

**Registered Number: 3037845**

**Protim Solignum Limited**

**Directors' Report And Financial Statements  
For The Year Ended 31 December 2007**

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# **Protim Solignum Limited**

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# **Protim Solignum Limited**

## **Company Information**

<b>Directors</b>	J R Spengler P A Goydan T L Boylin I McConnell G Ewbank S Jepson
<b>Secretary</b>	T L Boylin
<b>Registered Office</b>	Fieldhouse Lane Marlow Bucks SL7 ILS
<b>Independent auditors</b>	Grant Thornton UK LLP Bryanston Court Selden Hill Hemel Hempstead HP2 4TN
<b>Business Address</b>	Fieldhouse Lane Marlow Bucks SL7 ILS
<b>Bankers</b>	National Westminster Bank Corporate Business Centre PO Box 2002 73A Commercial Road Swindon SN1 5LT

# Protim Solignum Limited

## Director's Report for the year ended 31 December 2007

The directors present their report and audited financial statements for the year ended 31 December 2007

### RESULTS AND DIVIDENDS

The group's profit for the year after taxation amounted to £805,000 (2006 £402,000)

The group has not paid and does not intend to propose the payment of a dividend in relation to the financial year ended 31 December 2007 (2006 £nil)

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

Protim Solignum Limited is a manufacturer of industrial timber preservation products and associated equipment

The Group manufactures both water and solvent based chemicals, and provides support services and plant supply in both aspects of the business. The Group also undertakes research and development work in these areas

The Group's key financial and other performance indicators are as follows

	2007 £'000's	2006 £'000's
Revenue	20,957	20,624
Gross Profit	7,801	7,116
Gross Margin	37.2%	34.5%
Operating Profit	1,238	670
Operating Margin	5.9%	3.2%
Revenue/Average Monthly Employee	233	229

During the year, the Group's performance was improved showing growth in sales over the previous year's levels although the results continue to be influenced by weaker trading markets which themselves are compounded through increases in price across a range of raw materials. The Group and its customers continued to see significant changes in the marketplace following compliance with the European Biocidal Directive legislation. Given the foregoing factors, the directors consider that the Group have shown a further reasonable trading performance throughout the year.

The directors expect the trading performance for 2008 to be broadly in line with the 2007 accounts

### PRINCIPAL RISKS AND UNCERTAINTIES

#### Competition

The Group is reliant on sales to both new and existing customers, which are achieved through the expansion of some market places together with market share gains. These sales are achieved in a competitive environment and often in competitive tender, they are uncertain and will be based on product, performance and price criteria.

# **Protim Solignum Limited**

## **Directors' Report for the year ended 31 December 2007 (continued)**

### **Resource**

The Group is reliant on the retention and recruitment of the highest quality employees in all aspects of the business and in particular activities relating to the development, support, implementation and sales of products

### **Financial risk management**

The Group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk, and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

**Credit risk** - The Group has implemented policies that require appropriate credit checks on customers before sales are made.

**Liquidity risk** - The Group currently has no requirements for debt finance but maintains sufficient funds for operations.

**Interest rate cash flow risk** - The Group has interest bearing assets in the form of cash balances.

### **RESEARCH AND DEVELOPMENT**

The Group invests substantially in research and development. Research and development in the business is concentrated in new products and support services.

### **FUTURE DEVELOPMENTS**

The Directors aim to maintain the policies which have resulted in the Group's growth and profitability over a number of years.

### **DIRECTORS**

The directors of the company who served during the year and up to the date of signing the financial statements are as follows:

P A Goydan  
J R Spengler  
T L Boylin  
I McConnell  
G Ewbank  
S Jepson

None of the directors had an interest in the share capital of the company or any of its subsidiaries required to be disclosed under Schedule 7 of the Companies Act 1985.

# **Protim Solignum Limited**

## **Directors' Report for the year ended 31 December 2007 (continued)**

### **POLITICAL AND CHARITABLE DONATIONS**

No political donations were made during the year (2006 £nil) Charitable donations of £1,233 (2006 £2,149) were made during the year consisting of a number of small donations made to various local charities

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

### **EMPLOYMENT POLICIES**

The Group is committed to a policy of non-discrimination in all aspects of its business It is a policy of the Group to consider all applicants for employment or advancement on the basis of the requirements for the specific role without regard to race, natural origin, colour, religion, sex, sexual orientation, age or marital status This policy extends to all aspects of employment including recruitment, career advancement, training and remuneration

### **DISABLED EMPLOYEES**

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate

# **Protim Solignum Limited**

## **Directors' Report for the year ended 31 December 2007 (continued)**

### **EMPLOYEE INVOLVEMENT**

Employees are provided with information about the Group and its parent Group through newsletters and updates in which employees are encouraged to participate. Regular meetings are held between management and employees to allow a free flow of information and ideas. Employees are encouraged to participate directly in the success of the business and where appropriate through performance related pay schemes.

### **DIRECTOR'S STATEMENT ON DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

### **AUDITORS**

During the year PricewaterhouseCoopers LLP resigned as auditors. Grant Thornton UK LLP was appointed in its place. Grant Thornton UK LLP have indicated their willingness to continue in office, and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By Order of the Board



S Jepson  
Commercial Director

21.05.2008

# **Protim Solignum Limited**

## **Independent auditors' report to the members of Protim Solignum Limited**

We have audited the group and parent company financial statements (the "financial statements") of Protim Solignum Limited for the year ended 31 December 2007 which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses and notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

## Protim Solignum Limited

### Independent auditors' report to the members of Protim Solignum Limited (continued)

#### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2007 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Registered Auditor  
Chartered Accountants  
Hemel Hempstead

*3 June 2008*

## Protim Solignum Limited

### Consolidated Profit and Loss Account for the year ended 31 December 2007

	<i>Note</i>	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>Turnover</b>	<b>2</b>	<b>20,957</b>	20,624
<b>Cost of sales</b>		<b>(13,156)</b>	(13,508)
<b>Gross profit</b>		<b>7,801</b>	7,116
Distribution costs		(922)	(976)
Administrative expenses		(5,641)	(5,470)
<b>Operating profit</b>	<b>3</b>	<b>1,238</b>	670
Other interest receivable and similar income	<b>5</b>	<b>157</b>	92
Interest payable and similar charges	<b>6</b>	<b>(34)</b>	(60)
<b>Profit on ordinary activities before taxation</b>		<b>1,361</b>	702
Taxation on profit on ordinary activities	<b>7</b>	<b>(556)</b>	(300)
<b>Retained profit for the year</b>	<b>19</b>	<b>805</b>	402

### Consolidated Statement of Total Recognised Gains and Losses

	<b>2007 £'000</b>	<b>2006 £'000</b>
Profit for the financial year	<b>805</b>	402
Currency translation differences on foreign currency net investments (note 19)	<b>9</b>	25
<b>Total Gains and losses recognised since prior year financial statements</b>	<b>814</b>	427

All amounts relate to continuing operations

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

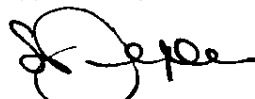
*The notes on pages 12 to 24 form part of these financial statements*

# Protim Solignum Limited

## Consolidated Balance Sheet as at 31 December 2007

	Note	2007 £'000	2006 £'000
<b>Fixed assets</b>			
Intangible assets	8	2,470	2,839
Tangible assets	9	4,143	4,598
		6,613	7,437
<b>Current assets</b>			
Stocks	11	2,374	1,903
Debtors	12	4,818	5,591
Cash at bank and in hand		3,207	1,960
		10,399	9,454
<b>Creditors - amounts falling due within one year</b>	13	(3,746)	(3,617)
<b>Net current assets</b>		6,653	5,837
<b>Total assets less current liabilities</b>		13,266	13,267
<b>Creditors: amounts falling due after more than one year</b>	14	-	(684)
<b>Provisions for liabilities and charges</b>	16	(103)	(241)
<b>Net Assets</b>		13,163	12,349
<b>Capital and reserves</b>			
Called up share capital	18	2,020	2,020
Share premium account	19	5,924	5,924
Profit and loss account	19	5,219	4,405
<b>Total Equity Shareholders' Funds</b>	19	13,163	12,349

Approved by the Board on 21/1/08 and signed on its behalf by



S Jepson  
Commercial Director

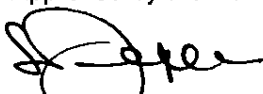
The notes on pages 12 to 24 form part of these financial statements

# Protim Solignum Limited

## Company Balance Sheet as at 31 December 2007

	<i>Note</i>	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>Fixed assets</b>			
Intangible assets	<b>8</b>	<b>2,470</b>	2,839
Tangible assets	<b>9</b>	<b>4,143</b>	4,598
Investments	<b>10</b>	<b>695</b>	695
		<b>7,308</b>	8,132
<b>Current assets</b>			
Stocks	<b>11</b>	<b>2,374</b>	1,903
Debtors	<b>12</b>	<b>4,183</b>	4,822
Cash at bank and in hand		<b>2,879</b>	1,819
		<b>9,436</b>	8,544
<b>Creditors - amounts falling due within one year</b>	<b>13</b>	<b>(3,736)</b>	(3,617)
<b>Net current assets</b>		<b>5,700</b>	4,927
<b>Total assets less current liabilities</b>		<b>13,008</b>	13,059
<b>Creditors: amounts falling due after more than one year</b>	<b>14</b>	<b>-</b>	(684)
<b>Provisions for liabilities and charges</b>	<b>16</b>	<b>(104)</b>	(241)
<b>Net assets</b>		<b>12,904</b>	12,134
<b>Capital and reserves</b>			
Called up share capital	<b>18</b>	<b>2,020</b>	2,020
Share premium account	<b>19</b>	<b>5,924</b>	5,924
Profit and loss account	<b>19</b>	<b>4,960</b>	4,190
<b>Total Equity Shareholders' Funds</b>	<b>19</b>	<b>12,904</b>	12,134

Approved by the Board on **21/5/08** and signed on its behalf by



S Jepson  
Commercial Director

*The notes on pages 12 to 24 form part of these financial statements*

# Protim Solignum Limited

## Consolidated Cashflow 31 December 2007

	<i>Note</i>	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Net cash inflow from operating activities	<b>21</b>	<b>1,900</b>	1,856
Returns on investments and servicing of finance	<b>21</b>	<b>122</b>	32
Taxation paid		<b>(459)</b>	(275)
Capital Expenditure and financial investment		<b>(316)</b>	(815)
Increase in cash	<b>21</b>	<b>1,247</b>	798

All cash flows arise as a result of continuing operations

## Reconciliation of net cashflow to movement in net funds

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Increase in net cash	<b>1,247</b>	798
Other non-cash changes	<b>684</b>	619
Change in net debt resulting from cash flows	<b>1,931</b>	1,417
Net funds/(debt) at 1 January	<b>1,276</b>	(141)
Net funds at 31 December	<b>3,207</b>	1,276

*The notes on pages 12 to 24 form part of these financial statements*

# **Protim Solignum Limited**

## **Notes to the financial statements**

**For the year ended 31 December 2007**

### **1 Accounting policies**

#### **Accounting convention**

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies have been applied consistently throughout the year.

#### **Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all of its subsidiaries up to the year ended 31 December 2007. The basis of consolidation is acquisition accounting. As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account for Protim Solignum Limited is not presented.

#### **Goodwill**

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 15 years on a straight line basis.

#### **Research and development**

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each fixed asset on a straight line basis over its expected useful life, as follows:

Land and buildings	25 years
Plant and machinery	4 - 10 years
Fixtures and fittings	2 - 5 years

#### **Leasing (lessee)**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **Leasing (lessor)**

The company leases out assets under operating leases. The assets are held as fixed assets in the company's financial statements and depreciated over the term of the lease. The income from finance leases is recognised in the profit and loss account on a straight line basis over the lease term.

# **Protim Solignum Limited**

## **Notes to the financial statements**

### **For the year ended 31 December 2007**

#### **1 Accounting policies (continued)**

##### **Stock**

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal.

Where access to the benefits of consignment stocks held by third parties, and exposure to the risks of ownership, lie with the company, the stock is recorded on the balance sheet.

##### **Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged in the financial statements represent the contributions payable by the company during the year.

##### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

##### **Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates 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 profit and loss account.

Exchange rate differences arising from the retranslation at the closing rate of the opening net investment in overseas subsidiaries and of their results for the year are taken directly to retained profits and are reported in the statement of total recognised gains and losses.

##### **Investments**

Investments in subsidiaries are recorded at cost plus incidental expense less, where appropriate, provision for impairment in value.

# Protim Solignum Limited

## Notes to the financial statements

For the year ended 31 December 2007

### 1 Accounting policies (continued)

#### Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

### 2 Turnover

All of the company's turnover and profit on ordinary activities before taxation relate to the company's principal activity, namely the manufacturer of timber preservative products, carried out from the UK Turnover by destination

	2007 £'000	2006 £'000
<i>UK</i>	<b>12,858</b>	12,801
<i>Europe</i>	<b>3,788</b>	4,518
<i>Rest of World</i>	<b>4,311</b>	3,305
<i>Total sales</i>	<b>20,957</b>	20,624

### 3 Operating profit

	2007 £'000	2006 £'000
Group operating profit is stated after charging/(crediting)		
Amortisation of intangible assets	<b>369</b>	368
Depreciation of tangible assets	<b>745</b>	692
Operating lease rentals – Land	<b>63</b>	63
Operating lease rentals – Plant and machinery	<b>162</b>	139
Operating lease income	<b>(311)</b>	(388)
Foreign exchange gain on loan	-	(81)
Auditors' remuneration		
- Audit fee	<b>50</b>	56
- Non-audit services	<b>35</b>	26

The company's non-audit services fee relates to consolidation work performed and taxation services

### 4 Employee information and directors' emoluments

	2007 £'000	2006 £'000
Wages and salaries	<b>2,238</b>	2,467
Social security costs	<b>250</b>	243

# Protim Solignum Limited

## Notes to the financial statements

For the year ended 31 December 2007

Other pension costs	220	219
Staff costs	2,708	2,929

All employees relate to Protim Solignum Limited

### 5 Employee information and directors' emoluments (continued)

	2007 Number	2006 Number
Administration and selling	46	44
Production and technical	44	46
Staff costs	90	90

The directors' emoluments for services as directors during 2007 were £357,231 (2006 £346,000) Payments to the company pension fund were £50,292 (2006 £ 49,000) Emoluments paid to the highest paid director were £131,416 (2006 £157,000) for services as a director and £35,148 (2006 £35,000) for pension fund contribution to the defined contribution scheme The number of directors receiving pension fund contributions under a defined contribution scheme was 4 (2006 4)

### 6 Other interest receivable and similar income

	2007 £'000	2006 £'000
Bank interest	109	52
Royalties received	48	40
	157	92

### 7 Interest payable and similar charges

	2007 £'000	2006 £'000
Intercompany interest	34	60
	34	60

# Protim Solignum Limited

## Notes to the financial statements

For the year ended 31 December 2007

### 8 Taxation

	2007 £'000	2006 £'000
Current tax		
UK corporation tax at 30% (2006 30%) based on the profit for the period	536	301
Adjustment in respect of prior years	8	(8)
Overseas tax charge	19	8
Double tax relief	(12)	(8)
Total current tax charge	549	293
Deferred tax		
Timing differences, origination and reversal	9	7
Effect of tax rate change	(4)	-
Tax on profit on ordinary activities	556	300

The tax assessed for the period is not equal to that resulting from applying the standard rate of corporation tax in the UK 30% (2006 30%) The differences are explained below

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	1,361	690
Profit on ordinary activities multiplied by standard rate in the UK 30% (2006 30%)	408	207
Effects of		
Expenses not deductible for tax purposes	142	108
Capital allowances in excess of depreciation	(5)	(14)
Adjustments in respect of prior years	(8)	(8)
Other timing differences	(2)	-
Current tax charge for the period	549	293

# Protim Solignum Limited

## Notes to the financial statements

For the year ended 31 December 2007

### 9 Intangible fixed assets – Group and Company

	Total £'000
<b>Cost</b>	
At 1 January 2007	5,522
<b>Cost at 31 December 2007</b>	<b>5,522</b>
<b>Amortisation</b>	
At 1 January 2007	2,683
Charge for the year	369
<b>At 31 December 2007</b>	<b>3,052</b>
<b>Net book value</b>	
<b>At 31 December 2007</b>	<b>2,470</b>
At 31 December 2006	2,839

The goodwill was created on the acquisition of the UK and Irish businesses

### 10 Tangible fixed assets – Group and Company

	Freehold Land and buildings £'000	Plant and machinery £'000	Fixtures and Fittings £'000	Total £'000
<b>Cost</b>				
At 1 January 2007	2,472	7,223	588	10,283
Additions	12	122	182	316
Disposals	-	(183)	(96)	(279)
<b>At 31 December 2007</b>	<b>2,484</b>	<b>7,162</b>	<b>674</b>	<b>10,320</b>
<b>Depreciation</b>				
At 1 January 2007	486	4,882	317	5,685
Charge for the year	54	587	104	745
Disposals	-	(163)	(90)	(253)
<b>At 31 December 2007</b>	<b>540</b>	<b>5,306</b>	<b>331</b>	<b>6,177</b>
<b>Net book value</b>				
<b>At 31 December 2007</b>	<b>1,944</b>	<b>1,856</b>	<b>343</b>	<b>4,143</b>
At 31 December 2006	1,986	2,341	271	4,598

Included in plant and machinery at cost is £4,058,000 (2006 £4,689,000) with a net book value of £971,000 (2006 £1,365,000) of assets which are leased out to customers under operating leases

# Protim Solignum Limited

## Notes to the financial statements

For the year ended 31 December 2007

### 11 Investments - Company

Investments in subsidiary undertakings	£'000
At 1 January 2007	695
Additions	-
At 31 December 2007	695

The Company holds the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares and voting rights held (%)	Nature of business
Osmose Spain S L	Spain	Ordinary	100	Registration of patents and trademarks
Protim Solignum South Africa Pty	South Africa	Ordinary	100	Registration of patents and trademarks
Celcure Svenska AB	Sweden	Ordinary	100	Industrial timber preservation products
Celcure Limited	England and Wales	Ordinary	100	Dormant

### 12 Stock

	Group 31 December 2007 £'000	Group 31 December 2006 £'000	Company 31 December 2007 £'000	Company 31 December 2006 £'000
Raw materials and consumables	1,179	1,082	1,179	1,082
Work in progress	531	308	531	308
Finished goods for resale	664	513	664	513
	<b>2,374</b>	<b>1,903</b>	<b>2,374</b>	<b>1,903</b>

£69,000 (2006 £68,000) of finished goods are consignment stocks located at customer premises  
Title to these stocks passes to the customer on the date of sale

# Protim Solignum Limited

## Notes to the financial statements

For the year ended 31 December 2007

### 13 Debtors

	Group 31 December 2007 £'000	Group 31 December 2006 £'000	Company 31 December 2007 £'000	Company 31 December 2006 £'000
Trade debtors	3,575	3,680	3,575	3,680
Amounts owed by group undertakings	743	1,208	380	701
Other debtors	500	703	228	441
	<b>4,818</b>	<b>5,591</b>	<b>4,183</b>	<b>4,822</b>

### 14 Creditors: amounts falling due within one year

	Group 31 December 2007 £'000	Group 31 December 2006 £'000	Company 31 December 2007 £'000	Company 31 December 2006 £'000
Trade creditors	1,658	1,776	1,658	1,776
Amounts owed to group undertakings	86	272	86	272
Other creditors including taxation and social security	292	197	282	197
Accruals and deferred income	1,710	1,372	1,710	1,372
	<b>3,746</b>	<b>3,617</b>	<b>3,736</b>	<b>3,617</b>

### 15 Creditors: amounts falling due after more than one year

	Group 31 December 2007 £'000	Group 31 December 2006 £'000	Company 31 December 2007 £'000	Company 31 December 2006 £'000
Amount owed to group undertakings	-	684	-	684
	<b>-</b>	<b>684</b>	<b>-</b>	<b>684</b>

# Protim Solignum Limited

## Notes to the financial statements

For the year ended 31 December 2007

### 16 Maturity of debt

	Group 31 December 2007	Group 31 December 2006	Company 31 December 2007	Company 31 December 2006
	£'000	£'000	£'000	£'000
<i>Maturity of debt</i>				
In more than one year, but not more than two years	-	684	-	684
	-	684	-	684

### 17 Provisions for liabilities and charges

	Group and Company Warranties	Group and Company Deferred tax	Total Provisions For Liabilities and Charges
	£'000	£'000	
At 1 January 2007	185	56	241
Charged to Profit and Loss	(143)	5	(138)
At 31 December 2007	42	61	103

#### Warranty

The warranty provision is to cover goods supplied under the company warranty terms. Management expects to incur these costs on an ongoing basis.

# Protim Solignum Limited

## Notes to the financial statements

For the year ended 31 December 2007

### 18 Provisions for liabilities and charges (continued)

#### Deferred tax

	2007 Provided £'000	2006 Provided £'000
Excess of capital allowances over depreciation	137	49
Short term timing differences	(76)	7
<b>Total</b>	<b>61</b>	<b>56</b>

### 19 Pension costs

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £220,708 (2006: £219,000). There was no amount outstanding at 31 December 2007 (2006: £Nil).

### 20 Share capital

	31 December 2007 £	31 December 2006 £
<b>Authorised</b>		
ordinary shares of £1 each	5,000,000	5,000,000
<b>Allotted, called up and fully paid</b>		
ordinary shares of £1 each	2,020,001	2,020,001

# Protim Solignum Limited

## Notes to the financial statements

For the year ended 31 December 2007

### 21 Statement of movements on reserves - Group

	Share Capital Account £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
Balance at 1 January 2007	2,020	5,924	4,405	12,349
Retained profit for the year	-	-	805	805
Other recognised gains	-	-	9	9
<b>Balance at 31 December 2007</b>	<b>2,020</b>	<b>5,924</b>	<b>5,219</b>	<b>13,163</b>

### Statement of Movements on reserves - Company

	Share Capital Account £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
Balance at 1 January 2007	2,020	5,924	4,190	12,134
Retained profit for the year	-	-	770	770
<b>Balance at 31 December 2007</b>	<b>2,020</b>	<b>5,924</b>	<b>4 960</b>	<b>12,904</b>

### 22 Reconciliation of movements in shareholders' funds - Group

	2007 £'000	2006 £'000
Opening shareholders' funds 1 January 2007	12,349	11,922
Profit for the financial year	805	402
Other recognised gains	9	25
<b>Closing shareholders' funds 31 December 2007</b>	<b>13,163</b>	<b>12,349</b>

# Protim Solignum Limited

## Notes to the financial statements

For the year ended 31 December 2007

### 23 Reconciliation of operating profit to net cash inflow from operating activities

	2007 £'000	2006 £'000
Operating Profit	1,238	670
Add back depreciation	745	692
Add back amortisation	369	368
(Increase) / Decrease in stock	(471)	1,284
Decrease / (Increase) in debtors	773	(450)
Decrease in creditors	(611)	(830)
(Decrease)/increase in provisions	(143)	122
<b>Net cash inflow from operating activities</b>	<b>1,900</b>	<b>1,856</b>

### Analysis of net funds

	At 1 Jan 2007 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 Dec 2007 £'000
Cash at bank and in hand	1,960	1,247	-	3,207
Debt due after more than one year	(684)	-	684	-
	<b>1,276</b>	<b>1,247</b>	<b>684</b>	<b>3,207</b>

### Analysis of gross cash flows

	2007 £'000	2006 £'000
Interest received	156	92
Interest paid	(34)	(60)
<b>Net cash outflow on returns on investments and servicing of finance</b>	<b>122</b>	<b>32</b>

# Protim Solignum Limited

## Notes to the financial statements

For the year ended 31 December 2007

### 24 Financial commitments

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Expiry date				
Within one year	63	63	112	118
Between two and five years	252	252	128	130
Greater than five years	-	63	7	-
	315	378	247	248

### 25 Ultimate parent undertaking and related parties

The Company is a wholly owned subsidiary of Osmose Inc , a company registered in the USA, which is the immediate and ultimate parent undertaking and controlling party. Accordingly, the company has taken advantage of these exemptions from disclosure available under FRS 8 from disclosing related party transactions with entities that are part of the Osmose group.