

ALDERLEY MATERIALS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 1995

COMPANY NO. 2405903



**ALDERLEY MATERIALS LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 1995**

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## DIRECTORS' REPORT

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The directors present their report and the audited financial statements for the year ended 30 September 1995.

## PRINCIPAL ACTIVITY

The company commenced trading on 1 October 1994 in the manufacture and supply of fire retardant coatings.

## DIVIDENDS

The directors recommend a dividend of £150,000 in respect of the year ended 30 September 1995. The dividend recommended in respect of the year ended 30 September 1994 was not paid. A dividend of £100,000 in respect of the year ended 30 September 1995 has been paid and a further dividend of £50,000 is proposed.

## DIRECTORS

The directors of the company during the year were:

A J V Shepherd

J B Cappi

S H Shepherd - appointed 1 October 1994

## 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 and S H Shepherd who holds 10% of the share capital of Alderley Holdings Limited.

## TAXATION STATUS

In the opinion of the directors, the company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

## AUDITORS

A resolution will be proposed at the forthcoming Annual General Meeting to re-appoint Coopers & Lybrand as the company's auditors.

In preparing the directors' report advantage has been taken of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

BY ORDER OF THE BOARD

*L C Jones*

L C Jones  
Secretary

*20 February* 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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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;

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.

## TO THE MEMBERS OF ALDERLEY MATERIALS LIMITED

We have audited the financial statements on pages 4 to 11.

**Respective Responsibilities of Directors and Auditors**

As described on page 2 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.

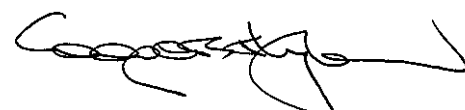
**Basis of Opinion**

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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



COOPERS & LYBRAND  
Registered Auditors  
Chartered Accountants

Bull Wharf  
Redcliff Street  
BRISTOL  
BS1 6QR

20 February 1996

## PRINCIPAL ACCOUNTING POLICIES

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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 directors report, all of which are continuing.

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

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

Deferred Taxation is calculated on the liability method at current tax rates on timing differences arising from accelerated capital allowances only where it is thought reasonably certain that the tax effects of such deferrals will not continue for the foreseeable future.

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.

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 1995

		1995	1994
	Note		
TURNOVER	1	277,208	-
Net Operating Expenses	2	(245,234)	-
OPERATING PROFIT	3	31,974	-
Profit on disposal of fixed assets		-	40,975
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		31,974	40,975
Interest receivable		-	2,708
Interest payable		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		31,974	43,683
Taxation	5	(8,175)	916
PROFIT FOR YEAR		23,799	44,599
DIVIDEND	6	(50,000)	(100,000)
RETAINED (LOSS) FOR THE YEAR	13	£ (26,201)	£ (55,401)

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 profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

## BALANCE SHEET

AS AT 30 SEPTEMBER 1995

	Notes	1995	1994
<b>FIXED ASSETS</b>			
Tangible assets	7	98,754	-
<b>CURRENT ASSETS</b>			
Stock	8	12,442	-
Debtors	9	57,660	142,653
Cash at bank and in hand		-	-
		<hr/>	<hr/>
		70,102	142,653
<b>CREDITORS:</b>			
<b>AMOUNTS FALLING DUE</b>			
<b>WITHIN ONE YEAR</b>	10	(149,624)	(100,677)
		<hr/>	<hr/>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(79,522)	41,976
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		19,232	41,976
<b>PROVISIONS FOR LIABILITIES</b>			
<b>AND CHARGES</b>	11	(3,457)	-
		<hr/>	<hr/>
<b>NET ASSETS</b>		£ 15,775	£ 41,976
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	12	2	2
Profit and loss account	13	15,773	41,974
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS'</b>			
<b>FUNDS</b>	17	£ 15,775	£ 41,976
		<hr/>	<hr/>

In the preparation of the company's annual accounts advantage has been taken of special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985, because, in the directors' opinion, as it meets the conditions, the company is entitled to those exemptions as a small company.

The financial statements on pages 4 to 11 were approved by the Board of Directors on 20 February 1996 and were signed on its behalf by:

A J V Shepherd  
Director

*A. J. V. Shepherd*



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1995

## 1. TURNOVER

Turnover represents the value of invoices issued during the year and excludes value added tax.

The company has derived none of its turnover from supplying geographical markets outside the United Kingdom.

## 2. NET OPERATING EXPENSES

	1995	1994
Raw materials & consumables	156,289	-
Staff costs	32,801	-
Depreciation & other amounts written off tangible fixed assets	14,481	-
Other operating charges	41,663	-
	<u>£ 245,234</u>	<u>£ -</u>

## 3. OPERATING PROFIT

Operating profit is stated after charging:

Auditors' remuneration	1,000	-
Hire of equipment	4,500	-
Pension costs	842	-
	<u></u>	<u></u>

## 4. DIRECTORS

Emoluments of directors were as follows:

Management remuneration (including benefits-in-kind)	28,529	-
	<u>£ 28,529</u>	<u>£ -</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1995

	1995	1994
<b>5. TAXATION</b>		
Corporation tax payable at 25%	4,718	677
(Over) provided for prior year	-	(1,305)
Transfer to deferred taxation		
Charge/(Credit) at 25%	3,457	(288)
	<u>£ 8,175</u>	<u>£ (916)</u>
<b>6. DIVIDEND</b>		
Paid of £50,000 per share	100,000	-
Proposed of £25,000 (1994 - £50,000) per share	50,000	100,000
1994 dividend not paid	(100,000)	-
	<u>£ 50,000</u>	<u>£ 100,000</u>
<b>7. TANGIBLE FIXED ASSETS</b>		
	Plant, Equipment & Fittings	Total
<b>COST</b>		
At 1 October 1994	-	-
Additions	113,235	113,235
	<u>113,235</u>	<u>113,235</u>
At 30 September 1995	113,235	113,235
<b>DEPRECIATION</b>		
At 1 October 1994	-	-
Charge for the year	14,481	14,481
	<u>14,481</u>	<u>14,481</u>
At 30 September 1995	14,481	14,481
<b>NET BOOK VALUE</b>		
30 September 1995	£ 98,754	£ 98,754
	<u>-</u>	<u>-</u>
30 September 1994	-	-
<b>CAPITAL COMMITMENTS</b>		

There were no capital commitments at either 30 September 1995 or 1 October 1994.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1995

	1995	1994
8. STOCK		
Raw materials	£ 12,442	£ -
	<u>          </u>	<u>          </u>
9. DEBTORS		
Trade debtors	41,854	-
Amounts owed by group undertakings	9,492	119,858
Other debtors	6,314	-
Taxation recoverable - group relief	-	22,795
	<u>          </u>	<u>          </u>
	£ 57,660	£ 142,653
	<u>          </u>	<u>          </u>
10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank overdraft (secured on all assets of the company)	47,757	-
Dividend proposed	50,000	100,000
Trade creditors	36,019	-
Amounts owed to group undertakings	5,509	-
Other creditors	5,621	-
Corporation Tax	4,718	677
	<u>          </u>	<u>          </u>
	£ 149,624	£ 100,677
	<u>          </u>	<u>          </u>
11. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred tax:		
Beginning of year	-	288
Charge/(Credit) to profit and loss account	3,457	(288)
	<u>          </u>	<u>          </u>
At 30 September 1995	£ 3,457	£ -
	<u>          </u>	<u>          </u>
Deferred tax provided is attributable to:		
Accelerated capital allowances	£ 3,457	£ -
	<u>          </u>	<u>          </u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1995

	1995	1994
<b>12. CALLED-UP SHARE CAPITAL</b>		
Authorised:		
5,000 Ordinary shares of £1 each	£ 5,000	£ 5,000
Allotted called-up and fully paid:		
2 Ordinary shares of £1 each	£ 2	£ 2
<b>13. PROFIT AND LOSS ACCOUNT</b>		
Brought forward	41,974	97,375
(Loss) for the year	(26,201)	(55,401)
	£ 15,773	£ 41,974

**14. 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 (Overseas) Limited and Alderley Process Technologies Limited).

**15. 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 8NP.

**16. FINANCIAL COMMITMENTS - OPERATING LEASES**

At 30 September 1995 the company had annual commitments under non-cancellable operating leases as follows :

	1995	1994
Leases which expire:		
In the second to fifth years	9,104	-
	£ 9,104	£ -

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1995

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	1995	1994
17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS		
Balance at 1 October 1994	41,976	97,377
(Loss) for the year	(26,201)	(55,401)
	<hr/>	<hr/>
Balance at 30 September 1995	£ 15,775	£ 41,976
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THE FOLLOWING PAGES DO NOT FORM  
PART OF THE STATUTORY  
ACCOUNTS OF THE COMPANY

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## TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 1995

	1995	1994
SALES	£ 277,208	-
COST OF WORK DONE		
Purchases, small tools and consumables	£ 156,289	-
GROSS PROFIT	£ 120,919	£ -
OVERHEAD EXPENSES		
Establishment	26,275	-
Administration	47,019	-
Selling and distribution	15,558	-
Financial	93	-
	£ 88,945	£ -
PROFIT ON SALE OF ASSETS	£ -	£ 40,975
INTEREST RECEIVED	£ -	£ 2,708
NET PROFIT BEFORE TAXATION	£ 31,974	£ 43,683

## OVERHEAD EXPENSES

FOR THE YEAR ENDED 30 SEPTEMBER 1995

ESTABLISHMENT EXPENSES	1995	1994
Rent, rates, light, heat & power	6,567	-
Plant repairs	5,574	-
Depreciation of plant	14,134	-
	<hr/>	<hr/>
	£ 26,275	£ -
	<hr/>	<hr/>
ADMINISTRATION EXPENSES		
Salaries	32,801	-
Telephone	1,356	-
Sundry expenses	5,096	-
Insurances	1,004	-
Professional fees	2,028	-
Research and development	229	-
Management charge	4,158	-
Depreciation of fixtures and fittings	347	-
	<hr/>	<hr/>
	£ 47,019	£ -
	<hr/>	<hr/>
SELLING AND DISTRIBUTION EXPENSES		
Marketing & advertising	4,744	-
Travelling	4,114	-
Motor expenses	6,700	-
	<hr/>	<hr/>
	£ 15,558	£ -
	<hr/>	<hr/>
FINANCIAL EXPENSES		
Bank charges and group interest - net	93	-
	<hr/>	<hr/>
	£ 93	£ -
	<hr/>	<hr/>