

ADHESIVE SPECIALITIES LIMITED
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED
31ST MARCH 2003



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ADHESIVE SPECIALITIES LIMITED

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ADHESIVE SPECIALITIES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr R.S. Goddard
Mrs V. Goddard
Mr B. J. Gibson
Mr S.W. Gibson
Mr A. Nicholson

Company secretary

Mrs V. Goddard

Registered office

124/130 Seymour Place
London
W1H 1BG

Auditors

Bright Grahame Murray
Chartered Accountants
& Registered Auditors
124/130 Seymour Place
London
W1H 1BG

ADHESIVE SPECIALITIES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST MARCH 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2003.

Principal Activities and Business Review

The company's principal activity continued to be the manufacture, processing and wholesaling of adhesive tapes.

During the year the company restructured its operations resulting in the closure of its manufacturing plant in Suffolk and the consequential removal of equipment to the Newbury facility. At the same time the company decided to cease the manufacture and sale of certain product lines. Following this exercise the company is trading well and anticipates a return to profitability in 2004.

In view of this the directors are satisfied with the results for the year and the state of affairs of the company at the balance sheet date.

Results and Dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The Directors and their Interests in Shares of the Company

The directors who served the company during the year are listed on page 1.

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

Mr A. Nicholson was appointed as a director on 3rd March 2003.

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 11 to 12, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

ADHESIVE SPECIALITIES LIMITED

THE DIRECTORS' REPORT *(continued)*

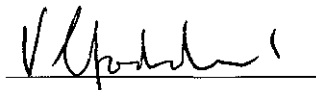
YEAR ENDED 31ST MARCH 2003

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. The directors 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.

Auditors

A resolution to re-appoint Bright Grahame Murray as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



Secretary

Approved by the directors on 23/1/04

ADHESIVE SPECIALITIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 18, together with the financial statements of the company for the year ended 31st March 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Directors and the Auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

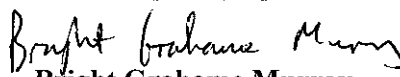
Basis of Opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 18 are properly prepared in accordance with those provisions.

124/130 Seymour Place
London
W1H 1BG


Bright Grahame Murray
Chartered Accountants
& Registered Auditors

30th January 2004

ADHESIVE SPECIALITIES LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST MARCH 2003

	Note	2003 £	2002 £
Gross Profit		3,143,610	3,028,956
Distribution costs		650,133	535,657
Administrative expenses		2,486,130	2,375,304
Operating Profit	2	7,347	117,995
Cost of restructuring the company		(321,226)	—
		(313,879)	117,995
Interest receivable		87,914	86,905
Interest payable	5	(50,241)	(31,240)
(Loss)/Profit on Ordinary Activities Before Taxation		(276,206)	173,660
Tax on (loss)/profit on ordinary activities	6	(31,014)	40,511
(Loss)/Retained Profit for the Financial Year		(245,192)	133,149

All of the activities of the company are classed as continuing.

The notes on pages 11 to 18 form part of these abbreviated accounts.

ADHESIVE SPECIALITIES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31ST MARCH 2003

	2003	2002
	£	£
(Loss)/Profit for the financial year attributable to the shareholders	(245,192)	133,149
Unrealised profit on revaluation of tangible fixed assets:		
Plant & Machinery	<u>—</u>	<u>253,009</u>
Total gains and losses recognised since the last annual report	<u>(245,192)</u>	<u>386,158</u>

The notes on pages 11 to 18 form part of these abbreviated accounts.

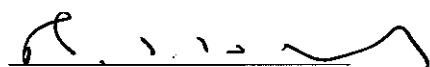
ADHESIVE SPECIALITIES LIMITED
ABBREVIATED BALANCE SHEET

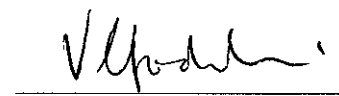
31ST MARCH 2003

	Note	2003 £	2002 £
Fixed Assets			
Tangible assets	7	1,045,342	1,104,696
Current Assets			
Stocks	8	1,559,558	1,539,214
Debtors	9	1,921,738	2,399,089
Cash at bank and in hand		1,028	1,064
		<u>3,482,324</u>	<u>3,939,367</u>
Creditors: Amounts falling due within one year	10	<u>2,338,339</u>	<u>2,667,631</u>
Net Current Assets		<u>1,143,985</u>	<u>1,271,736</u>
Total Assets Less Current Liabilities		<u>2,189,327</u>	<u>2,376,432</u>
Creditors: Amounts falling due after more than one year	11	<u>75,521</u>	<u>138,039</u>
		<u>2,113,806</u>	<u>2,238,393</u>
Provisions for Liabilities and Charges			
Deferred taxation	14	33,058	64,072
Other Provisions	15	151,619	—
		<u>1,929,129</u>	<u>2,174,321</u>
Capital and Reserves			
Called-up equity share capital	17	1,200,000	1,200,000
Revaluation reserve		253,009	253,009
Profit and loss account	18	476,120	721,312
Shareholders' Funds	19	<u>1,929,129</u>	<u>2,174,321</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on the 23/1/04 and are signed on their behalf by:


 Director


 Director

The notes on pages 11 to 18 form part of these abbreviated accounts.

ADHESIVE SPECIALITIES LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31ST MARCH 2003

	2003		2002	
	£	£	£	£
Net Cash Inflow/(Outflow) From Operating Activities		427,790		(78,547)
Returns on Investments and Servicing of Finance				
Interest received	87,914		86,905	
Interest paid	(37,005)		(20,196)	
Interest element of hire purchase	(13,236)		(11,044)	
Net Cash Inflow From Returns on Investments and Servicing of Finance		37,673		55,665
Taxation		(10)		(29,237)
Capital Expenditure				
Payments to acquire tangible fixed assets	(98,632)		(198,791)	
Receipts from sale of fixed assets	29,380		49,000	
Net Cash Outflow From Capital Expenditure		(69,252)		(149,791)
Cash Inflow/(Outflow) Before Financing		396,201		(201,910)
Financing				
Repayment of bank loans	487,557		(195,472)	
Capital element of hire purchase	(68,300)		(77,525)	
Net Cash Inflow/(Outflow) From Financing		419,257		(272,997)
Increase/(Decrease) in Cash		815,458		(474,907)

The notes on pages 11 to 18 form part of these abbreviated accounts.

ADHESIVE SPECIALITIES LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST MARCH 2003

Reconciliation of Operating (Loss)/Profit to Net Cash (Outflow)/Inflow From Operating Activities

	2003	2002
	£	£
Operating profit	7,347	117,995
Depreciation	128,860	132,659
(Profit)/Loss on disposal of fixed assets	(254)	6,369
Increase in stocks	(20,344)	(261,683)
Decrease/(Increase) in debtors	477,351	(213,186)
Increase in creditors	4,437	139,299
Re-organisation costs	(321,226)	—
Increase in provisions	151,619	—
Net cash inflow/(outflow) from operating activities	427,790	(78,547)

Reconciliation of Net Cash Flow to Movement in Net Debt

	2003	2002
	£	£
Increase/(Decrease) in cash in the period	815,458	(474,907)
Net cash (inflow) from/outflow from bank loans	(487,557)	195,472
Cash outflow in respect of hire purchase	68,300	77,525
Change in net debt resulting from cash flows	396,201	(201,910)
New finance leases	—	(255,235)
Movement in net debt in the period	396,201	(457,145)
Net debt at 1 April 2002	(1,045,270)	(588,125)
Net debt at 31 March 2003	(649,069)	(1,045,270)

The notes on pages 11 to 18 form part of these abbreviated accounts.

ADHESIVE SPECIALITIES LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST MARCH 2003

Analysis of Changes in Net Debt

	At 1 Apr 2002 £	Cash flows £	At 31 Mar 2003 £
Net cash:			
Cash in hand and at bank	1,064	(36)	1,028
Overdrafts	<u>(815,494)</u>	<u>815,494</u>	<u>—</u>
	<u>(814,430)</u>	<u>815,458</u>	<u>1,028</u>
Debt:			
Debt due within 1 year	—	(487,557)	(487,557)
Hire purchase agreements	<u>(230,840)</u>	<u>68,300</u>	<u>(162,540)</u>
	<u>(230,840)</u>	<u>(419,257)</u>	<u>(650,097)</u>
Net debt	<u>(1,045,270)</u>	<u>396,201</u>	<u>(649,069)</u>

The notes on pages 11 to 18 form part of these abbreviated accounts.

ADHESIVE SPECIALITIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2003

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards, modified to include the revaluation of certain fixed assets.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	5% to 10% p.a. on a straight line basis
Fixtures & Fittings	-	25% on a reducing balance basis
Motor Vehicles	-	15% to 25% p.a. on a reducing balance basis
Computer Equipment	-	20% p.a. on a straight line basis

The company's policy is to write off the book value of each tangible asset over its estimated remaining life. Reviews are made periodically of the estimated remaining useful lives of individual productive assets, taking into account commercial and technological obsolescence as well as normal wear and tear.

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Work in Progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire Purchase Agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

ADHESIVE SPECIALITIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2003

1. Accounting Policies *(continued)*

Pension Costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

Deferred Taxation

The provisions of FRS 19: Accounting for Deferred Tax have been adopted. Full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date. Provision is made for future taxation on gains on revalued assets only where a binding agreement to dispose of the asset exists at the year end. Deferred tax assets are only recognised to the extent that the Directors consider that it is more likely than not there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. Operating Profit

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Depreciation of owned fixed assets	100,693	80,486
Depreciation of assets held under hire purchase agreements	28,167	52,173
Auditors' remuneration		
- as auditors	16,500	16,500
- for other services	21,247	6,466
Operating lease costs:		
Land and buildings	236,763	240,184

During the year the company restructured its operations resulting in the closure of its manufacturing plant in Suffolk and the consequential removal of equipment to the Newbury facility. At the same time the company decided to cease the manufacture and sale of certain product lines.

ADHESIVE SPECIALITIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2003

3. Particulars of Employees

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Number of production staff	42	42
Number of selling and distribution staff	55	55
Number of office and administrative staff	13	13
	<u>110</u>	<u>110</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	1,693,561	1,607,432
Social security costs	116,758	114,437
Other pension costs	32,827	30,140
	<u>1,843,146</u>	<u>1,752,009</u>

4. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
For management services	<u>113,327</u>	<u>114,933</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2003	2002
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

5. Interest Payable

	2003	2002
	£	£
Interest payable on bank borrowing	37,015	20,186
Finance charges	13,236	11,044
Interest on other loans	(10)	10
	<u>50,241</u>	<u>31,240</u>

ADHESIVE SPECIALITIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2003

6. Tax on (Loss)/Profit on Ordinary Activities

(a) Analysis of charge in the year

	2003 £	2002 £
Deferred tax:		
(Decrease)/increase in deferred tax provision	<u>(31,014)</u>	<u>40,511</u>

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2002 - 20%).

	2003 £	2002 £
(Loss)/profit on ordinary activities before taxation	<u>(276,206)</u>	<u>173,660</u>
Profit/(loss) on ordinary activities by rate of tax	(50,396)	34,732
Capital allowances in excess of depreciation	(3,439)	(40,511)
Group relief	22,585	5,779
Trading losses carried forward	<u>31,250</u>	<u>-</u>
Total current tax (note 6(a))	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

The company's future charge to corporation tax will be affected by taxation losses carried forward at the balance sheet date of £164,000.

7. Tangible Fixed Assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
Cost or Valuation					
At 1 April 2002	855,750	361,317	153,652	388,272	1,758,991
Additions	60,118	700	36,220	1,594	98,632
Disposals	(14,975)	(203,000)	(39,435)	(164,672)	(422,082)
At 31 March 2003	<u>900,893</u>	<u>159,017</u>	<u>150,437</u>	<u>225,194</u>	<u>1,435,541</u>
Depreciation					
At 1 April 2002	-	331,911	62,224	260,160	654,295
Charge for the year	58,207	5,965	23,509	41,179	128,860
On disposals	(1,145)	(203,000)	(24,139)	(164,672)	(392,956)
At 31 March 2003	<u>57,062</u>	<u>134,876</u>	<u>61,594</u>	<u>136,667</u>	<u>390,199</u>
Net Book Value					
At 31 March 2003	<u>843,831</u>	<u>24,141</u>	<u>88,843</u>	<u>88,527</u>	<u>1,045,342</u>
At 31 March 2002	<u>855,750</u>	<u>29,406</u>	<u>91,428</u>	<u>128,112</u>	<u>1,104,696</u>

ADHESIVE SPECIALITIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2003

7. Tangible Fixed Assets *(continued)*

Revaluation of fixed assets

Plant and machinery has been revalued by the directors at 31 March 2002, based on their estimate of current market value. The directors are not aware of any material change in value at 31 March 2003 and therefore the valuation has not been amended.

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2003 £	2002 £
NBV of revalued tangible fixed assets - plant & machinery:		
Net book value at end of year	<u>843,831</u>	<u>855,750</u>
Historical cost:		
At 1 April 2002	936,708	—
Cost of assets revalued for the first time in year	60,118	936,708
Disposals in year	(16,392)	—
At 31 March 2003	<u>980,434</u>	<u>936,708</u>
Depreciation:		
At 1 April 2002	333,967	—
Aggregate depreciation on assets revalued in year	—	333,967
On disposals	(5,844)	—
Charge for year	49,841	—
At 31 March 2003	<u>377,964</u>	<u>333,967</u>
Net historical cost value:		
At 31 March 2003	<u>602,470</u>	<u>602,741</u>
At 1 April 2002	<u>602,741</u>	—

Hire purchase agreements

Included within the net book value of tangible fixed assets is £329,419 (2002 - £282,258) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £28,167 (2002 - £52,173).

8. Stocks

	2003 £	2002 £
Raw materials	496,893	509,825
Work in progress	204,356	176,956
Finished goods	858,309	852,433
	<u>1,559,558</u>	<u>1,539,214</u>

ADHESIVE SPECIALITIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2003

9. Debtors

	2003	2002
	£	£
Trade debtors	1,280,741	1,402,774
Amounts owed by group undertakings	606,160	929,637
Other debtors	892	2,419
Prepayments and accrued income	33,945	64,259
	<u>1,921,738</u>	<u>2,399,089</u>

10. Creditors: Amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	487,557	815,494
Hire purchase agreements	87,019	92,801
Trade creditors	1,438,507	1,484,008
Corporation tax	-	10
Other taxes and social security	236,380	132,278
Other creditors	5,391	1,862
Directors current accounts	32,547	65,420
Accruals and deferred income	50,938	75,758
	<u>2,338,339</u>	<u>2,667,631</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company.

11. Creditors: Amounts falling due after more than one year

	2003	2002
	£	£
Hire purchase agreements	<u>75,521</u>	<u>138,039</u>

12. Commitments under Hire Purchase Agreements

The hire purchase agreements are secured on the assets concerned, and are repayable in instalments as follows:

	2003	2002
	£	£
Amounts payable within 1 year	87,019	92,801
Amounts payable between 2 to 5 years	75,521	138,039
	<u>162,540</u>	<u>230,840</u>

ADHESIVE SPECIALITIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2003

13. Pensions

The company operates a defined contribution pension scheme for the benefit of certain directors and senior employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £32,827 (2002 - £30,140).

Mr R.S. Goddard, Mrs V. Goddard and Mr B. Gibson are members of the company's pension scheme.

14. Deferred Taxation

	2003 £	2002 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	64,072	23,561
Profit and Loss Account movement arising during the year	(31,014)	40,511
Provision carried forward	<u>33,058</u>	<u>64,072</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	64,307	64,072
Tax losses available	(31,249)	-
	<u>33,058</u>	<u>64,072</u>

15. Other Provisions

	2003 £
Other provisions - restructuring:	
Movement for year	<u>151,619</u>

16. Contingent Liabilities

The company has guaranteed borrowings of its parent undertaking at 31st March 2003 totalling £663,153 (2002 - £800,374).

ADHESIVE SPECIALITIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST MARCH 2003

17. Share Capital

Authorised share capital:

	2003 £	2002 £
1,200,000 Ordinary shares of £1 each	<u>1,200,000</u>	<u>1,200,000</u>

Allotted, called up and fully paid:

	2003 No	£	2002 No	£
Ordinary shares of £1 each	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>

18. Profit and Loss Account

	2003 £	2002 £
Balance brought forward	721,312	588,163
(Accumulated loss)/retained profit for the financial year	<u>(245,192)</u>	<u>133,149</u>
Balance carried forward	<u>476,120</u>	<u>721,312</u>

19. Reconciliation of Movements in Shareholders' Funds

	2003 £	2002 £
(Loss)/Profit for the financial year	(245,192)	133,149
Other net recognised gains and losses	-	253,009
Net (reduction)/addition to funds	<u>(245,192)</u>	<u>386,158</u>
Opening shareholders' equity funds	<u>2,174,321</u>	<u>1,788,163</u>
Closing shareholders' equity funds	<u>1,929,129</u>	<u>2,174,321</u>

20. Ultimate Parent Undertaking

The immediate parent undertaking is Adhesive Specialties (Holdings) Ltd and the ultimate parent undertaking is Adhesive Specialties (Group) Ltd, both of which are registered in England and Wales.

Accounts of the ultimate parent undertaking are available from the registered office of that company.

The company is controlled by R.S. Goddard, the Chairman.