

Becker Acroma Limited

**Directors' report and consolidated
financial statements**

31 December 1997

Registered number 3037554



Directors' report and consolidated financial statements

Contents

Directors' report	1 - 2
Statement of directors' responsibilities	3
Auditors' report	4
Consolidated profit and loss account	5
Consolidated balance sheet	6
Balance sheet	7
Consolidated cash flow statement	8
Notes	9 - 23

Appendix

Company profit and loss account	24
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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

Principal activities

The principal activity of the group is the manufacture and distribution of woodfinishes and coating materials to the timber and associated trades.

Business review

The financial result of Becker Acroma Ltd Haverhill was much improved during 1997, a profit of GBP 336,000 being achieved (see Appendix).

However, due to poor trading conditions in the Benelux countries and the strength of the Pound Sterling, which affected costs on goods produced in the UK for onward sale in the Benelux region, Becker Acroma Benelux NV sustained a loss for the year of BFC 24,669,000. This adversely affected the consolidated result.

After the year end Becker Acroma Benelux NV was restructured to another company in the Becker Acroma group and will therefore not be a factor in the 1998 trading results.

Joint Venture

The company operates as a joint venture formed by Wilhelm Becker Limited and Tikkurila Limited. The joint venture was brought about to pool the marketing and technical strengths of the individual shareholders, and is expected to be in existence for the foreseeable future.

Change of name

On 1 January 1997 the company changed its name from Becker Acroma Kemira Limited to its current name of Becker Acroma Limited.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend. The loss for the year transferred to reserves was £112,000 (1996: loss £591,000).

Directors' report

Directors and directors' interests

The directors who held office during the year were as follows:

PJ Leech	British	(resigned 5 December 1997)
RJ Piironen	Finnish	
TS Kaar	Finnish	
NG Wikstrom	Swedish	
RS Didrick	Swedish	
EA Moules	British	
DC Lilley	British	(appointed 5 February 1997)
GG Longstaff	British	(appointed 5 February 1997)

None of the directors who held office at the end of the financial year had any beneficial interest in the shares of the company, or any contract to which the company was party during the year.

According to the Register of Directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families or exercised by them during the financial year.

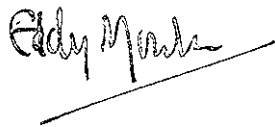
Political and charitable contributions

The company made no political or charitable contributions during the year.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



EA Moules
Director

Rookwood Way
Haverhill
Suffolk
CB9 9PQ

Date 13TH OCTOBER 1998

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 group and of the profit or loss 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 group 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



37 Hills Road
Cambridge
CB2 1XL

Report of the auditors to the members of Becker Acroma Limited

We have audited the financial statements on pages 5 to 23.

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 group'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 affairs of the company and the group as at 31 December 1997 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Chartered Accountants
Registered Auditors*

Date 13 October 1998

Consolidated profit and loss account

for the year ended 31 December 1997

	<i>Note</i>	1997 £000	1996 £000
Turnover	2	16,382	15,780
Change in stocks of finished goods and work in progress		250	10
Other operating income		76	100
Raw materials and consumables		(9,281)	(9,214)
Other external charges		(1,258)	(1,096)
Staff costs	5	(3,172)	(3,259)
Depreciation and other amounts written off tangible fixed assets	3	(146)	(65)
Other operating charges	3	(2,678)	(2,577)
Operating profit/(loss)		173	(321)
Interest payable and similar charges	6	(345)	(270)
Loss on ordinary activities before taxation	3-6	(172)	(591)
Tax on loss on ordinary activities	7	42	-
Loss for the financial year		(130)	(591)

The results for the year represent continuing operations during the year.

The accounts are prepared on an unmodified historical cost basis, and the profit reported is based on historical cost.

Statement of total recognised gains and losses
for the year ended 31 December 1997

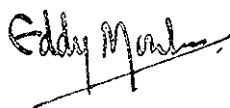
	1997 £000	1996 £000
Loss for the financial year	(130)	(591)
Currency translation differences on foreign currency net investments	21	(8)
Total recognised losses since last report	<u><u>(109)</u></u>	<u><u>(599)</u></u>

Consolidated balance sheet

at 31 December 1997

	Note	1997 £000	1996 £000
Fixed assets			
Tangible assets	8	1,277	626
Current assets			
Stocks	10	2,004	1,914
Debtors	11	4,002	4,129
Cash at bank and in hand		282	213
		<u>6,288</u>	<u>6,256</u>
Creditors: amounts falling due within one year	12	(4,693)	(4,144)
Net current assets		<u>1,594</u>	<u>2,112</u>
Total assets less current liabilities		<u>2,871</u>	<u>2,738</u>
Creditors: amounts falling due after more than one year	13	(3,378)	(3,136)
Net liabilities		<u>(507)</u>	<u>(398)</u>
Capital and reserves			
Called up share capital	14	1,000	1,000
Profit and loss account		(1,507)	(1,398)
Equity shareholders' funds		<u>(507)</u>	<u>(398)</u>

These financial statements were approved by the board of directors on 13TH OCTOBER 98 and were signed on its behalf by:



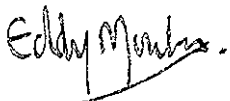
EA Moules
Director

Balance sheet

at 31 December 1997

	Note	1997 £000	1996 £000
Fixed assets			
Tangible assets	8	1,057	455
Investments	9	86	86
		<u>1,143</u>	<u>541</u>
Current assets			
Stocks	10	1,723	1,586
Debtors	11	3,912	3,579
Cash at bank and in hand		17	16
		<u>5,652</u>	<u>5,181</u>
Creditors: amounts falling due within one year	12	<u>(4,020)</u>	<u>(3,284)</u>
Net current assets		<u>1,632</u>	<u>1,897</u>
Total assets less current liabilities		<u>2,775</u>	<u>2,438</u>
Creditors: amounts falling due after more than one year	13	<u>(2,676)</u>	<u>(2,676)</u>
Net assets/(liabilities)		<u>99</u>	<u>(238)</u>
Capital and reserves			
Called up share capital	14	1,000	1,000
Profit and loss account		(901)	(1,238)
Equity shareholders' funds		<u>99</u>	<u>(238)</u>

These financial statements were approved by the board of directors on 13TH OCTOBER 98 and were signed on its behalf by:



EA Moules
Director

Consolidated cash flow statement

for the year ended 31 December 1997

	<i>Note</i>	1997 £000	1996 £000
Net cash inflow from operating activities		683	(2,332)
Return on investments and servicing of finance	20	(354)	(270)
Capital expenditure	20	(798)	(305)
Acquisitions		-	167
Equity dividend paid		-	-
Financing	20	242	2,411
		<hr/>	<hr/>
Decrease in cash		(227)	(329)
		<hr/> <hr/>	<hr/> <hr/>

Reconciliation of net cashflow to movement in net debt

	1997 £000	1996 £000
Decrease in cash in the period	(227)	(329)
Cash inflow from increase in debt	(242)	(2,411)
	<hr/>	<hr/>
Movement in net debt in the period	(469)	(2,740)
Net debt at start of year	(3,240)	(500)
	<hr/>	<hr/>
Net debt at end of year	(3,709)	(3,240)
	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Despite the trading loss for the period and the net liabilities at the end of the year, the financial statements have been prepared on a going concern basis as the company's shareholders have agreed to provide any necessary financial support for at least twelve months from the date of approval of these financial statements.

Basis of consolidation

The group accounts consolidate the accounts of Becker Acroma Limited and all its subsidiary undertakings. These accounts are made up to 31 December 1997.

The consolidated accounts are based on accounts of subsidiary undertakings which are coterminous with those of the parent company.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary and associated undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition. Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) is credited direct to reserves.

In the company's accounts, investments in subsidiary undertakings are stated at cost. Dividends received and receivable are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

In accordance with Section 230(4) of the Companies Act 1985 Becker Acroma Limited is exempt from the requirement to present its own profit and loss account.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	10% per annum
Fixtures	-	20% - 33% per annum

Notes (continued)

1 Accounting policies (continued)

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods manufactured by the group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

For consolidation purposes, the assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Exchange differences arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions and other post-retirement benefits

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual asset or liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

2 Analysis of turnover and loss on ordinary activities before taxation

	1997 £000	1996 £000
<i>By geographical market</i>		
UK	12,771	10,057
Western Europe	3,563	5,694
USA	-	1
South America	22	20
Africa	-	-
Asia	26	8
	<hr/> 16,382 <hr/>	<hr/> 15,780 <hr/>

The turnover and loss on ordinary activities before taxation are wholly attributable to the principal activity of the group.

Notes (continued)

3 Loss on ordinary activities before taxation

	1997 £000	1996 £000
<i>Loss on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration: Audit work	20	17
Depreciation and other amounts written off tangible fixed assets	146	65
Hire of plant and machinery - rentals payable under operating leases	95	79
Hire of other assets - operating leases	35	-
Commission payable in respect of former Klintens customers	156	-
	<u> </u>	<u> </u>

4 Remuneration of directors

	1997 £000	1996 £000
Directors' emoluments	71	60
	<u> </u>	<u> </u>

Number of directors 1997 1996

Retirement benefits are accruing to the following number
of directors under:

Defined benefit schemes	1	1
	<u> </u>	<u> </u>

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1997	1996
Production/Technical support	75	77
Marketing/Sales/Distribution	34	35
Administration	21	21
	<hr/>	<hr/>
	130	133
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	1997	1996
	£000	£000
Wages and salaries	2,770	2,836
Social security costs	208	211
Other pension costs (see note 17)	194	212
	<hr/>	<hr/>
	3,172	3,259
	<hr/>	<hr/>

6 Interest payable and similar charges

	1997	1996
	£000	£000
On bank loans, overdrafts and other loans wholly repayable within five years	137	121
On all other loans	130	105
Amounts charged in respect of exchange losses on foreign currency borrowings	60	44
	<hr/>	<hr/>
	327	270
	<hr/>	<hr/>

Notes (continued)

7 Taxation

	1997 £000	1996 £000
Tax credit	42	-
	<u> </u>	<u> </u>

8 Tangible fixed assets - Group

	Plant and machinery £000	Computers £000	Total £000
<i>Cost</i>			
At beginning of year	1,040	-	1,040
Additions	356	470	826
Disposals	(177)	-	(177)
	<u> </u>	<u> </u>	<u> </u>
At end of year	1,219	470	1,689
	<u> </u>	<u> </u>	<u> </u>
<i>Depreciation</i>			
At beginning of year	414	-	414
Charge for year	115	31	146
Disposals	(148)	-	(148)
	<u> </u>	<u> </u>	<u> </u>
At end of year	381	31	412
	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>			
At 31 December 1997	838	439	1,277
	<u> </u>	<u> </u>	<u> </u>
At 31 December 1996	626	-	626
	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

8 Tangible fixed assets - Company

	Plant and machinery £000	Computers £000	Total £000
<i>Cost</i>			
At beginning of year	621	-	621
Additions	240	470	710
	<hr/>	<hr/>	<hr/>
At end of year	861	470	1,331
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	166	-	166
Charge for year	77	31	108
	<hr/>	<hr/>	<hr/>
At end of year	243	31	274
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 1997	618	439	1,057
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 1996	455	-	455
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Fixed asset investments

		Shares in subsidiary undertakings £000	
<i>Cost and net book value</i>			
At beginning of and end of year		86	
		<hr/>	
	Country of incorporation	Principal activity	Class and percentage of shares
Becker Acroma Ireland Limited	Republic of Ireland	Distribution of varnishes and paints	Ordinary 100%
Becker Acroma Kemira Benelux NV	Belgium	Manufacture and distribution of varnishes and paints	Ordinary 100%

In the opinion of the directors the investments in and amounts due from the company's subsidiaries are worth at least the amounts at which they are stated in the balance sheet.

Becker Acroma Ireland Limited made a loss for the year of IR £44,550 and had a deficit on reserves of IR £143,700. Becker Acroma Kemira Benelux NV made a loss for the year of BFC 24,669,000 and had a deficit on reserves of BFC 23,299,000.

Notes (continued)

10 Stocks

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
Raw materials and consumables	954	1,114	895	807
Work in progress	93	66	93	66
Finished goods and goods for resale	957	734	735	713
	<u>2,004</u>	<u>1,914</u>	<u>1,723</u>	<u>1,586</u>

11 Debtors

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
Trade debtors	3,691	3,766	3,699	3,350
Other debtors	112	137	43	31
Prepayments and accrued income	199	226	170	198
	<u>4,002</u>	<u>4,129</u>	<u>3,912</u>	<u>3,579</u>

The above includes the following amounts due from related parties:

Wilhelm Becker Group	724	556	722	413
Tikkurila/Kemira Group	936	475	924	473
	<u>1,660</u>	<u>1,031</u>	<u>1,646</u>	<u>886</u>

All debtors are due within one year.

Notes (continued)

12 Creditors: amounts falling due within one year

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
Bank overdraft	331	104	331	104
Trade creditors	3,736	3,161	3,237	2,677
Taxation and social security	159	122	143	101
Other creditors	333	338	207	-
Accruals and deferred income	134	419	102	402
	<u>4,694</u>	<u>4,144</u>	<u>4,020</u>	<u>3,284</u>

The above includes the following amounts owed to related parties:

Wilhelm Becker Group	481	307	824	307
Tikkurila/Kemira Group	660	998	442	329
	<u>1,141</u>	<u>1,305</u>	<u>1,266</u>	<u>636</u>

13 Creditors: amounts falling due after more than one year

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
Bank loans and overdrafts	985	500	500	500
Loans from related parties:				
Wilhelm Becker Group	797	827	580	580
Tikkurila/Kemira Group	1,596	1,805	1,596	1,596
Other	-	4	-	-
	<u>3,378</u>	<u>3,136</u>	<u>2,676</u>	<u>2,676</u>

The bank loan of £500,000 is due to be repaid in November 2000. The bank has as security an unlimited debenture dated 20 September 1995 and £500,000 money guarantees from each of the company's shareholders. The loans from related parties arose as a result of the conversion of trade creditor balances. The loans from the Wilhelm Becker Group and the Tikkurila/Kemira group are due to be repaid in October 2000.

Notes (continued)

14 Called up share capital

	1997	1996
	£000	£000
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

15 Reserves

	Profit and loss account £000
At 1 January 1997	(1,398)
Transfer from profit and loss account	(130)
Currency translation	21
	<u>(1,507)</u>

16 Commitments

- (i) Capital commitments at the end of the financial year for which no provision has been made.

	1997	1996
	£000	£000
Contracted	-	-
Authorised but not contracted	-	30
	<u>-</u>	<u>30</u>

- (ii) Annual commitments under non-cancellable operating leases are as follows:

	1997	Other	1996	Other
	Land and buildings £000	£000	Land and buildings £000	£000
Operating leases which expire:				
Within one year	-	37	-	39
In the second to fifth years inclusive	532	85	-	184
Over five years	868	157	724	2
	<u>1,400</u>	<u>279</u>	<u>724</u>	<u>225</u>

Notes (continued)

17 Pension obligations

Employees of the company are members of either the Becker Pension Scheme or the Kemira Coatings Pension Scheme, which provide members with defined benefits related to salary and service. The schemes' assets are held in separate trust administered funds. Contributions are determined based on periodic valuations carried out by professionally qualified independent consulting actuaries.

The Becker Pension Scheme

The last formal valuation of the Scheme was carried out at 1 April 1994.

The market value of the Scheme's assets as at 1 April 1994 amounted to £29,072,000 (after taking account of the transfer payments receivable from other schemes in the group). The actuarial value of those assets represented 105% of the benefits that had accrued to the members based on service to that date allowing for assured future salary increases. The excess is being used to finance a temporary reduction in employer's contributions.

The most significant actuarial assumptions adopted for determining pension costs and contributions rates with effect from 1 April 1994 were as follows:

Rate of return on investments	-	9% per annum
Rate of increase in earnings	-	7% per annum
Rate of increase in lower earnings limit	-	5% per annum
Rate of pension increases	-	4.5% per annum
Rate of dividend growth	-	4.5% per annum

The Kemira Coatings Pension Scheme

For valuations the projected unit method is used.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 9% per annum compound, and that salary increases would average 7.5% per annum and that present and future pensions would increase at the rate of 4% per annum. The most recent actuarial valuation at July 1994 showed that the market value of the scheme's assets was £17,986,821 and that the actuarial value of those assets represented 119% of the benefits that had accrued to members after allowing for expected future increases in earnings. As a result of the reduced surplus, the contributions of the company and employees were raised to 7.2% and 3.5% of earnings respectively from April 1995.

Notes (continued)

18 Summary of transactions with related parties

The share capital of Becker Acroma Limited is owned equally by Becker Acroma Klinten AB and Tikkurila Limited.

The value of transactions with companies in these shareholding groups is:

	1996 £000
<i>Becker Acroma Klinten Group</i>	
Purchase of raw materials	286
Purchase of administrative services	71
Sales of products	532
Purchase of tangible fixed assets at net book value	470
Loan interest payable	63
Commission	156
Other overheads	67
<i>Tikkurila/Kemira Group</i>	
Building rent payable	716
Purchase of services	115
Purchase of raw materials	412
Sales of products	3,327
Loan interest payable	130

Balances with related parties are set out in notes 11, 12 and 13.

19 Reconciliation of operating (loss) to net cash inflow/(outflow) from operating activities

	1997 £000	1996 £000
Operating profit/(loss)	173	(321)
Depreciation charge	146	65
Profit on sale of fixed assets	-	(16)
(Increase)/decrease in stocks	(90)	(44)
(Increase)/decrease in debtors	127	(573)
Increase/(decrease) in creditors	327	(1,443)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	683	(2,332)
	<hr/>	<hr/>

Notes (continued)

20 Analysis of net cash flows

	1997 £000	1996 £000
Returns on investment and servicing of finance		
Interest paid	(354)	(270)
	<u> </u>	<u> </u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(826)	(425)
Sale of tangible fixed assets	28	120
	<u> </u>	<u> </u>
	(798)	(305)
	<u> </u>	<u> </u>
Financing		
Bank loan taken out	485	-
Repayment of related party loans	(243)	-
	<u> </u>	<u> </u>
	242	-
	<u> </u>	<u> </u>

21 Analysis of net debt

	1/1/97 £000	Cashflow £000	31/12/97 £000
Cash in hand	213	69	282
Overdraft	(104)	(227)	(331)
Net debt due after one year	(3,136)	(242)	(3,378)
	<u> </u>	<u> </u>	<u> </u>
	(3,027)	(400)	(3,427)
	<u> </u>	<u> </u>	<u> </u>

22 Post balance sheet event

After the year end, Becker Acroma Benelux NV, was restructured to another company in the Becker Acroma group. For the year ended 31 December 1997 its turnover was 104,717,000 BFC and its loss for the year was 24,669,000 BFC.

Appendix

Company profit and loss account *for the year ended 31 December 1997*

	1997 £000	1996 £000
Turnover	14,763	13,539
Change in stocks of finished goods and work in progress	49	(20)
Other operating income	43	60
Raw materials and consumables	(8,030)	(7,804)
Other external charges	(1,213)	(1,038)
Staff costs	(2,774)	(2,806)
Depreciation and other amounts written off tangible fixed assets	(108)	(36)
Other operating charges	(2,202)	(2,131)
	<hr/>	<hr/>
Operating profit/(loss)	528	(236)
Interest payable and similar charges	(233)	(203)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	295	(439)
Tax on loss on ordinary activities	42	-
	<hr/>	<hr/>
Profit/(loss) for the financial year	337	(439)
Accumulated losses brought forward	(1,238)	(799)
	<hr/>	<hr/>
Accumulated losses carried forward	(901)	(1,238)
	<hr/> <hr/>	<hr/> <hr/>