

# **Kommerling International Limited**

## **Abbreviated financial statements for the year ended 31 December 1995**

**Registered no: 1811296**

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# **Kommerling International Limited**

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## **Directors and advisers**

### **Executive directors**

#### **Chairman**

**Otto Schmid**

#### **Managing Director**

**Peter Schmid - Kömmerling**

### **Secretary and registered office**

**Peter Schmid - Kömmerling**  
6 The Courtyard  
80 High Street  
Staines  
TW18 4DR

### **Registered auditors**

**Coopers & Lybrand**  
Harman House  
1 George Street  
Uxbridge  
UB8 1QQ

### **Bankers**

**Midland Bank plc**

# Kommerling International Limited

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## Report of the directors for the year ended 31 December 1995

The directors present their report and the audited financial statements for the year ended 31 December 1995.

### Principal activity

The profit and loss account for the year is set out on page 6.

The company continues to market PVC profiles and other components for the production of windows.

### Review of business and future developments

Despite the present difficult economic conditions, the directors expect that results in 1996 will show an improvement.

### Directors

The directors of the company at 31 December 1995, both of whom have been directors for the whole of the year then ended, were:

O Schmid  
Peter Schmid-Kommerling

### Changes in fixed assets

The movements in fixed assets during the year, are set out in note 8 to the financial statements.

### Interests of directors

The interests of the directors of the company at 31 December 1995 in the shares of the company, according to the register required to be kept by Section 325 of the Companies Act 1985, were as follows:

|          | Ordinary shares of £1 each |        |                  |        |
|----------|----------------------------|--------|------------------|--------|
|          | 31 December 1995           |        | 31 December 1994 |        |
|          | Number                     | Amount | Number           | Amount |
| O Schmid | 1                          | £1     | 1                | £1     |

# Kommerling International Limited

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## 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 of the company 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;
- 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 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.

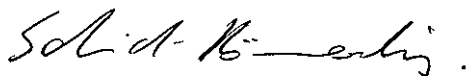
## Close company provisions

As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company; there has been no change in this respect since the end of the financial year.

## Auditors

A resolution to reappoint the auditors Coopers & Lybrand will be proposed at the annual general meeting.

By order of the board



**Peter Schmid - Kömmerling**  
**Secretary**

*30. September* 1996

**Report of the auditors to the directors of  
Kommerling International Limited  
under paragraph 24 of Schedule 8 to the Companies  
Act 1985**

We have examined the abbreviated financial statements on pages 6 to 15 together with the full financial statements of Kommerling International Limited for the year ended 31 December 1995. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 3, and that the abbreviated financial statements have been properly prepared in accordance with Schedule 8 from the annual financial statements.

In our opinion the company is entitled to the exemptions conferred by Section B of Part III of Schedule 8 to the Companies Act 1985 and the abbreviated financial statements have been properly prepared in accordance with that Schedule.

We reported as auditors of Kommerling International Limited to the members on 30 September 1996 on the company's annual financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1995, and our report was as follows:

"We have audited the financial statements on pages 6 to 15.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of 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.

**Report of the auditors to the directors of  
Kommerling International Limited  
under paragraph 24 of Schedule 8 to the Companies  
Act 1985**

**Opinion**

The balance sheet includes intangible fixed assets with a net book value of £465,116 in respect of purchased manufacturing know-how (note 7). This know-how has not been used since its acquisition and is unlikely to be of use in the United Kingdom even if manufacturing operations were commenced in the near future. Accordingly, in our opinion intangible fixed assets and shareholders' funds are overstated by £465,116.

Except for the matter referred to above, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1995 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

*Coopers & Lybrand*

**Coopers & Lybrand  
Chartered Accountants and Registered Auditors  
London**

*30 September 1996*

**Profit and loss account  
for the year ended 31 December 1995  
(Abbreviated in accordance with the provisions of the  
Companies Act 1985)**

|  | Notes | 1995<br>£        | 1994<br>£       |
|--|-------|------------------|-----------------|
| <b>Gross profit</b>                                    |       | <b>551,980</b>   | <b>902,670</b>  |
| Net operating expenses - continuing operations         | 2     | (1,036,632)      | (986,201)       |
| <b>Operating loss - continuing operations</b>          | 3     | <b>(484,652)</b> | <b>(83,531)</b> |
| Interest receivable and similar income                 |       | 40,518           | 62,507          |
| <b>Loss on ordinary activities before taxation</b>     |       | <b>(444,134)</b> | <b>(21,024)</b> |
| Tax release as a result of loss on ordinary activities | 6     | -                | -               |
| <b>Loss on ordinary activities after taxation</b>      |       | <b>(444,134)</b> | <b>(21,024)</b> |
| <b>Statement of retained (losses)/profits</b>          |       |                  |                 |
| Profit at 1 January 1995                               |       | 189,745          | 210,769         |
| Loss for the year                                      |       | (444,134)        | (21,024)        |
| <b>Retained (losses)/profits at 31 December 1995</b>   |       | <b>(254,389)</b> | <b>189,745</b>  |

The company has no recognised gains and losses other than those included in the losses above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

# Kommerling International Limited

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## Balance sheet - 31 December 1995

|   | Notes | 1995               | 1994               |
|---|-------|--------------------|--------------------|
|   |       | £                  | £                  |
| <b>Fixed assets</b>                                   |       |                    |                    |
| Intangible assets                                     | 7     | 465,116            | 465,116            |
| Tangible assets                                       | 8     | 24,817             | 32,987             |
|   |       | <u>489,933</u>     | <u>498,103</u>     |
| <b>Current assets</b>                                 |       |                    |                    |
| Stock   | 9     | 1,300,224          | 417,353            |
| Debtors   | 10    | 1,476,630          | 2,404,652          |
| Cash at bank and in hand                              |       | 1,040,860          | 2,984,330          |
|   |       | <u>3,817,714</u>   | <u>5,806,335</u>   |
| <b>Creditors: amounts falling due within one year</b> | 11    | <u>(4,562,034)</u> | <u>(6,114,691)</u> |
| <b>Net current liabilities</b>                        |       | <u>(744,320)</u>   | <u>(308,356)</u>   |
| <b>Net assets</b>                                     |       | <u>(254,387)</u>   | <u>189,747</u>     |
| <b>Capital and reserves</b>                           |       |                    |                    |
| Called up share capital                               | 12    | 2                  | 2                  |
| Profit and loss account                               |       | <u>(254,389)</u>   | <u>189,745</u>     |
| <b>Equity shareholders' funds</b>                     | 16    | <u>(254,387)</u>   | <u>189,747</u>     |

Advantage has been taken of the exemptions for medium sized companies conferred by Section B of Part III of Schedule 8 to the Companies Act 1985, on the grounds that in the Directors' opinion as it meets the conditions, the company is entitled to benefit from those exemptions as a medium-sized company.

The financial statements on pages 6 to 15 were approved by the board of directors on 30. September 1996 and were signed on its behalf by:

*Peter Schmid-Kömmerring*  
**Peter Schmid-Kömmerring**  
 Director



**Cash flow statement  
for the year ended 31 December 1995**

|  | Notes | 1995        | 1994      |
|--|-------|-------------|-----------|
|  |       | £           | £         |
| Net cash (outflow)/inflow from continuing operating activities | 14    | (1,998,307) | 2,024,541 |
| Returns on investments and servicing of finance                |       |             |           |
| Interest received  |       | 37,518      | 55,583    |
| Net cash inflow on investments and servicing of finance        |       | 37,518      | 55,583    |
| Taxation   |       |             |           |
| Corporation tax paid   |       | -           | -         |
| Corporation tax recovered                                      |       | 19,801      | 51,411    |
| Net cash inflow from taxation                                  |       | 19,801      | 51,411    |
| Investing activities   |       |             |           |
| Purchase of tangible fixed assets                              |       | (3,732)     | (17,015)  |
| Sale of tangible fixed assets                                  |       | 1,250       | 5,200     |
| Net cash outflow from investing activities                     |       | (2,482)     | (11,815)  |
| Net cash (outflow)/inflow before financing                     |       | (1,943,470) | 2,119,720 |
| Financing activities   |       | -           | -         |
| (Decrease)/increase in cash and cash equivalents               | 15    | (1,943,470) | 2,119,720 |

**Notes to the financial statements  
for the year ended 31 December 1995****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention and on a going concern basis. The Company has received assurances from Gerbrüder Kömmerling Kunststoffwerke GmbH, the immediate holding company, that sufficient funds will be made available to meet the company's requirements for at least one year from the date of these accounts. Accordingly, these financial statements have been prepared on a going concern basis.

**Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

|                       | %                |
|-----------------------|------------------|
| Motor vehicles        | 25               |
| Fixtures and fittings | 20               |
| Furniture             | 20               |
| Office equipment      | 20               |
| Computer equipment    | 33 $\frac{1}{3}$ |

**Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

**Foreign currencies**

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into.

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Exchange gains or losses are included in operating expenses.

## Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on an average cost basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

## Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

## Pension costs

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

## 2 Net operating expenses

Net operating expenses are made up as follows:

|                                | 1995<br>£        | 1994<br>£        |
|--------------------------------|------------------|------------------|
| Selling and distribution costs | 789,798          | 701,534          |
| Administrative expenses        | 269,628          | 308,544          |
|                                | <u>1,059,426</u> | <u>1,010,078</u> |
| Less: royalties receivable     | (22,794)         | (23,877)         |
| Net operating expenses         | <u>1,036,632</u> | <u>986,201</u>   |

## 3 Operating loss

Operating loss is stated after charging/(crediting):

|  | 1995<br>£      | 1994<br>£      |
|--|----------------|----------------|
| Depreciation of tangible fixed assets          | 11,902         | 19,007         |
| Auditors' remuneration                         | 18,500         | 19,200         |
| (Profit)/loss on disposal of fixed assets      | (1,250)        | 1,950          |
| Exchange gain                                  | (321)          | (347)          |
| Hire of plant and machinery - operating leases | 3,921          | 4,084          |
| Hire of motor vehicles - operating leases      | 28,522         | 13,188         |
| Hire of other assets - operating leases        | 19,833         | 25,542         |
|  | <u>119,107</u> | <u>102,818</u> |

**Notes to the financial statements continued  
for the year ended 31 December 1995****4 Directors' emoluments**

None of the directors received any emoluments (1994: £Nil).

**5 Employee information**

The average weekly number of persons employed by the company including executive directors during the year is analysed below:

|                          | 1995<br>Number | 1994<br>Number |
|--------------------------|----------------|----------------|
| Selling and distribution | 4              | 4              |
| Administration           | 5              | 5              |
|                          | <u>9</u>       | <u>9</u>       |

Employment costs - all employees including executive directors:

|                                  | 1995<br>£      | 1994<br>£      |
|----------------------------------|----------------|----------------|
| Wages and salaries               | 233,214        | 235,394        |
| Social security costs            | 23,746         | 23,685         |
| Other pension costs              | 18,162         | 11,157         |
| Total direct costs of employment | <u>275,122</u> | <u>270,186</u> |

**6 Tax on loss on ordinary activities**

|  | 1995<br>£ | 1994<br>£ |
|--|-----------|-----------|
| United Kingdom corporation tax payable/(recoverable) at 33%: |           |           |
| Current  | <u>-</u>  | <u>-</u>  |

**7 Intangible fixed assets**

|  | Purchased<br>know-how<br>£ |
|--|----------------------------|
| Cost                                   |                            |
| At 1 January 1995 and 31 December 1995 | <u>456,116</u>             |

The know-how was purchased in September 1984. No amortisation has been charged as the know-how was not used to produce income during the year ended 31 December 1995. The directors believe that the know-how could be used in manufacturing operations at some future date depending on market conditions.

**Notes to the financial statements continued  
for the year ended 31 December 1995**
**8 Tangible fixed assets**

|                            | Motor<br>vehicles<br>£ | Fixtures<br>and<br>fittings<br>£ | Furniture<br>£ | Office<br>equipment<br>£ | Total<br>£    |
|----------------------------|------------------------|----------------------------------|----------------|--------------------------|---------------|
| <b>Cost</b>                |                        |                                  |                |                          |               |
| At 1 January 1995          | 35,801                 | 4,918                            | 3,396          | 27,552                   | 71,667        |
| Additions                  | -                      | -                                | 1,027          | 2,704                    | 3,732         |
| Disposals                  | (16,553)               | -                                | -              | -                        | (16,553)      |
| <b>At 31 December 1995</b> | <b>19,248</b>          | <b>4,918</b>                     | <b>4,423</b>   | <b>30,256</b>            | <b>58,846</b> |
| <b>Depreciation</b>        |                        |                                  |                |                          |               |
| At 1 January 1995          | 26,979                 | 1,273                            | 631            | 9,797                    | 38,680        |
| Charge for year            | 4,812                  | 984                              | 850            | 5,256                    | 11,902        |
| Disposals                  | (16,553)               | -                                | -              | -                        | (16,553)      |
| <b>At 31 December 1995</b> | <b>15,238</b>          | <b>2,257</b>                     | <b>1,481</b>   | <b>15,053</b>            | <b>34,029</b> |
| <b>Net book value</b>      |                        |                                  |                |                          |               |
| At 31 December 1995        | 4,010                  | 2,661                            | 2,942          | 15,203                   | 24,817        |
| At 31 December 1994        | 8,822                  | 3,645                            | 2,765          | 17,755                   | 32,987        |

**9 Stock**

|                                     | 1995<br>£ | 1994<br>£ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 1,300,224 | 417,353   |

**10 Debtors**

|  | 1995<br>£        | 1994<br>£        |
|--|------------------|------------------|
| <b>Amounts falling due within one year</b> |                  |                  |
| Trade debtors                              | 983,447          | 2,316,317        |
| Other debtors (see (a) below)              | 453,010          | 75,798           |
| Prepayments and accrued income             | 40,173           | 12,537           |
|  | <b>1,476,630</b> | <b>2,404,652</b> |

## Notes to the financial statements continued for the year ended 31 December 1995

(a) Other debtors is made up as follows:

|                                | 1995<br>£      | 1994<br>£     |
|--------------------------------|----------------|---------------|
| United Kingdom corporation tax | -              | 19,801        |
| Other debtors                  | 453,010        | 55,997        |
|                                | <u>453,010</u> | <u>75,798</u> |

### 11 Creditors: amounts falling due within one year

|   | 1995<br>£        | 1994<br>£        |
|---|------------------|------------------|
| Trade creditors   | 90,915           | 87,459           |
| Amounts owed to parent and fellow subsidiary undertakings | 4,105,034        | 5,589,159        |
| Other creditors including:                                |                  |                  |
| Taxation and social security costs                        | 218,231          | 306,940          |
| Accruals and deferred income                              | 147,754          | 131,133          |
|   | <u>4,562,034</u> | <u>6,114,691</u> |

Taxation and Social security is made up as follows:

|                          | 1995<br>£      | 1994<br>£      |
|--------------------------|----------------|----------------|
| PAYE and social security | 7,911          | 7,489          |
| VAT                      | 210,320        | 299,451        |
|                          | <u>218,231</u> | <u>306,940</u> |

### 12 Called up share capital

|                                    | Ordinary shares of £1 each |                  |
|------------------------------------|----------------------------|------------------|
|                                    | 1995                       | 1994             |
| Authorised - value                 | £1,000,000                 | £1,000,000       |
| - number                           | <u>1,000,000</u>           | <u>1,000,000</u> |
| Allotted, called up and fully paid |                            |                  |
| - value                            | £2                         | £2               |
| - number                           | <u>2</u>                   | <u>2</u>         |

**Notes to the financial statements continued  
for the year ended 31 December 1995**
**13 Lease commitments**

The company has financial commitments in respect of non-cancellable operating leases of plant and machinery. The rentals payable under these leases in the next year are as follows:

|                                    | Plant and machinery |              | Motor vehicles |               | Total         |               |
|------------------------------------|---------------------|--------------|----------------|---------------|---------------|---------------|
|                                    | 1995                | 1994         | 1995           | 1994          | 1995          | 1994          |
|                                    | £                   | £            | £              | £             | £             | £             |
| Date of lease termination          |                     |              |                |               |               |               |
| Within one year                    | 699                 | 163          | -              | -             | 699           | 163           |
| In second to fifth years inclusive | 1,966               | 3,921        | 34,727         | 28,522        | 36,693        | 32,443        |
|                                    | <u>2,665</u>        | <u>4,084</u> | <u>34,727</u>  | <u>28,522</u> | <u>37,392</u> | <u>32,606</u> |

The company also has financial commitments in respect of non-cancellable operating leases of land and buildings. The rentals payable under these leases in the next year are as follows:

|                                    | 1995          | 1994          |
|------------------------------------|---------------|---------------|
|                                    | £             | £             |
| Date of lease termination          |               |               |
| In second to fifth years inclusive | 24,944        | 24,762        |
|                                    | <u>24,944</u> | <u>24,762</u> |

**14 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities**

|  | 1995               | 1994             |
|--|--------------------|------------------|
|  | £                  | £                |
| Continuing operations                        |                    |                  |
| Operating loss                               | (484,652)          | (83,531)         |
| Depreciation on tangible fixed assets        | 11,902             | 19,007           |
| (Gain)/loss on sale of tangible fixed assets | (1,250)            | 1,950            |
| Decrease in debtors                          | 911,211            | 251,646          |
| (Decrease)/increase in creditors             | (1,552,657)        | 2,189,212        |
| Increase in stocks                           | (882,871)          | (353,743)        |
|  | <u>(1,998,307)</u> | <u>2,024,541</u> |

**Notes to the financial statements continued  
for the year ended 31 December 1995**
**15 Cash and cash equivalents**

|                                | 1994<br>£        | 1993<br>£        |
|--------------------------------|------------------|------------------|
| <b>Changes during the year</b> |                  |                  |
| At 1 January 1995              | 2,984,330        | 864,610          |
| Net cash (outflow)/inflow      | (1,943,470)      | 2,119,720        |
| At 31 December 1995            | <u>1,040,860</u> | <u>2,984,330</u> |

|                             | 1995<br>£        | 1994<br>£        | Change<br>in year<br>£ |
|-----------------------------|------------------|------------------|------------------------|
| <b>Analysis of balances</b> |                  |                  |                        |
| Cash at bank and in hand    | <u>1,040,860</u> | <u>2,984,330</u> | <u>(1,943,470)</u>     |

**16 Reconciliation of movements in shareholders' funds**

|                             | 1995<br>£        | 1994<br>£      |
|-----------------------------|------------------|----------------|
| Loss for the financial year | (444,134)        | (21,024)       |
| Opening shareholders' funds | <u>189,747</u>   | <u>210,771</u> |
| Closing shareholders' funds | <u>(254,387)</u> | <u>189,747</u> |

**17 Ultimate and immediate parent companies**

The directors regard Gebrüder Kömmerling KG, a company incorporated in Germany, as the ultimate parent company. The immediate parent is Gebrüder Kömmerling Kunststoffwerke GmbH, a company incorporated in Germany, which, according to the register kept by the company, owned 100% of the company's share capital at 31 December 1995.