

Company Registration No. 2355706 (England and Wales)

**SYNTEMA (EAST MIDLANDS) LTD**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**



# **SYNTEMA (EAST MIDLANDS) LTD**

## **COMPANY INFORMATION**

---

<b>Directors</b>	J.R. Quarnstrom (Appointed 20 December 2002) M. Barnes
<b>Secretary</b>	S.J. Barnes
<b>Company number</b>	2355706
<b>Registered office</b>	Brunel House George Street Gloucester GL1 1BZ
<b>Auditors</b>	Pitt Godden & Taylor Brunel House George Street Gloucester GL1 1BZ
<b>Business address</b>	Nunn Brook Road, County Estate, Huthwaite, Sutton in Ashfield Notts Great Britain NG17 2HU
<b>Solicitors</b>	Pannone & Partners Solicitors 123 Deansgate, Manchester Great Britain M3 2BU

---

# SYNTEMA (EAST MIDLANDS) LTD

## CONTENTS

---

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 12

---

# SYNTEMA (EAST MIDLANDS) LTD

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

---

The directors present their report and financial statements for the year ended 31 December 2002.

### Principal activities

The principal activity of the company continued to be that of the supply of industrial surface coatings products.

On the 7th March 2002 the company changed its name from Universal Surface Coatings Limited to Syntema (East Midlands) Limited.

### Directors

The following directors have held office since 1 January 2002:

J.R. Quarnstrom	(Appointed 20 December 2002)
M. Barnes	
R.S.K. Didrick	(Resigned 20 December 2002)
J.W. Peck	(Resigned 20 December 2002)

### Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	<b>"A" Ordinary Shares of £ 1 each</b>	
	<b>31 December 2002</b>	<b>1 January 2002</b>
J.R. Quarnstrom	-	-
M. Barnes	-	-

	<b>"B" Ordinary Shares of £ 1 each</b>	
	<b>31 December 2002</b>	<b>1 January 2002</b>
J.R. Quarnstrom	-	-
M. Barnes	-	-

	<b>Ordinary Shares of £ 1 each</b>	
	<b>31 December 2002</b>	<b>1 January 2002</b>
J.R. Quarnstrom	-	-
M. Barnes	-	-

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Pitt Godden & Taylor be reappointed as auditors of the company will be put to the Annual General Meeting.

# SYNTEMA (EAST MIDLANDS) LTD

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

---

### 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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



M. Barnes

Director

28/4/2003

# SYNTEMA (EAST MIDLANDS) LTD

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SYNTEMA (EAST MIDLANDS) LTD

We have audited the financial statements of Syntema (East Midlands) Ltd on pages 4 to 12 for the year ended 31 December 2002. These financial statements have been prepared under the historical cost convention and 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Pitt Godden & Taylor

Chartered Accountants  
Registered Auditor

2<sup>nd</sup> MAY 2003

Brunel House  
George Street  
Gloucester  
GL1 1BZ

# SYNTEMA (EAST MIDLANDS) LTD

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Turnover		1,678,909	1,755,373
Cost of sales		(947,674)	(1,093,022)
<b>Gross profit</b>		<b>731,235</b>	<b>662,351</b>
Distribution costs		(228,717)	(189,434)
Administrative expenses		(413,355)	(396,523)
<b>Operating profit</b>	<b>2</b>	<b>89,163</b>	<b>76,394</b>
Other interest receivable and similar income		8,591	2,221
<b>Profit on ordinary activities before taxation</b>		<b>97,754</b>	<b>78,615</b>
Tax on profit on ordinary activities	<b>3</b>	(32,926)	(27,084)
<b>Profit on ordinary activities after taxation</b>		<b>64,828</b>	<b>51,531</b>
Dividends		(250,000)	-
<b>Retained (loss)/profit for the year</b>	<b>11</b>	<b>(185,172)</b>	<b>51,531</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

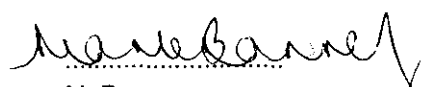
# SYNTEMA (EAST MIDLANDS) LTD

## BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £	£	2001 £	£
<b>Fixed assets</b>					
Tangible assets	4		342,066		346,277
<b>Current assets</b>					
Stocks		65,083		72,454	
Debtors	5	619,454		359,236	
Cash at bank and in hand		356		132,959	
		<u>684,893</u>		<u>564,649</u>	
<b>Creditors: amounts falling due within one year</b>	6	<u>(623,087)</u>		<u>(538,975)</u>	
<b>Net current assets</b>			61,806		25,674
<b>Total assets less current liabilities</b>			403,872		371,951
<b>Creditors: amounts falling due after more than one year</b>	7		(216,000)		-
<b>Provisions for liabilities and charges</b>	8		<u>(7,526)</u>		<u>(6,433)</u>
			<u>180,346</u>		<u>365,518</u>
<b>Capital and reserves</b>					
Called up share capital	10		51,520		51,520
Profit and loss account	11		128,826		313,998
<b>Shareholders' funds - equity interests</b>	12		<u>180,346</u>		<u>365,518</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 28/4/2003

  
M. Barnes  
Director



# SYNTEMA (EAST MIDLANDS) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost accounting convention.

#### 1.2 Turnover

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

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Buildings 2.5% on cost / Land nil
Plant and machinery	10% on cost
Fixtures, fittings & equipment	10%, 20% and 33.33% on cost

The company has not adopted a policy of revaluation in respect of any of its classes of fixed assets.

#### 1.4 Leasing

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

#### 1.5 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.6 Pensions

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the period of the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

#### 1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Operating profit	2002 £	2001 £
Operating profit is stated after charging:		
Depreciation of tangible assets	19,211	20,505
Operating lease rentals	50,704	44,917
Auditors' remuneration	2,641	3,000
Directors' emoluments	75,236	49,807

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2001 - 1).

# SYNTEMA (EAST MIDLANDS) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

3	Taxation	2002 £	2001 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	959	-
	Payment in respect of group relief	30,874	27,104
	<b>Current tax charge</b>	31,833	27,104
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	1,093	(20)
		32,926	27,084
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	97,754	78,615
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2001 : 30.00 %)	29,326	23,585
	Effects of:		
	Non deductible expenses	1,308	1,008
	Depreciation add back	5,763	6,151
	Capital allowances	(4,564)	(2,635)
	Other tax adjustments	-	(1,005)
		2,507	3,519
	<b>Current tax charge</b>	31,833	27,104

# SYNTEMA (EAST MIDLANDS) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

### 4 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 January 2002	365,643	140,751	506,394
Additions	-	15,000	15,000
At 31 December 2002	365,643	155,751	521,394
<b>Depreciation</b>			
At 1 January 2002	67,160	92,957	160,117
Charge for the year	7,641	11,570	19,211
At 31 December 2002	74,801	104,527	179,328
<b>Net book value</b>			
At 31 December 2002	290,842	51,224	342,066
At 31 December 2001	298,483	47,794	346,277

### 5 Debtors

	2002 £	2001 £
Trade debtors	293,050	316,419
Amounts owed by group undertakings and undertakings in which the company has a participating interest	318,477	38,371
Other debtors	7,927	4,446
	619,454	359,236

# SYNTEMA (EAST MIDLANDS) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

6	Creditors: amounts falling due within one year	2002 £	2001 £
	Bank loans and overdrafts	281,224	124,496
	Trade creditors	108,602	12,656
	Amounts owed to parent and fellow subsidiary undertakings	167,500	338,172
	Corporation tax	959	-
	Other taxes and social security costs	24,714	17,164
	Accruals and deferred income	40,088	46,487
		<u>623,087</u>	<u>538,975</u>
	Debt due within one year	<u>24,000</u>	<u>-</u>

The bank borrowing is secured by unlimited multilateral and cross guarantees as detailed in note 13.

7	Creditors: amounts falling due after more than one year	2002 £	2001 £
	Bank loans	<u>216,000</u>	<u>-</u>
	<b>Analysis of loans and other creditors</b>		
	Wholly repayable within five years	240,000	-
	Included in current liabilities	(24,000)	-
		<u>216,000</u>	<u>-</u>
	<b>Loan and other creditor maturity analysis</b>		
	In more than one year but not more than two years	24,000	-
	In more than two years but not more than five years	72,000	-
	In more than five years	<u>120,000</u>	<u>-</u>

# SYNTEMA (EAST MIDLANDS) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

### 8 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 January 2002	6,433
Profit and loss account	1,093
	<hr/>
Balance at 31 December 2002	7,526
	<hr/> <hr/>

The deferred tax liability is made up as follows:

	2002 £	2001 £
Accelerated capital allowances	7,526	6,433
	<hr/> <hr/>	<hr/> <hr/>

### 9 Pension costs

The company participates in a group pension scheme, headed by Becker Acroma Limited.

The scheme is a funded defined benefits scheme, but the company is unable to identify its share of the underlying assets and liabilities.

The contributions are determined by a qualified actuary on the basis of annual valuations using the projected unit method.

The most recent actuarial valuation was 1st April 2000 and particulars of this valuation are given in the financial statements of Becker Acroma Limited.

The pension cost charge for the period being contributions due for the period was £16,748 (2001 £15,202).

### 10 Share capital

	2002 £	2001 £
<b>Authorised</b>		
- "A" Ordinary Shares of £ 1 each	-	75,000
- "B" Ordinary Shares of £ 1 each	-	75,000
150,000 Ordinary Shares of £ 1 each	150,000	-
	<hr/>	<hr/>
	150,000	150,000
	<hr/> <hr/>	<hr/> <hr/>
<b>Allotted, called up and fully paid</b>		
51,520 Ordinary Shares of £1 each	51,520	51,520
	<hr/> <hr/>	<hr/> <hr/>

During the year the 75,000 'A' Ordinary Shares of £1.00 each and the 75,000 'B' Ordinary Shares of £1.00 each have all been converted into Ordinary Shares ranking pari passu with each other.

# SYNTEMA (EAST MIDLANDS) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

### 11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2002	313,998
Retained loss for the year	(185,172)
Balance at 31 December 2002	<u>128,826</u>

### 12 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	64,828	51,531
Dividends	(250,000)	-
Net (depletion in)/addition to shareholders' funds	<u>(185,172)</u>	<u>51,531</u>
Opening shareholders' funds	365,518	313,987
Closing shareholders' funds	<u>180,346</u>	<u>365,518</u>

### 13 Contingent liabilities

There are unlimited multilateral cross guarantees to Barclays Bank plc, between all the Syntema Distributors detailed in note 14 except Syntema (North East) Limited. Becker Acroma Limited, Becker Industrial Coatings Limited, Granyte Surface Coatings Limited and Becker Powder Coatings Limited are also party to this guarantee.

At 31 December 2002, the total borrowings from Barclays Bank plc, to the other companies in the guarantee was £8,616,183.

# **SYNTEMA (EAST MIDLANDS) LTD**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002**

---

### **14 Related party transactions**

The company traded in the United Kingdom as one of the Syntema Distributors. The head of the distributor network is Becker Acroma Limited. Becker Acroma Limited has a participating interest in this company.

The Syntema Distributors which are subsidiaries of Becker Acroma Limited are:

*Syntema (East) Limited*  
Syntema (South East) Ltd  
Syntema (South West) Ltd  
Syntema (Scotland) Ltd  
Chiltern Surface Coatings Limited

The Syntema Distributors in which Becker Acroma Limited has a participating interest are:

Syntema (North East) Limited  
Syntema (North West) Ltd  
Syntema (East Midlands) Ltd

At 31 December 2002, amounts owed to and from Becker Acroma Limited, in respect of these transactions totalled £103,158 and £Nil respectively. All transactions were at arms length and on normal commercial terms.