

PROFILE DEFLASHING COMPOUNDS LIMITED

FINANCIAL STATEMENTS

30TH SEPTEMBER 1998

Registered number: 2852231



MITCHELL CHARLESWORTH

CHARTERED ACCOUNTANTS

Liverpool

PROFILE DEFLASHING COMPOUNDS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1998

CONTENTS

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes	7 - 13

PROFILE DEFLASHING COMPOUNDS LIMITED

COMPANY INFORMATION

30TH SEPTEMBER 1998

Incorporated in England on 10th September 1993.

NUMBER: 2852231

DIRECTORS: T. Loyden
A. Loyden

SECRETARY: Mrs. A. Loyden

REGISTERED OFFICE: Unit 5
Barrowmore Industrial Estate
Barrowmore
Great Barrow
Chester
CH3 7JA

BANKERS: National Westminster Bank Plc.
23 Sankey Street
Warrington
WA1 1XH

AUDITORS: Mitchell Charlesworth
Chartered Accountants
Chavasse Court
24 Lord Street
Liverpool
L2 1TA

PROFILE DEFLASHING COMPOUNDS LIMITED

DIRECTORS' REPORT

30TH SEPTEMBER 1998

The directors present their report and the audited financial statements for the year ended 30th September 1998.

Principal activity

The principal activity of the company is the manufacture of polymer based shot blast compounds.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £71,458.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. An interim ordinary dividend amounting to £5,600 and an interim 'A' ordinary dividend of £16,800 was paid. No final dividend is proposed.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

		30 th September 1998	1 st October 1997
	'A' Ordinary shares	Ordinary shares	Ordinary shares
T. Loyden	30	74	74
A. Loyden	30	-	-

By special resolution 100 ordinary £1 shares were converted into 100 'A' ordinary shares on 25th September 1998. On 25th September 1998 the company issued 90 'A' ordinary £1 shares in the company which will not rank for distribution on a winding-up or liquidation. The remaining 10 'A' ordinary shares were allotted on 5th January 1999 to Miss R. Loyden.

Auditors

Mitchell Charlesworth have agreed to offer themselves for reappointment as auditors of the company.

On behalf of the Board

A Loyden
Mrs. A. Loyden

Secretary

Unit 5
Barrowmore Industrial Estate
Barrowmore
Great Barrow
Chester
CH3 7JA

22 Jan 1999

PROFILE DEFLASHING COMPOUNDS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

30TH SEPTEMBER 1998

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 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.

Mitchell Charlesworth

Chartered Accountants

Chavasse Court . 24 Lord Street . Liverpool L2 1TA

AUDITORS' REPORT TO THE MEMBERS OF PROFILE DEFLASHING COMPOUNDS LIMITED

We have audited the financial statements on pages 5 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 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 error or other irregularity. 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 30th September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MITCHELL CHARLESWORTH

Registered Auditor

23 JUL 1999

PROFILE DEFLASHING COMPOUNDS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH SEPTEMBER 1998

	Notes	1998	1997
Turnover	2	775,912	562,717
Cost of sales		<u>(438,590)</u>	<u>(338,995)</u>
<i>Gross profit</i>		337,322	223,722
Net operating expenses			
Distribution costs		(53,693)	(57,527)
Administrative expenses		<u>(239,975)</u>	<u>(132,112)</u>
<i>Operating profit</i>	3	43,654	34,083
Interest payable	5	(2,764)	(3,829)
Interest receivable	6	<u>496</u>	<u>-</u>
<i>Profit on ordinary activities before taxation</i>		41,386	30,254
Taxation	7	<u>(10,440)</u>	<u>(8,224)</u>
<i>Profit on ordinary activities after taxation</i>		30,946	22,030
Dividends	8	<u>(22,400)</u>	<u>(8,000)</u>
<i>Retained profit for the year</i>	15	<u>£ 8,546</u>	<u>£ 14,030</u>

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1998 or 1997 other than the profit for the year.

PROFILE DEFLASHING COMPOUNDS LIMITED

BALANCE SHEET

AT 30TH SEPTEMBER 1998

Fixed assets	Notes	1998	1997
Tangible assets	9	47,563	54,641
Current assets			
Stocks	10	41,354	26,051
Debtors	11	158,855	124,712
Cash at bank and in hand		<u>12,250</u>	<u>25,517</u>
		212,459	176,280
Creditors: Amounts falling due within one year	12	<u>(168,245)</u>	<u>(137,896)</u>
Net current assets		<u>44,214</u>	<u>38,384</u>
Total assets less current liabilities		91,777	93,025
Creditors: Amounts falling due after more than one year	13	<u>(21,319)</u>	<u>(31,203)</u>
		<u>£ 70,458</u>	<u>£ 61,822</u>
Capital and reserves			
Called up share capital	14	190	100
Profit and loss account	15	<u>70,268</u>	<u>61,722</u>
Total shareholders' funds		<u>£ 70,458</u>	<u>£ 61,822</u>

The financial statements on pages 5 to 13 were approved by the Board of Directors on

22 July 1999

and signed on its behalf by:


 T. Loyden

Director

PROFILE DEFLASHING COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1998

1. Accounting policies

Basis of accounting:

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover:

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation:

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Plant and machinery	20% per annum
Motor vehicles	25% per annum
Fixtures and fittings	15% per annum

Leases and hire purchase contracts:

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

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

Stocks:

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Foreign currencies:

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pension costs:

Contributions are charged to the profit and loss account in respect of a pension plan on behalf of the director and the senior employee.

PROFILE DEFLASHING COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1998

(Continued)

2. Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax.

The analysis of turnover by geographical area is as follows:

Geographically:	1998	1997
United Kingdom	308,068	259,274
Exports	<u>467,844</u>	<u>303,443</u>
	<u>£ 775,912</u>	<u>£ 562,717</u>

3. Operating profit

1998

1997

Operating profit is stated after crediting:

Profit on sale of assets	£ 6,250	£ -
	<u> </u>	<u> </u>
and after charging		
Auditors' remuneration	£ 1,500	£ 1,300
	<u> </u>	<u> </u>
Operating leases:		
Hire of plant and machinery	£ 12	£ -
Loss on sale of assets	£ -	£ 930
Loss on foreign exchange	£ 469	£ 2,625
Depreciation of tangible fixed assets (note 9):		
- owned assets	£ 21,598	£ 18,243
- leased assets	£ 6,747	£ 6,747
	<u> </u>	<u> </u>

PROFILE DEFLASHING COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1998

(Continued)

4. Directors and employees	1998	1997
Staff costs including directors' emoluments:		
Wages and salaries	139,476	81,865
Social security costs	13,514	6,206
Pension costs	<u>56,400</u>	<u>18,000</u>
	£ 209,390	£ 106,071
	<hr/>	<hr/>
Average monthly number employed including executive directors:	Number	Number
Production staff	6	3
Administration staff	<u>3</u>	<u>2</u>
	9	5
	<hr/>	<hr/>
Directors:		
Management remuneration	49,500	34,233
Pension contributions	28,200	9,000
Benefits in kind	<u>7,123</u>	<u>5,937</u>
	£ 84,823	£ 49,170
	<hr/>	<hr/>
5. Interest payable	1998	1997
Finance lease and hire purchase contracts	1,181	1,345
Bank interest	1,009	2,316
Interest on overdue taxes	<u>574</u>	<u>168</u>
	£ 2,764	£ 3,829
	<hr/>	<hr/>
6. Interest receivable	1998	1997
Bank deposit interest	£ 496	£ -
	<hr/>	<hr/>
7. Taxation	1998	1997
Corporation tax on profit on ordinary activities at 21% (1997 - 22½%)	9,582	8,200
Under provision in earlier years	<u>858</u>	<u>24</u>
	£ 10,440	£ 8,224
	<hr/>	<hr/>

PROFILE DEFLASHING COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1998

(Continued)

8. Dividends	1998	1997
Ordinary dividends paid	5,600	8,000
'A' ordinary dividends paid	<u>16,800</u>	<u>-</u>
	£ 22,400	£ 8,000
	<u><u> </u></u>	<u><u> </u></u>

9. Tangible fixed assets	Motor vehicles	Plant & machinery	Fixtures & fittings	Total
Cost				
1 st October 1997	23,500	90,177	7,168	120,845
Additions	-	20,421	509	20,930
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 th September 1998	<u>23,500</u>	<u>110,598</u>	<u>7,677</u>	<u>141,775</u>
Depreciation				
1 st October 1997	14,625	48,823	2,756	66,204
Charge for year	5,875	20,983	1,150	28,008
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 th September 1998	<u>20,500</u>	<u>69,806</u>	<u>3,906</u>	<u>94,212</u>
Net book amount				
30 th September 1998	<u>£ 3,000</u>	<u>£ 40,792</u>	<u>£ 3,771</u>	<u>£ 47,563</u>
1 st October 1997	<u>£ 8,875</u>	<u>£ 41,354</u>	<u>£ 4,412</u>	<u>£ 54,641</u>

The net book amount of fixed assets includes £14,285 (1997 - £21,032) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

PROFILE DEFLASHING COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1998

(Continued)

10. Stocks	1998	1997
Raw materials	28,977	13,969
Finished goods	<u>12,377</u>	<u>12,082</u>
	£ 41,354	£ 26,051
	<u><u> </u></u>	<u><u> </u></u>

11. Debtors	1998	1997
Amounts falling due within one year:		
Trade debtors	123,830	108,065
Directors' loan account	17,808	16,647
Other debtors	<u>17,217</u>	<u>-</u>
	£ 158,855	£ 124,712
	<u><u> </u></u>	<u><u> </u></u>

The directors' loan account is in respect of T. Loyden. The maximum balance outstanding at any time during the year was £19,410.

12. Creditors: Amounts falling due within one year	1998	1997
Trade creditors	103,187	75,646
Corporation tax	15,782	13,300
Other taxation and social security	25,051	22,668
Other creditors	-	83
Accruals and deferred income	14,340	16,314
Obligations under finance leases and hire purchase contracts (note 13)	<u>9,885</u>	<u>9,885</u>
	£ 168,245	£ 137,896
	<u><u> </u></u>	<u><u> </u></u>

The bank overdraft facility is secured by a mortgage debenture dated 26th February 1994.

PROFILE DEFLASHING COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1998

(Continued)

13. Creditors: Amounts falling due after more than one year	1998	1997
Loan from shareholder	17,200	17,200
Obligations under finance leases	<u>4,119</u>	<u>14,003</u>
	£ 21,319	£ 31,203
	<u><u> </u></u>	<u><u> </u></u>

The loan is interest free and has no fixed terms for repayment.

Obligations under finance leases and hire purchase contracts	1998	1997
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These are repayable over varying periods by monthly instalments as follows:

In the next year (see note 13)	9,885	9,885
In the second to fifth years	<u>4,119</u>	<u>14,003</u>
	£ 14,004	£ 23,888
	<u><u> </u></u>	<u><u> </u></u>

14. Called up share capital

	Number of shares	1998	Number of shares	1997
Authorised:				
Ordinary shares of £1 each	1,900	£ 1,900	2,000	£ 2,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
'A' ordinary shares of £1 each	100	£ 100	-	£ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Allotted called up and fully paid:				
Ordinary shares of £1 each	100	£ 100	100	£ 100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
'A' ordinary shares of £1 each	90	£ 90	-	£ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

These 'A' ordinary shares were issued after a special resolution passed on 25th September 1998.

15. Profit and loss account	1998
1 st October 1997	61,722
Retained profit for the year	<u>8,546</u>
30 th September 1998	£ 70,268
	<u><u> </u></u>

PROFILE DEFLASHING COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1998

(Continued)

16. Reconciliation of movements in shareholders' funds	1998	1997
Profit for the financial year	30,946	22,030
New share capital subscribed	90	-
Dividends	<u>(22,400)</u>	<u>(8,000)</u>
Net addition to shareholders' funds	8,636	14,030
Opening shareholders' funds	<u>61,822</u>	<u>47,792</u>
Closing shareholders' funds	<u>£ 70,458</u>	<u>£ 61,822</u>

17. Capital commitments

There were no capital commitments at 30th September 1998 (1997 - £NIL).

18. Leasing commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 30th September 1999.

	1998 Land & buildings	1997 Land & buildings
Expiring:		
Within one year	-	9,368
Within two to five years	<u>10,192</u>	<u>-</u>
	<u>£ 10,192</u>	<u>£ 9,368</u>

19. Related party transactions

The company has a loan outstanding of £17,200 at the year end with Guyson International Limited, a minority shareholder. Sales to Guyson International Limited during the year amounted to £139,628 (1997 - £105,623). At the balance sheet date monies owing from Guyson International Limited amounted to £1,586.