

ALDERLEY MATERIALS LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 SEPTEMBER 2000



COMPANY NO. 2405903

ALDERLEY MATERIALS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

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## ALDERLEY MATERIALS LIMITED

DIRECTORS' REPORT

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The directors present their report and the audited financial statements for the year ended 30 September 2000.

In preparing the directors' report advantage has been taken of the special exemptions applicable to small companies conferred by Part VII of the Companies Act 1985.

## PRINCIPAL ACTIVITY

The profit and loss account for the year is set out on page 4.

The company's principal activity is the manufacture and supply of fire retardant coatings.

## DIRECTORS

The directors of the company during the year were:

A J V Shepherd

S H Shepherd – resigned 8 August 2000

M Orpin – resigned 17 September 2000

J M Green

## DIRECTORS' INTERESTS

No directors have any interest in the shares of the company or its parent company, Alderley Holdings Limited, with the exception of A J V Shepherd who has a controlling interest in the shares of Alderley Holdings Limited.

## ALDERLEY MATERIALS LIMITED

DIRECTORS' REPORT

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## AUDITORS

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the next annual general meeting.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the statements for the year ended 30 September 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD

*L C Reed*

L C Reed  
Secretary

## ALDERLEY MATERIALS LIMITED

## AUDITORS' REPORT

## TO THE MEMBERS OF ALDERLEY MATERIALS LIMITED

We have audited the financial statements on pages 4 to 12, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

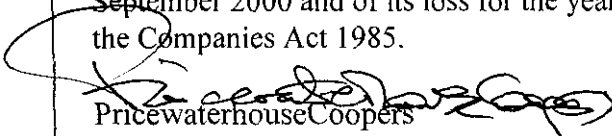
**Basis of audit opinion**

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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
31 Great George Street  
BRISTOL  
BS1 5QD

25 April 2001

## ALDERLEY MATERIALS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2000

	Note	2000	1999 Restated
TURNOVER	2	391,955	1,114,110
Net Operating Expenses	3	(802,053)	(1,209,708)
		<hr/>	<hr/>
OPERATING (LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		(410,098)	(95,598)
Interest payable		(57,710)	(35,478)
		<hr/>	<hr/>
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(467,808)	(131,076)
Tax on (loss) on ordinary activities	6	93,148	25,279
		<hr/>	<hr/>
(LOSS) FOR THE FINANCIAL YEAR	14	£ (374,660)	£ (105,797)
		<hr/>	<hr/>

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

The above operations solely relate to continuing activities.

Statement of total recognised gains and lossesFor the year ended 30 September 2000

(Loss) for the financial year		(374,660)	(105,797)
		<hr/>	<hr/>
Total (loss) relating to the year		(374,660)	(105,797)
Prior year adjustment	20	(141,413)	-
		<hr/>	<hr/>
Total recognised losses since last accounts		(516,073)	(105,797)
		<hr/>	<hr/>

## ALDERLEY MATERIALS LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2000

	Notes	2000	1999 Restated
FIXED ASSETS			
Intangible assets	7	87,203	-
Tangible assets	8	104,668	121,044
		<u>191,871</u>	<u>121,044</u>
CURRENT ASSETS			
Stocks	9	22,422	1,451
Debtors	10	685,493	875,752
		<u>707,915</u>	<u>877,203</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(1,298,620)	(1,026,455)
		<u>(590,705)</u>	<u>(149,252)</u>
NET CURRENT (LIABILITIES)			
		<u>(590,705)</u>	<u>(149,252)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(398,834)	(28,208)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(9,813)	(5,779)
		<u>(9,813)</u>	<u>(5,779)</u>
NET (LIABILITIES)		£ (408,647)	£ (33,987)
CAPITAL AND RESERVES			
Called-up share capital	13	150,000	150,000
Profit and loss account	14	(558,647)	(183,987)
		<u>(558,647)</u>	<u>(183,987)</u>
EQUITY SHAREHOLDERS' DEFICIT	18	£ (408,647)	£ (33,987)
		<u>£ (408,647)</u>	<u>£ (33,987)</u>

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities.

The financial statements on pages 4 to 12 were approved by the Board of Directors on  
2001 and were signed on its behalf by:

A J V Shepherd  
Director

*A. J. V. Shepherd*

20th June 2001

## ALDERLEY MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

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## 1. PRINCIPAL ACCOUNTING POLICIES

## BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, and include the results of the activities described in the director's report, all of which are continuing. The going concern basis is appropriate as the holding company has pledged its continuing support.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention.

Fixed Assets

Tangible fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets at 2% per month on the net book value in order to write off the cost of each asset over its expected useful life.

Deferred Taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Leased Assets

The costs of operating leases are charged to the profit and loss account as they accrue.

Cash Flows

The company is a wholly owned subsidiary of Alderley Holdings Ltd and the cash flows of the company are included in the consolidated Group cash flow statement of Alderley Holdings Ltd. Consequently, the company is exempt under the terms of the Financial Reporting Standard No. 1 from publishing a cash flow statement.

Pension Costs

The company contributes to individual defined contribution schemes in respect of certain employees. Pension costs represent amounts due for the accounting period.

Stocks

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

Turnover on long-term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The costs on long-term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks and long-term contract balances.

Research and Development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred, except where a development project meets the criteria set out in SSAP 13 when development costs are capitalised as intangible fixed assets and amortised over 15 years on a straight line basis.



## ALDERLEY MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

## 2. TURNOVER

Turnover, which excludes value added tax, and trade discounts, represents the invoiced value of goods and services supplied and the value of long-term contract work done.

The company derived its turnover from the following geographical markets:

	2000	1999
United Kingdom	97,534	1,021,124
Rest of Europe	243,704	6,118
Rest of World	50,717	86,868
	<hr/>	<hr/>
	£ 391,955	£ 1,114,110
	<hr/>	<hr/>

## 3. NET OPERATING EXPENSES

	2000	1999 Restated
Other operating income	(1,562)	(3,000)
Change in work in progress	254,431	447,188
Raw materials & consumables	(135,358)	172,402
Staff costs	205,763	159,381
Other external charges	157,282	204,057
Depreciation & other amounts written off tangible fixed assets	26,058	30,664
Other operating charges	295,439	199,016
	<hr/>	<hr/>
	£ 802,053	£ 1,209,708
	<hr/>	<hr/>

4. OPERATING (LOSS) ON ORDINARY  
ACTIVITIES BEFORE TAXATION

Operating (loss) on ordinary activities  
before taxation is stated after charging:

Auditors' remuneration	2,350	2,247
Hire of vehicles	11,476	14,726
Pension costs	8,803	7,824
	<hr/>	<hr/>

## ALDERLEY MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

5. DIRECTORS	2000	1999
Emoluments of directors were as follows:		
Management remuneration (including pensions and benefits-in-kind)	£107,922	£ 88,704
Retirement benefits are accruing to one director under money purchase schemes at 30 September 2000 (1999 - two).		
6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	2000	1999 Restated
Group relief receivable	(97,116)	-
Current	-	(25,386)
Prior year credit	(66)	-
Transfer to deferred taxation		
Charge at 20%	4,034	107
Tax (credit) for the year	£ (93,148)	£ (25,279)
7. INTANGIBLE FIXED ASSETS	Development Expenditure	
Cost		
At 1 October 1999	-	-
Additions	87,203	-
At 30 September 2000	£ 87,203	-
AMORTISATION		
At 1 October 1999	-	-
Charge for the year	-	-
At 30 September 2000	£ -	£ -
NET BOOK VALUE		
30 September 2000	£ 87,203	£ -
30 September 1999	£ -	£ -

## ALDERLEY MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

8. TANGIBLE FIXED ASSETS	Plant, Equipment & Fittings	Total
COST		
At 1 October 1999	238,372	238,372
Additions	9,682	9,682
	<hr/>	<hr/>
At 30 September 2000	£ 248,054	£ 248,054
	<hr/>	<hr/>
DEPRECIATION		
At 1 October 1999	117,328	117,328
Charge for the year	26,058	26,058
	<hr/>	<hr/>
At 30 September 2000	£ 143,386	£ 143,386
	<hr/>	<hr/>
NET BOOK VALUE		
30 September 2000	£ 104,668	£ 104,668
	<hr/>	<hr/>
30 September 1999	£ 121,044	£ 121,044
	<hr/>	<hr/>
CAPITAL COMMITMENTS		
There were no capital commitments at either 30 September 2000 or 1 October 1999.		
9. STOCK	2000	1999 Restated
Raw materials	£ 17,740	£ 52,388
Long term contracts		
Work-in-progress	62,127	(42,192)
Less: Payments on account	(57,444)	(8,745)
	<hr/>	<hr/>
	£ 22,423	£ 1,451
	<hr/>	<hr/>
10. DEBTORS		Restated
Trade debtors	309,442	583,483
Amounts owed by group undertakings	194,139	56,668
Taxation recoverable - group relief	132,469	25,386
Prepayments and accrued income	42,538	190,696
Amounts recoverable on contracts	6,905	19,519
	<hr/>	<hr/>
	£ 685,493	£ 875,752
	<hr/>	<hr/>

## ALDERLEY MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2000	1999 Restated
Bank overdraft - note a.	1,006,213	721,353
Trade creditors	99,012	233,783
Amounts owed to group undertakings	161,155	18,229
Other creditors and accruals	16,064	39,278
Taxation payable - group relief	1,194	72
Payments on account	14,712	8,701
Other taxation and social security	270	5,039
	<hr/>	<hr/>
	£1,298,620	£ 1,026,455
	<hr/>	<hr/>
(a) The bank overdraft is secured by a fixed and floating charge on the assets and cross guaranteed by the group.		
12. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred tax:		
At 1 October 1999	5,779	5,672
Charge to profit and loss account	4,034	107
	<hr/>	<hr/>
At 30 September 2000	£ 9,813	£ 5,779
	<hr/>	<hr/>
Deferred tax provided is attributable to:		
Accelerated capital allowances	£ 9,813	£ 5,779
	<hr/>	<hr/>
13. CALLED-UP SHARE CAPITAL	2000	1999
Authorised:		
150,000 Ordinary shares of £1 each	£ 150,000	£ 150,000
	<hr/>	<hr/>
Allotted called-up and fully paid:		
150,000 Ordinary shares of £1 each	£ 150,000	£ 150,000
	<hr/>	<hr/>
14. PROFIT AND LOSS ACCOUNT	2000	1999 Restated
At 1 October 1999	(42,574)	(78,190)
Prior year adjustment as restated	(141,413)	-
(Loss)/profit for the year	(374,660)	(105,797)
	<hr/>	<hr/>
At 30 September 2000	£ (558,647)	£ (183,987)
	<hr/>	<hr/>

## ALDERLEY MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

## 15. CONTINGENT LIABILITIES

Unlimited cross bank guarantees given to Bank of Scotland plc, exist between Alderley Materials Limited and its parent company (Alderley Holdings Limited), and its fellow subsidiaries (Rigidon (UK) Limited, Jordan Kent Metering Systems Limited, Alderley International Limited, Alderley Controls Limited and Alderley Process Technologies Limited).

## 16. ULTIMATE PARENT COMPANY

In the opinion of the directors the company's ultimate parent company is Alderley Holdings Limited a company incorporated in Great Britain, and registered in England and Wales.

Alderley Holdings Limited prepares group financial statements and copies can be obtained from Alderley House, Arnolds Field Estate, Wickwar, Gloucestershire, GL12 8JD.

Alderley Materials Limited consider A J V Shepherd to be the ultimate controlling party by virtue of his majority shareholding in Alderley Holdings Limited, the parent company.

## 17. FINANCIAL COMMITMENTS - OPERATING LEASES

At 30 September 2000 the company had annual commitments under non-cancellable operating leases other than land and buildings as follows:

	2000	1999
Expiry within one year	6,409	-
Expiry between two and five years inclusive	4,801	9,280
	<hr/>	<hr/>
	£ 11,210	£ 9,280
	<hr/>	<hr/>

## 18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	2000	1999 Restated
At 1 October 1999	107,426	71,810
Prior year adjustment	(141,413)	-
	<hr/>	<hr/>
As restated	(33,987)	71,810
(Loss) for the year	(374,660)	(105,797)
	<hr/>	<hr/>
At 30 September 2000	£ (408,647)	£ (33,987)
	<hr/>	<hr/>

## 19. RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary within a group that prepares consolidated financial statements, the company has taken advantage of the exemption from disclosing transactions with group entities.

## ALDERLEY MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

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## 20. PRIOR YEAR ADJUSTMENT

During the year the Directors became aware that their estimates of costs in respect of certain contracts at 30 September 1999 were materially understated and they consider this to be a fundamental error and hence have recorded a prior year adjustment to correct this.

The fundamental error has led to a restatement of the company's profit and loss account for the year ended 30 September 1999 and balance sheet at 30 September 1999, the total impact being to reduce Net Assets by £141,413.

The impact of the prior year adjustment on the loss after tax for the year ended 30 September 2000 is to reduce the loss after tax by £141,413 and on the loss after tax for the year ended 30 September 1999 is to increase it by £141,413.