

**SARNAFIL LIMITED**

**SHAREHOLDERS FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1995**

*Company Number: 1520061*



## **SARNAFIL LIMITED**

### **DIRECTORS' REPORT**

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

### **RESULTS AND DIVIDENDS**

The trading profit for the year after taxation amounted to £460994 (1994 - £383644).

The directors confirm the payment of a dividend of £250000 for the year.

### **REVIEW OF THE BUSINESS**

The company's principal activity during the year continued to be that of importers and distributors of roofing materials and waterproofing systems.

It is pleasing to be able to report a further increase in turnover despite the continuing recession and intense competition.

The directors consider the state of affairs at 31 December 1995 to be satisfactory and are hopeful of further improvements in the coming year.

### **HOLDING COMPANY**

The company is a wholly owned subsidiary of Sarna Kunststoff Holding AG, a company incorporated in Switzerland.

### **FIXED ASSETS**

The changes in fixed assets during the year are summarised in the notes to the financial statements.

### **FUTURE DEVELOPMENTS AND EVENTS SINCE THE END OF THE YEAR**

The directors anticipate no significant change in the company's activities in the foreseeable future. There have been no events since the end of the year which require comment by the directors.

### **DIRECTORS AND THEIR INTERESTS**

The following were directors throughout the year:

J Marbach  
P T Wright  
H P Käser  
B R Morley

P T Wright retires by rotation at the Annual General Meeting and being eligible offers himself for re-election.

There are no directors' interests requiring disclosure under Section 324 Companies Act 1985.

## **SARNAFIL LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **DIRECTORS' RESPONSIBILITIES**

The directors acknowledge their various accounting responsibilities, in particular the requirement to maintain proper and accurate accounting records and the need to safeguard assets and take reasonable steps for the prevention and detection of fraud and other irregularities. In addition the directors also acknowledge their responsibility for the accounts, which have been prepared from the accounting records.

The accounts are required to give a true and fair view and to comply with the Companies Act 1985. To achieve this, the directors have chosen accounting policies suitable to the business, applied them consistently and made judgements and estimates that they consider prudent and reasonable. They have applied the going concern basis of accounting, which they consider appropriate in the circumstances.

#### **AUDITORS**

A resolution to reappoint Price Bailey Chartered Accountants and Registered Auditors as auditors will be put to the members at the Annual General Meeting.

#### **BY ORDER OF THE BOARD**

  
**A C D Smith**  
**Secretary**

#### **REGISTERED OFFICE**

Jarrold Way  
Bowthorpe Industrial Estate  
Bowthorpe  
Norwich

21 February 1996

## **AUDITORS' REPORT TO THE SHAREHOLDERS OF SARNAFIL LIMITED**

We have audited the financial statements on pages 4 to 13, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

### **Respective responsibilities of directors and auditors**

As described in the directors' report, 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 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 misstatements, 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 31 December 1995 and of the profit and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**HORSE FAIR HOUSE**

**19 ST FAITHS LANE**

**NORWICH**

**NR1 1NE**

**21 FEBRUARY 1996**



**PRICE BAILEY**

**CHARTERED ACCOUNTANTS**

**AND REGISTERED AUDITORS**

**SARNAFIL LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995**

	Notes		1994
<b>TURNOVER</b>	2	7240364	6651122
Cost of sales		5272310	4820190
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		1968054	1830932
Administrative expenses		1290050	1262020
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>	3	678004	568912
Interest receivable	4	34716	14560
Interest payable	5	(13547)	(17376)
		<hr/>	<hr/>
		21169	(2816)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		699173	566096
Taxation on profit on ordinary activities	7	238179	182452
		<hr/>	<hr/>
<b>PROFIT FOR THE FINANCIAL YEAR ON ORDINARY ACTIVITIES AFTER TAXATION</b>		460994	383644
Dividend paid		(250000)	(50000)
Retained profit brought forward		959677	626033
		<hr/>	<hr/>
<b>RETAINED PROFIT CARRIED FORWARD</b>		£1170671	£959677
		<hr/>	<hr/>

There were no recognised gains and losses other than those recognised in the profit and loss account.

The notes on pages 7 to 13 form part of these financial statements.

**SARNAFIL LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 1995**

	Notes		1994
<b>TANGIBLE FIXED ASSETS</b>	8	202639	253021
<b>CURRENT ASSETS</b>			
Stocks and work in progress	9	456489	444153
Debtors	10	1843151	1425903
Cash at bank and in hand		477106	174018
		<hr/>	<hr/>
		2776746	2044074
<b>CREDITORS: Amounts falling due within one year</b>	11	1584847	1060476
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		1191899	983598
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/>	<hr/>
		1394538	1236619
<b>CREDITORS: Amounts falling due after more than one year</b>			
Obligations under hire purchase contracts	12	(23867)	(76942)
		<hr/>	<hr/>
		£1370671	£1159677
<b>CAPITAL AND RESERVES</b>		<hr/>	<hr/>
Called up share capital	13	200000	200000
Profit and loss account		1170671	959677
		<hr/>	<hr/>
	14	£1370671	£1159677
		<hr/>	<hr/>

H P Käser )

P T Wright )

Directors

Approved by the board on 21 February 1996

The notes on pages 7 to 13 form part of these financial statements.

**SARNAFIL LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1995**

	Notes		1994
<b>Net cash inflow from operating activities</b>	15	838963	562132
<b>Returns on investments and servicing of finance</b>			
Interest received	34716	14560	
Interest paid	(13547)	(17376 )	
Dividends paid	(250000)	(50000 )	
<b>Net cash outflow from returns on investments and servicing of finance</b>		(228831)	(52816)
<b>Taxation</b>			
Corporation tax paid		(235188)	(78990)
<b>Investing activities</b>			
Payments to acquire tangible fixed assets	(14090)	(192682 )	
Receipts from sales of tangible fixed assets	1750	32900	
<b>Net cash outflow from investing activities</b>		(12340)	(159782)
<b>Net cash inflow before financing</b>		362604	270544
Financing - movement in hire purchase finance		(61686)	102735
<b>Increase in cash and cash equivalents</b>	16	£300918	£373279

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1995****1 ACCOUNTING POLICIES****Accounting convention**

The financial statements are prepared under the historical cost convention in accordance with applicable Statements of Standard Accounting Practice and Financial Reporting Standards.

**Depreciation**

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Motor vehicles	- 20% per annum
Plant and equipment	- 10% to 33⅓% per annum
Short-term leasehold property improvements	- 10% straight line

**Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Stocks are based on average cost. Work in progress includes a proportion of overheads based on normal levels of activity according to stage of completion.

**Deferred taxation**

Deferred taxation is provided using the liability method on timing differences between amounts as computed for taxation purposes and amounts as stated in these financial statements.

**Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are taken to the profit and loss account.

**Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

Rentals paid under operating leases are charged to income as incurred.

**Pensions**

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

The pension costs charged in these financial statements represent contributions payable by the company to the scheme.



# SARNAFIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1995

### 2 TURNOVER

Turnover represents the invoiced amount of goods sold and services provided (stated net of value added tax) and adjusted for work in progress.

The turnover and pre-tax profit is attributable solely to the principal activity namely that of importers and distributors of roofing materials and waterproof systems.

Turnover by geographical market comprised:

		1994
United Kingdom	6983845	6421769
Other European Community countries	256519	229353
	<hr/>	<hr/>
	£7240364	£6651122
	<hr/>	<hr/>

### 3 OPERATING PROFIT

	£	1994 £
This is stated after charging/(crediting):		
Directors' remuneration (including pension contributions)	113955	110678
Auditors' remuneration	8500	8000
Depreciation - owned assets	13085	20154
- assets acquired under hire purchase agreements	50899	50091
- (profit)/loss on disposal of assets	(1262)	7528
Losses/(profits) on exchange	44057	(3790)
	<hr/>	<hr/>

The emoluments of the chairman, excluding pension contributions, were £Nil (1994 £Nil) and those of the highest paid director, excluding pension contributions were £57558 (1994 £55699). Other directors' emoluments, excluding pension contributions, fell within the following ranges:

	No	1994 No
£Nil - £5000	1	1
£40001 - £45000	-	1
£45001 - £50000	1	-
	<hr/>	<hr/>

**SARNAFIL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 1995**

**4 INTEREST RECEIVABLE**

		1994
Bank interest	29158	14560
Other interest	5558	-
	<u>          </u>	<u>          </u>
	£34716	£14560
	<u>          </u>	<u>          </u>

**5 INTEREST PAYABLE**

		1994
Bank overdraft	2861	4199
Other loans wholly repayable within five years	10686	13177
	<u>          </u>	<u>          </u>
	£13547	£17376
	<u>          </u>	<u>          </u>

**6 STAFF COSTS**

		1994
Wages and salaries	556770	555376
Social security costs	56520	59021
Pension costs and benefits	51000	48165
	<u>          </u>	<u>          </u>
	£664290	£662562
	<u>          </u>	<u>          </u>

The average weekly number of employees during the year was made up as follows:

	No	1994
		No
Sales	18	18
Office and management	8	8
	<u>      </u>	<u>      </u>

**SARNAFIL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 1995**

**7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

**1994**

Based on profit for the year:

Corporation tax charge at 33% (1994 - 33%)	235442	182452
Underprovision in 1994	2737	-
	<hr/>	<hr/>
	£238179	£182452
	<hr/>	<hr/>

There is no charge to deferred taxation nor is a provision required as the tax written down value of qualifying assets exceeds their net book value as disclosed in these financial statements by £2500 (1994 - £1500).

**8 TANGIBLE FIXED ASSETS**

	<b>Short-term leasehold property</b>	<b>Motor vehicles</b>	<b>Plant and equipment</b>	<b>Total</b>
<b>Cost</b>				
At 1 January 1995	52458	266820	134567	453845
Additions	-	14090	-	14090
Disposals	-	(12675)	-	(12675)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	£52458	£268235	£134567	£455260
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 January 1995	24560	71678	104586	200824
On disposals	-	(12187)	-	(12187)
Provided during the year	5196	50899	7889	63984
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	£29756	£110390	£112475	£252621
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 1995	£22702	£157845	£22092	£202639
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	£27898	£195142	£29981	£253021
	<hr/>	<hr/>	<hr/>	<hr/>

All the company's motor vehicles were acquired on hire purchase.

**SARNAFIL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 1995**

**9 STOCKS AND WORK IN PROGRESS**

		1994
Goods for resale	336028	444153
Work in progress	120461	-
	<hr/>	<hr/>
	£456489	£444153
	<hr/>	<hr/>

The replacement cost of stocks which consist of goods for re-sale is not considered to be materially different from the book value.

**10 DEBTORS**

		1994
Trade debtors	1822779	1339917
Loan	-	35680
Amount due from fellow subsidiary	1341	532
Prepayments	19031	49774
	<hr/>	<hr/>
	£1843151	£1425903
	<hr/>	<hr/>

**11 CREDITORS: Amounts falling due within one year**

		1994
Bank overdraft	2170	-
Obligations under hire purchase contracts (note 12)	64661	73272
Amount due to fellow subsidiaries	814742	391109
Trade creditors	176996	141049
Current corporation tax	172942	169951
Other taxes and social security costs	307536	240819
Accruals	45800	44276
	<hr/>	<hr/>
	£1584847	£1060476
	<hr/>	<hr/>

The bank overdraft is guaranteed by a letter of indemnity from the holding company.

**SARNAFIL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 1995**

**12 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS**

		1994
Repayable within one year	71577	80519
Repayable within 2-5 years	26711	85121
	<hr/>	<hr/>
	98288	165640
<b>LESS:</b>		
Finance charges allocated to future periods	9760	15426
	<hr/>	<hr/>
	£88528	£150214
	<hr/>	<hr/>
Hire purchase contracts shown as:		
Current obligations (note 11)	64661	73272
Non-current obligations	23867	76942
	<hr/>	<hr/>
	£88528	£150214
	<hr/>	<hr/>

**13 SHARE CAPITAL**

		1994
<b>Ordinary shares of £1 each:</b>		
Authorised	£200000	£200000
	<hr/>	<hr/>
Allotted, called up and fully paid	£200000	£200000
	<hr/>	<hr/>

**14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

		1994
Profit for the financial year representing an increase in shareholders funds	460994	383644
Shareholders funds at 1 January 1995	1159677	826033
	<hr/>	<hr/>
Dividend paid	1620671 (250000)	1209677 (50000)
	<hr/>	<hr/>
Shareholders' funds at 31 December 1995	£1370671	£1159677
	<hr/>	<hr/>

**SARNAFIL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 1995**

**15 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW  
FROM OPERATING ACTIVITIES**

		1994
Operating profit	678004	568912
Depreciation charges	62722	77773
(Increase)/decrease in stocks	(12336)	35658
(Increase) in debtors	(417248)	(363643)
Increase in creditors	527821	243432
	<hr/>	<hr/>
Net cash inflow from operating activities	£838963	£562132
	<hr/> <hr/>	<hr/> <hr/>

**16 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS**

		1994
Balance at 1 January 1995	174018	(199261)
Net cash inflow	300918	373279
	<hr/>	<hr/>
Balance at 31 December 1995	£474936	£174018
	<hr/> <hr/>	<hr/> <hr/>

**17 HOLDING COMPANY**

The company is a wholly owned subsidiary of Sarna Kunststoff Holding AG, a company incorporated in Switzerland.