,112</b>		<b>(898)</b>
<b>Related deferred tax (liability)/asset</b>		<b>(2,059)</b>		<b>(3,111)</b>		<b>270</b>
<b>Net pension asset/(liability)</b>		<b>5,295</b>		<b>8,001</b>		<b>(628)</b>

Analysis of the amount that has been charged to operating profit under FRS 17

	2008 £000	2007 £000
Current service cost	1,332	1,576
Past service cost	-	-
	<b>1,332</b>	<b>1,576</b>



## Notes (continued)

### 22 Pension schemes (continued)

Analysis of the amount that has been credited/(debited) to net finance income under FRS 17

	2008 £000	2007 £000
Expected return on pension scheme assets	4,760	4,446
Interest on pension scheme liabilities	(4,058)	(3,649)
	<u>702</u>	<u>797</u>

Analysis of the actuarial loss that has been recognised in the statement of total recognised gains and losses

	2008 £000	2007 £000
Actual return less expected return on pension scheme assets	(10,473)	(1,432)
Experience gains arising on pension scheme liabilities	2,152	34
Changes in assumptions underlying the present value of the scheme liabilities	4,096	6,054
	<u>(4,225)</u>	<u>4,656</u>

Movement during the year

	2008 £000	2007 £000
Scheme at beginning of the year	11,112	(898)
Current service cost	(1,332)	(1,576)
Past service cost	-	-
Employer contributions	1,097	8,133
Other finance income	702	797
Actuarial (loss)/gain	(4,225)	4,656
	<u>7,354</u>	<u>11,112</u>

Movements in present value of defined benefit obligation

	2008 £000	2007 £000
Opening defined benefit obligation	71,628	74,047
Current service cost	1,332	1,576
Interest cost	4,058	3,649
Contributions by members	533	497
Actuarial gains	(6,248)	(6,088)
Benefits paid	(2,224)	(2,053)
	<u>69,079</u>	<u>71,628</u>

## Notes (continued)

### 22 Pension schemes (continued)

#### Movements in fair value of plan assets

	2008 £000	2007 £000
Opening fair value of plan assets	82,740	73,149
Expected return on plan assets	4,760	4,446
Actuarial gains	(10,473)	(1,432)
Contributions by employer	1,097	8,133
Contributions by members	533	497
Benefits paid	(2,224)	(2,053)
	<hr/>	<hr/>
Closing fair value of plan assets	76,433	82,740
	<hr/>	<hr/>

#### History of experience gains and losses

	2008 £000	2007 £000	2006 £000
Difference between the expected and actual return on scheme assets:			
Amount (£)	(10,473)	(1,432)	2,845
Percentage of scheme assets	(13.7%)	(1.7%)	3.9%
Experience losses on scheme liabilities:			
Amount (£)	2,152	34	38
Percentage of the present value of scheme liabilities	3.1%	0.1%	0.1%
Total actuarial (loss)/gain recognised in the statement of total recognised gains and (losses):			
Amount (£)	(4,225)	4,656	6,648
Percentage of the present value of scheme liabilities	(6.1%)	6.5%	9.0%

### 23 Ultimate parent company

The directors regard Total S.A., a company registered in France, as being the ultimate parent company. Total S.A. heads the largest group in which the financial statements of the company are consolidated. Copies of the ultimate parent company's consolidated financial statements may be obtained from Total S.A., 2 Place Jean Millier, La Defense 6, 92078 Paris, La Defense Cedex, France.

The immediate parent company is Total Holdings UK Limited. Total Holdings UK Limited heads the smallest group in which the financial statements of the company are consolidated. The financial statements of Total Holdings UK Limited are available from the Registrar of Companies.