

# **Kommerling International Limited**

## **Abbreviated financial statements for the year ended 31 December 1994**

**Registered no: 1811296**

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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**

**Report of the directors  
for the year ended 31 December 1994**

The directors present their report and the audited financial statements for the year ended 31 December 1994.

**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**

The results for the year reflect adverse exchange rates and difficult trading conditions both for the economy as a whole, and the building industry in particular.

The prospects for 1995 are more encouraging, as consumer confidence returns to the UK economy. The directors expect this to have a positive effect on the UK home improvements market. However, in a price sensitive market, adverse exchange rates will continue to have an impact on the company's results.

**Directors**

The directors of the company at 31 December 1994, 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 1994 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 1994		31 December 1993	
	Number	Amount	Number	Amount
O Schmid	1	£1	1	£1

## 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.

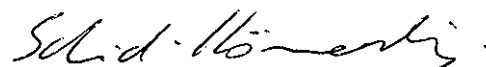
## Close company provisions

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

16-Oct. 1995

# **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 16 together with the full financial statements of Kommerling International Limited for the year ended 31 December 1994. 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 , 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 1995 on the company's annual financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1994, and our report was as follows:

"We have audited the financial statements on pages 5 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 1994 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**

*31 October 1995*

**Profit and loss account  
for the year ended 31 December 1994  
(Abbreviated in accordance with the provisions of the  
Companies Act 1985)**

	Notes	1994 £	1993 £
Gross profit		902,670	762,599
Net operating expenses - continuing operations	2	(986,201)	(1,004,669)
Operating loss - continuing operations	3	(83,531)	(242,070)
Interest receivable and similar income		62,507	31,566
Loss on ordinary activities before taxation		(21,024)	(210,504)
Tax release as a result of (loss)/profit on ordinary activities	6	-	9,552
Loss on ordinary activities after taxation		(21,024)	(200,952)
Statement of retained profits			
Profit at 1 January 1994		210,769	411,721
Loss for the year		(21,024)	(200,952)
Retained profits at 31 December 1994		189,745	210,769

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.

**Balance sheet - 31 December 1994**

	Notes	1994		1993	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	7		465,116		465,116
Tangible assets	8		32,987		42,129
			<u>498,103</u>		<u>507,245</u>
<b>Current assets</b>					
Stock	9	417,353		63,610	
Debtors	10	2,404,652		2,700,785	
Cash at bank and in hand		2,984,330		864,610	
		<u>5,806,335</u>		<u>3,629,005</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(6,114,691)</u>		<u>(3,925,479)</u>	
<b>Net current liabilities</b>			<u>(308,356)</u>		<u>(296,474)</u>
<b>Net assets</b>			<u>189,747</u>		<u>210,771</u>
<b>Capital and reserves</b>					
Called up share capital	12		2		2
Profit and loss account			189,745		210,769
<b>Equity shareholders' funds</b>	16		<u>189,747</u>		<u>210,771</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 16 were approved by the board of directors on 1995 and were signed on its behalf by:

*Schmid-Kömmerring*

**Peter Schmid-Kömmerring**

**Director**

*16. Oct. 95*



**Cash flow statement  
for the year ended 31 December 1994**

	Notes	1994	1993
		£	£
<b>Net cash inflow from continuing operating activities</b>	<b>14</b>	<b>2,024,541</b>	<b>91,745</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		<u>55,583</u>	<u>31,566</u>
<b>Net cash inflow on investments and servicing of finance</b>		<b>55,583</b>	<b>31,566</b>
<b>Taxation</b>			
Corporation tax paid		-	(19,800)
Corporation tax recovered		<u>51,411</u>	<u>57,139</u>
<b>Net cash inflow from taxation</b>		<b>51,411</b>	<b>37,339</b>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(17,015)	(7,412)
Sale of tangible fixed assets		<u>5,200</u>	<u>2,000</u>
<b>Net cash outflow from investing activities</b>		<b>(11,815)</b>	<b>(5,412)</b>
<b>Net cash inflow before financing</b>		<b>2,119,720</b>	<b>155,238</b>
<b>Financing activities</b>		<b>-</b>	<b>-</b>
<b>Increase in cash and cash equivalents</b>	<b>15</b>	<b><u>2,119,720</u></b>	<b><u>155,238</u></b>

**Notes to the financial statements  
for the year ended 31 December 1994****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.

**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

**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.

**Notes to the financial statements continued  
for the year ended 31 December 1994****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:

	1994 £	1993 £
Selling and distribution costs	701,534	718,981
Administrative expenses	308,544	308,146
	<u>1,010,078</u>	<u>1,027,127</u>
Less: royalties receivable	(23,877)	(22,458)
Net operating expenses	<u>986,201</u>	<u>1,004,669</u>

**3 Operating loss**

Operating loss is stated after charging/(crediting):

	1994 £	1993 £
Depreciation of tangible fixed assets	19,007	19,965
Auditors' remuneration	19,200	17,500
Profit on disposal of fixed assets	1,950	(2,000)
Exchange gain	(347)	184
Hire of plant and machinery - operating leases	4,084	3,155
Hire of motor vehicles - operating leases	13,188	-
Hire of other assets - operating leases	25,542	39,247
	<u>          </u>	<u>          </u>

**Notes to the financial statements continued  
for the year ended 31 December 1994**
**4 Directors' emoluments**

	1994 £	1993 £
Salary payments (including benefits in kind)	-	4,021
Pension contributions	-	1,100
	<u>-</u>	<u>5,121</u>
Compensation for loss of office*	-	36,459
	<u>-</u>	<u>41,580</u>

\* Includes the scale rate charge for a car retained by the director for a period after the date of redundancy.

Directors' emoluments excluding pension contributions are as follows:

	1994 £	1993 £
Emoluments of the chairman	-	-
Emoluments of the highest paid director	-	46,071

The number of directors (including the chairman and the highest paid director) whose emoluments (excluding pension contributions) were within the ranges:

	1994 Number	1993 Number
£ 0 to £ 5,000	2	4

**Notes to the financial statements continued  
for the year ended 31 December 1994**
**5 Employee information**

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

	1994 Number	1993 Number
Selling and distribution	4	4
Administration	5	5
	<u>9</u>	<u>9</u>

Employment costs - all employees including executive directors:

	1994 £	1993 £
Wages and salaries	235,394	179,492
Social security costs	23,635	18,427
Other pension costs	11,157	13,585
	<u>270,186</u>	<u>211,504</u>

**6 Tax on (loss)/profit on ordinary activities**

	1994 £	1993 £
United Kingdom corporation tax payable/(recoverable) at 33%:		
Current	-	(10,932)
Under provision in respect of prior year - current	-	1,380
	<u>-</u>	<u>(9,552)</u>

**7 Intangible fixed assets**

	Purchased know-how £
Cost	
At 1 January 1994 and 31 December 1994	<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 1994. 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 1994**
**8 Tangible fixed assets**

	Motor vehicles £	Fixtures and fittings £	Furniture £	Office equipment £	Total £
<b>Cost</b>					
At 1 January 1994	72,663	5,058	2,550	13,933	94,204
Additions	-	-	3,396	13,619	17,015
Disposals	36,862	(140)	(2,550)	-	(39,553)
<b>At 31 December 1994</b>	<b>35,801</b>	<b>4,918</b>	<b>3,396</b>	<b>27,552</b>	<b>71,667</b>
<b>Depreciation</b>					
At 1 January 1994	41,761	511	2,550	7,253	52,075
Charge for year	14,848	984	631	2,544	19,007
Disposals	(29,630)	(222)	(2,550)	-	(32,402)
<b>At 31 December 1994</b>	<b>26,979</b>	<b>1,273</b>	<b>631</b>	<b>9,797</b>	<b>38,680</b>
<b>Net book value</b>					
At 31 December 1994	8,822	3,645	2,765	17,755	32,987
At 31 December 1993	30,902	4,547	-	6,680	42,129

**9 Stock**

	1994 £	1993 £
Finished goods and goods for resale	417,353	63,610

**10 Debtors**

	1994 £	1993 £
Amounts falling due within one year		
Trade debtors	2,316,317	2,541,734
Other debtors (see (a) below)	75,798	87,220
Prepayments and accrued income	12,537	71,831
	<b>2,404,652</b>	<b>2,700,785</b>

**Notes to the financial statements continued  
for the year ended 31 December 1994**

(a) Other debtors is made up as follows:

	1994 £	1993 £
United Kingdom corporation tax	19,801	71,212
Other debtors	55,997	16,008
	<u>75,798</u>	<u>87,220</u>

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

	1994 £	1993 £
Trade creditors	87,459	159,520
Amounts owed to parent and fellow subsidiary undertakings	5,589,159	3,426,042
Other creditors including:		
Taxation and social security costs	306,940	249,490
Accruals and deferred income	131,133	90,427
Corporation tax	-	-
	<u>6,114,691</u>	<u>3,925,479</u>

Taxation and Social security is made up as follows:

	1994 £	1993 £
PAYE and social security	7,489	6,114
VAT	299,451	243,376
	<u>306,940</u>	<u>249,490</u>

**12 Called up share capital**

	Ordinary shares of £1 each	
	1994	1993
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 1994**
**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	
	1994	1993	1994	1993	1994	1993
	£	£	£	£	£	£
Date of lease termination						
Within one year	163	-	-	-	163	-
In second to fifth years inclusive	3,921	4,061	28,522	-	32,443	4,061
	<u>4,084</u>	<u>4,061</u>	<u>28,522</u>	<u>-</u>	<u>32,606</u>	<u>4,061</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:

	1994	1993
	£	£
Date of lease termination		
Within one year	-	-
In second to fifth years inclusive	24,762	24,762
	<u>24,762</u>	<u>24,762</u>

**14 Reconciliation of operating profit to net cash inflow from operating activities**

	1994	1993
	£	£
Continuing operations		
Operating (loss)/profit	(83,531)	(242,070)
Depreciation on tangible fixed assets	19,007	19,965
Loss/(gain) on sale of tangible fixed assets	1,950	(2,000)
Decrease in debtors	251,646	6,838
Increase in creditors	2,189,212	372,622
Increase in stocks	(353,743)	(63,610)
	<u>2,024,541</u>	<u>91,745</u>



**Notes to the financial statements continued  
for the year ended 31 December 1994**
**15 Cash and cash equivalents**

	1994 £	1993 £
Changes during the year		
At 1 January 1994	864,610	709,372
Net cash inflow	2,119,720	155,238
	<hr/>	<hr/>
At 31 December 1994	2,984,330	864,610
	<hr/>	<hr/>

	1994 £	1993 £	Change in year £
Analysis of balances			
Cash at bank and in hand	2,984,330	864,610	2,119,720

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

	1994 £	1993 £
Loss for the financial year	(21,024)	(200,952)
Opening shareholders' funds	<u>210,771</u>	<u>411,723</u>
Closing shareholders' funds	<u>189,747</u>	<u>210,771</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 1994.