

09/92/96 - LIMA

Registrar

RESDEV LIMITED
ANNUAL REPORT
30 SEPTEMBER 1995
REGISTERED NUMBER: 1392506

PANNELL KERR FORSTER
Chartered Accountants



RESDEV LIMITED
ANNUAL REPORT
YEAR ENDED 30 SEPTEMBER 1995

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RESDEV LIMITED
DIRECTORS' AND PROFESSIONAL ADVISERS
YEAR ENDED 30 SEPTEMBER 1995

DIRECTORS

J C Wright
N M Wright
G M Parr
L K Wright
C E Brookes

COMPANY SECRETARY

L K Wright

REGISTERED OFFICE

Ainleys Industrial Estate
Elland
West Yorkshire
HX5 9JP

AUDITORS

Pannell Kerr Forster
Pannell House
6 Queen Street
LEEDS
LS1 2TW

RESDEV LIMITED
DIRECTORS' REPORT

The directors present their annual report together with the financial statements for the year ended 30 September 1995.

RESULTS AND DIVIDENDS

The loss for the financial year after tax amounted to £118,172. The directors do not recommend payment of a dividend and the retained loss will be transferred from reserves.

REVIEW OF THE BUSINESS

The Company is principally engaged in the manufacture and marketing of resin products.

The reduction in sales for the period are directly due to the breakdown of a trading agreement with a major p.l.c., who were responsible for 30% of 1994 sales. 50% of these lost sales have been recouped by improved marketing and sales strategies set up during the trading period.

During recent trading months the company has drastically reduced overheads and increased both turnover and gross margins, the last price increase being effective from 1 August 1995. The combination of these improvements has resulted in an unaudited pre-tax profit of £110k for the 3 months ended 31 December 1995 and the company are confident that it's last two years losses will, at least, be recouped during this financial year putting it in a strong position for the future.

DIRECTORS

The directors at 30 September 1995 and their interests in the share capital of the company were as follows:-

	30 September <u>1995</u>	1 October <u>1994</u>
J C Wright	2,715	2,597
N M Wright	1,173	1,173
G M Parr	95	95
L K Wright	-	-
C E Brookes	-	-

N M Wright resigned as a director on 8 December 1995.

FIXED ASSETS

Changes in fixed assets are shown in note 8.

SUBSIDIARY UNDERTAKING

Resdev Ltd owns 100% of the issued share capital of Puma Resins Ltd an unlisted company registered in England.

RESDEV LIMITED
DIRECTORS' REPORT

RESEARCH AND DEVELOPMENT

As part of the company's ongoing research and development program the company is introducing a new range of polyurethane flooring to compliment its successful epoxy products. The company has received a S.M.A.R.T. award from the DTI on the use of recycled glass in flooring which has resulted in a patent application being accepted and a second stage S.M.A.R.T. award has been won by the company to continue this research.

AUDITORS

The auditors Pannell Kerr Forster, Chartered Accountants, have signified their willingness to continue in office. A resolution to reappoint them will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

L K Wright

Secretary



Date: 12th February 1996
12 February 1996

RESDEV LIMITED

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 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 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
RESDEV LIMITED**

**PANNELL
KERR
FORSTER**
CHARTERED ACCOUNTANTS

We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 4 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. 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 affairs of the company as at 30 September 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the company is entitled for the year ended 31 September 1995 to the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

Leeds 13-2-96
13 February 1996

Pannell Kerr Forster
PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

RESDEV LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 1995

	<u>NOTES</u>	<u>1995</u>	<u>1994</u>
		£	£
TURNOVER	2	3,143,922	3,618,010
COST OF SALES		<u>(2,073,003)</u>	<u>(2,389,297)</u>
GROSS PROFIT		1,070,919	1,228,713
DISTRIBUTION COSTS		(252,396)	(253,985)
ADMINISTRATIVE EXPENSES		<u>(855,654)</u>	<u>(1,058,800)</u>
OPERATING LOSS	6	(37,131)	(84,072)
INTEREST PAYABLE AND SIMILAR CHARGES	5	<u>(113,488)</u>	<u>(86,387)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(150,619)	(170,459)
TAX ON LOSS ON ORDINARY ACTIVITIES	7	<u>(32,447)</u>	<u>(35,161)</u>
RETAINED LOSS FOR THE FINANCIAL YEAR	19	<u><u>(118,172)</u></u>	<u><u>(135,298)</u></u>

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the loss for the above year.

RESDEV LIMITED
BALANCE SHEET
30 SEPTEMBER 1995

	<u>NOTES</u>	<u>1995</u>	<u>1994</u>
		£	£
FIXED ASSETS			
Tangible Assets	8	819,556	980,440
Investments	9	58	58
CURRENT ASSETS		819,614	980,498
Stock	10	238,034	249,759
Debtors	11	763,175	784,103
Cash at bank and in hand		14	-
		1,001,223	1,033,862
CREDITORS: Amounts falling due within one year	12	(1,389,869)	(1,391,429)
NET CURRENT LIABILITIES		(388,646)	(357,567)
TOTAL ASSETS LESS CURRENT LIABILITIES		430,968	622,931
CREDITORS: Amounts falling due after more than one year	13	(221,225)	(294,716)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	17	(1,100)	(1,400)
NET ASSETS		208,643	326,815
CAPITAL AND RESERVES			
Called up share capital	18	4,182	4,182
Share premium account	19	4,200	4,200
Profit and loss account	19	200,261	318,433
EQUITY SHAREHOLDERS' FUNDS	20	208,643	326,815

Approved by the Board of Directors on 12th February 1996 12 February 1996

L K Wright

Director

L K Wright

RESDEV LIMITED
CASH FLOW STATEMENT
YEAR ENDED 30 SEPTEMBER 1995

	<u>NOTES</u>	<u>1995</u>	<u>1994</u>
		£	£
NET CASH INFLOWS FROM OPERATING ACTIVITIES	21	248,435	80
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		<u>(112,410)</u>	<u>(86,802)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(112,410)	(86,802)
TAXATION			
Corporation tax received		30,019	-
Corporation tax paid		<u>(457)</u>	<u>(46,094)</u>
TAX RECEIVED (PAID)		29,562	(46,094)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		<u>(7,600)</u>	<u>(63,420)</u>
Receipts from sales of tangible fixed assets		<u>64,049</u>	<u>21,438</u>
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES		<u>56,449</u>	<u>(41,982)</u>
NET CASH INFLOW (OUTFLOW) BEFORE FINANCING		222,036	(174,798)
FINANCING			
Repayments of loans and other borrowings	24	<u>(185,644)</u>	<u>(174,315)</u>
NET CASH OUTFLOW FROM FINANCING		<u>(185,644)</u>	<u>(174,315)</u>
Increase (decrease) in cash and cash equivalents	22	<u>36,392</u>	<u>(349,113)</u>

RESDEV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 1995

1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material to the company's affairs.

(a) Accounting convention

The financial statements set out on pages 6 to 18 are prepared under the historical cost convention.

(b) Consolidation

The Company and its subsidiary comprises a medium group. The Company has, therefore, taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

(c) Turnover

Turnover represents invoiced sales less allowances, trade discounts and value added tax.

(d) Depreciation

Tangible fixed assets are written off over their estimated useful lives as follows:

Freehold Factory	-	by equal instalments over 100 years
Plant and machinery	-	20% on written down value
Office equipment	-	15% on written down value
Computer equipment	-	33.3% straight line
Motor vehicles	-	25% on written down value
Office and laboratory internal structures	-	by equal instalments over 10 years

(e) Hire purchase and finance lease and operating leases

Assets acquired under finance leases are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(f) Stocks

Stocks are stated at the lower of cost or net realisable value. Stock cost is suppliers' invoice value excluding value added tax. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal. Ownership of certain of the stocks does not pass until payment has been made to the supplier.

RESDEV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 1995

1 ACCOUNTING POLICIES (CONTINUED)

(g) Deferred taxation

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

(h) Pensions

The company operates a defined contribution pension scheme. Payments are charged to the Profit and Loss Account in the period they are paid.

(i) Government grants

Grants of a revenue nature are credited against expenses in the period to which they relate.

(j) Research and development expenditure

Research and development expenditure is written off in the year in which it is incurred.

2 TURNOVER

All turnover is attributable to the company's principal activity.

3 DIRECTORS AND EMPLOYEES

	<u>1995</u> £	<u>1994</u> £
Wages and salaries	777,863	954,734
Social security costs	82,989	93,676
Other pension costs	35,903	87,456
	<u>896,755</u>	<u>1,135,866</u>

	<u>Number</u>	<u>Number</u>
The average weekly number of employees during the year was made up as follows:		
Administration	9	8
Manufacturing and research	20	24
Sales	9	6
	<u>38</u>	<u>38</u>

Staff costs include remuneration in respect of directors as follows:

	<u>1995</u> £	<u>1994</u> £
Directors' remuneration	<u>376,754</u>	<u>433,840</u>

RESDEV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 1995

3 DIRECTORS AND EMPLOYEES (CONT)

The emoluments of the directors (excluding pension contributions) included the following:

	<u>1995</u> £	<u>1994</u> £
Chairman and highest paid director	<u>265,305</u>	<u>353,996</u>

The emoluments of the other directors (excluding pension contributions) fell within the following ranges:-

	<u>Number</u>	<u>Number</u>
£5,001 - £10,000	-	1
£10,001 - £15,000	-	1
£30,001 - £35,000	-	1
£35,001 - £40,000	1	1
£40,001 - £45,000	1	-
£45,001 - £50,000	<u>2</u>	<u>-</u>

4 PENSION COSTS

The company operates a defined contribution scheme for the benefit of directors and staff. Contributions made by the company to the scheme during the year amounted to £35,903 (1994: £87,456).

5 INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges comprised:

	<u>1995</u> £	<u>1994</u> £
Bank overdraft	65,025	31,663
Bank loans not wholly repayable within 5 years	23,748	29,058
Hire purchase and finance leases	<u>24,715</u>	<u>25,666</u>
	<u>113,488</u>	<u>86,387</u>

RESDEV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 1995

6 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities is stated after charging the following:

	<u>1995</u> £	<u>1994</u> £
Auditor's remuneration	5,250	7,500
Depreciation and loss on sale of assets	121,586	158,856
Operating lease - plant	1,832	2,165
Staff costs (note 3)	896,755	1,135,866
Industrial Development Government Grant	45,904	-
Research and development expenditure	<u>79,781</u>	<u>-</u>

7 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge for the year represented:

Corporation tax on loss for the year at 25% (1994: 25%)	(33,085)	(30,500)
Deferred tax	<u>(300)</u>	<u>(4,610)</u>
	(33,385)	(35,110)
Adjustment in respect of previous years	<u>938</u>	<u>(51)</u>
	<u>(32,447)</u>	<u>(35,161)</u>

RESDEV LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 1995

8 TANGIBLE FIXED ASSETS

	Freehold land and <u>buildings</u> £	Office and <u>laboratory</u> £	Plant and <u>machinery</u> £	Office furniture and <u>equipment</u> £	Motor <u>vehicles</u> £	<u>Total</u> £
Cost						
At 1 October 1994	501,036	104,572	521,618	103,879	318,716	1,549,821
Additions	-	-	6,372	1,228	25,651	33,251
Disposals	-	-	(5,366)	(8,816)	(154,229)	(168,411)
At 30 September 1995	<u>501,036</u>	<u>104,572</u>	<u>522,624</u>	<u>96,291</u>	<u>190,138</u>	<u>1,414,661</u>
Depreciation						
At 1 October 1994	27,817	57,083	303,016	58,936	122,529	569,381
Charge for year	4,931	10,460	44,743	7,310	32,414	99,858
Disposals	-	-	(4,567)	(7,530)	(62,037)	(74,134)
At 30 September 1995	<u>32,748</u>	<u>67,543</u>	<u>343,192</u>	<u>58,716</u>	<u>92,906</u>	<u>595,105</u>
Net book amount						
At 31 September 1995	<u>468,288</u>	<u>37,029</u>	<u>179,432</u>	<u>37,575</u>	<u>97,232</u>	<u>819,556</u>
At 31 September 1994	<u>473,219</u>	<u>47,489</u>	<u>218,602</u>	<u>44,943</u>	<u>196,187</u>	<u>980,440</u>

The figures stated include assets held under hire purchase agreements and finance leases as follows:

	Finance lease		Hire purchase	
	<u>Plant and machinery</u> £	<u>Office and laboratory</u> £	<u>Plant and machinery</u> £	<u>Motor vehicles</u> £
Cost	29,200	14,900	97,147	185,688
Accumulated depreciation	<u>10,512</u>	<u>5,960</u>	<u>58,587</u>	<u>89,865</u>
Net book amount	<u>18,688</u>	<u>8,940</u>	<u>38,560</u>	<u>95,823</u>
Depreciation charged in the year	<u>4,672</u>	<u>1,490</u>	<u>9,640</u>	<u>31,944</u>

RESDEV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 1995

9 FIXED ASSET INVESTMENT

100 Ordinary Shares of £1 each in Puma Resins Ltd at a cost of £58.

The company owns 100% of the issued share capital of Puma Resins Ltd, an unlisted company registered in England and Wales. Puma Resins Ltd has been dormant throughout the current year.

The capital and reserves of Puma Resins Ltd are as follows:-

	<u>1995</u> £	<u>1994</u> £
Called up share capital	100	100
Profit and loss account	-	-
	<u>100</u>	<u>100</u>
Profit for the year	<u>-</u>	<u>-</u>

10 STOCKS

Raw materials and consumables	236,406	240,690
Finished goods and goods for re-sale	1,628	6,909
Work in progress	-	2,160
	<u>238,034</u>	<u>249,759</u>

11 DEBTORS

Trade debtors	673,483	719,190
Corporation tax	33,085	30,500
Prepayments	56,607	34,413
	<u>763,175</u>	<u>784,103</u>

12 CREDITORS: Amounts falling due within one year

Bank overdraft	515,045	551,423
Bank loan	28,292	22,660
Trade creditors	676,881	491,810
Amounts owed to subsidiary undertaking	100	100
Hire purchase and finance lease obligations	36,834	128,968
Proposed directors' remuneration	-	12,000
Other taxes and social security costs	97,300	100,503
Accruals	35,417	83,965
	<u>1,389,869</u>	<u>1,391,429</u>

RESDEV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 1995

13 CREDITORS - Amounts falling due after more than one year

	<u>1995</u> £	<u>1994</u> £
Barclays Bank plc - Loan account	216,539	250,659
Hire purchase obligations	<u>4,686</u>	<u>44,057</u>
	<u>221,225</u>	<u>294,716</u>

Amounts due on hire purchase and finance leases are secured by the assets to which they relate.

14 BANK LOANS

The bank loans are repayable as follows:

Within one year	28,292	22,660
Between 2 and 5 years	130,297	90,640
After 5 years	<u>86,242</u>	<u>160,019</u>
	<u>244,831</u>	<u>273,319</u>

Bank borrowings on loan accounts are secured by a legal mortgage on the Company's freehold factory.

Bank overdraft

Included in Creditors falling due within one year is a bank overdraft of £515,045 (1994: £551,423). This is secured by a second legal mortgage on the Company's freehold property and a debenture on the remaining assets of the Company.

15 TRANSACTIONS WITH DIRECTORS

	<u>Balance at</u> <u>1 October 1994</u>	<u>Maximum</u> <u>in year</u>	<u>Balance at</u> <u>30 September 1995</u>
J C Wright	<u>-</u>	<u>15,314</u>	<u>-</u>

This was an interest free loan.

RESDEV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 1995

16 LEASE COMMITMENTS

Finance leases and hire purchase

	1995 Finance lease £	1995 Hire Purchase £	1994 Finance lease £	1994 Hire Purchase £
Within one year	10,218	26,616	16,639	112,329
Within 2 - 5 years	-	4,686	9,375	34,682
	<u>10,218</u>	<u>31,302</u>	<u>26,014</u>	<u>147,011</u>

Operating leases

The company had operating lease commitments to pay during the next year in respect of equipment leases

	1995 £	1994 £
Expiring between two and five years	<u>1,732</u>	<u>1,732</u>

17 PROVISION FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 October 1994	1,400
Credit to profit and loss	<u>300</u>
At 30 September 1995	<u>1,100</u>

Deferred tax is in respect of accelerated capital allowances in excess of depreciation.

18 CALLED UP SHARE CAPITAL

There has been no changes in share capital during the year

	£
Authorised	
100,000 ordinary shares of £1 each	<u>100,000</u>
Allotted, called up and fully paid	
4182 ordinary shares of £1 each	<u>4,182</u>

RESDEV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 1995

19 RESERVES

The movement of reserves during the year was as follows:-

	Share premium <u>account</u> £	Profit and loss <u>account</u> £
At 1 October 1994	4,200	318,433
Retained loss for the year	-	(118,172)
	<u>4,200</u>	<u>200,261</u>
At 30 September 1995	<u>4,200</u>	<u>200,261</u>

20 EQUITY SHAREHOLDERS' FUNDS

The reconciliation of movement in shareholders' funds was as follows:

	<u>1995</u> £	<u>1994</u> £
Loss for the financial year	(118,172)	(135,298)
Opening shareholders' funds	<u>326,815</u>	<u>462,113</u>
Closing shareholders' funds	<u>208,643</u>	<u>326,815</u>

21 NET CASH INFLOW FROM OPERATING ACTIVITIES

The reconciliation of operating loss to net cash inflow from operating activities was as follows:-

Operating loss	(37,131)	(84,072)
Depreciation	99,858	147,099
Loss on sale of fixed assets	21,728	11,757
Decrease (increase) in stocks	11,725	(3,051)
Decrease (increase) in debtors	32,013	(318,663)
Increase in creditors	<u>120,242</u>	<u>247,010</u>
Net cash inflow from operating activities	<u>248,435</u>	<u>80</u>

RESDEV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 1995

22 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>1995</u> £	<u>1994</u> £
Balance at 30 September 1994	(551,423)	(202,310)
Net cash flow	<u>36,392</u>	<u>(349,113)</u>
Balance at 30 September 1995	<u><u>(515,031)</u></u>	<u><u>(551,423)</u></u>

23 ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

Cash in hand	14	-
Bank overdraft	<u>(515,045)</u>	<u>(551,423)</u>
	<u><u>(515,031)</u></u>	<u><u>(551,423)</u></u>

24 NET CASH INFLOW FROM FINANCING

	Share capital including <u>premium</u> £	<u>Loans</u> £	Hire purchase and finance <u>leases</u> £
Balance at 1 October 1994	8,382	273,319	173,025
Cash outflow from financing	-	(28,488)	(157,156)
Capital value of new leases	<u>-</u>	<u>-</u>	<u>25,651</u>
Balance at 30 September 1995	<u><u>8,382</u></u>	<u><u>244,831</u></u>	<u><u>41,520</u></u>