

Line Markings Limited
Annual report and accounts
for the year ended 31 December 2003

Registered Number: 1400059



Line Markings Limited

Annual report and accounts

for the year ended 31 December 2003

Contents

	Page
Directors and advisors	1
Directors' report	2
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Accounting policies	7
Notes to the financial statements	9

Line Markings Limited

Directors and advisors for the year ended 31 December 2003

Directors

JP Rainey
A Bjornek

Secretary

M Keane

Registered office

Roadcare House
New Works Road
Low Moor
BRADFORD
BD12 0RU

Registered auditors

PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
LEEDS
LS1 4JP

Solicitors

Addlestone Keane
Carlton Tower
34 St Pauls Street
LEEDS

Bankers

Svenska Handelsbanken
100 Wellington Street
Leeds

Line Markings Limited

Directors' report for the year ended 31 December 2003

The directors present their report and the audited financial statements for the year ended 31 December 2003.

Principal activities

The principal activity of the company is the establishment of permanent and temporary road markings.

Review of business

The business made very satisfactory progress during 2003. Continued involvement in Highways Agency term maintenance contracts throughout the UK, has ensured the delivery of the necessary volumes of work to establish profitability. The directors believe that the business is well placed to maintain the momentum throughout the coming year.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend (2002: £nil). The retained profit for the year of £481,000 (2002: loss of £156,000) will be taken to reserves.

Directors

The directors of the company who have served during the year are listed below:

J P Rainey	
S Jönegren	(resigned 4 March 2003)
H Ljungkvist	(resigned 4 March 2003)
A Bjornek	(appointed 4 March 2003)

Directors' interests in shares of the company

According to the register required to be kept by Section 325 of the Companies Act 1985, no director holding office at 31 December 2003 had any interest in the shares of the company.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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.

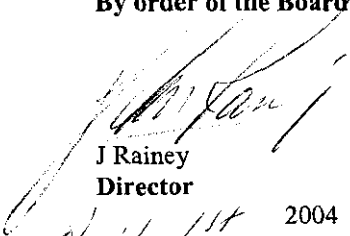
Line Markings Limited

Directors' report for the year ended 31 December 2003

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

By order of the Board



J Rainey
Director

April 1st 2004

Line Markings Limited

Independent auditors' report to the members of Line Markings Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

Basis of audit 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 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 at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds

19 April 2004

Line Markings Limited

Profit and loss account for the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Turnover	1	5,323	3,276
Cost of sales		(3,065)	(1,996)
Gross profit		2,258	1,280
Distribution costs		(888)	(632)
Administrative expenses		(894)	(802)
Operating profit / (loss)		476	(154)
Profit on disposal of fixed assets	4	18	84
Interest payable and similar charges	5	(73)	(86)
Profit / (loss) on ordinary activities before taxation	6	421	(156)
Taxation	7	60	-
Retained profit / (loss) for the financial year	17	481	(156)

All of the company's activities during the year have been in respect of continuing operations.

The company has no recognised gains or losses other than those included above and, therefore, no separate statement of total recognised gains and losses has been presented.

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

Line Markings Limited

Balance Sheet at 31 December 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	8	1,274	1,379
Investments	9	51	51
		1,325	1,430
Current assets			
Stocks of consumables		112	85
Debtors	10	2,062	1,374
Cash at bank and in hand		4	1
		2,178	1,460
Creditors: amounts falling due within one year	11	(2,202)	(1,901)
0% convertible unsecured loan stock	12	-	(1,000)
Net current liabilities		(24)	(1,441)
Total assets less current liabilities		1,301	(11)
Creditors: amounts falling due after more than one year	13	(1)	(170)
Provision for liabilities and charges	14	-	-
Net assets/(liabilities)		1,300	(181)
Capital and reserves			
Called-up share capital	16	5,000	4,000
Profit and loss account	17	(3,700)	(4,181)
Equity shareholders' funds	18	1,300	(181)

The financial statements on pages 5 to 17 were approved by the board of directors on 1 April 2004 and were signed on its behalf by:


J Rainey
Director

Line Markings Limited

Accounting policies

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards. The principle accounting policies set out below.

Exemption from preparation of group financial statements

The financial statements contain information about Line Markings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, AB Geveko, a company registered in Sweden.

Cashflow statement

The company is a wholly owned subsidiary of AB Geveko and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996).

Tangible fixed assets

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned at the following annual rates:

Freehold buildings	4%
Plant and equipment	7%
Motor Vehicles	20%-25%
Computers	33%

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials and direct labour. Net realisable value is based on estimated selling prices less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred taxation

The charge for taxation is based on the results for the year. In accordance with FRS 19, deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is recognised to the extent that its future recovery is assessed as being more likely than not. Deferred taxation liabilities have not been discounted.

Leases and hire purchase contracts

Assets obtained under hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the contract in proportion to the capital element outstanding.

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

Line Markings Limited

Accounting policies (continued)

Turnover

Turnover in respect of contract activity is calculated on the basis of the value of work executed during the period. Attributable profit is not included in turnover until a contract is substantially complete unless the contract is so significant that not to include turnover and profit would materially distort the financial statements. Turnover in respect of other activities represents the invoiced value of sales. Value added tax is excluded from turnover.

Pension costs

The company makes payments to a defined contribution pension scheme on behalf of certain employees. The amount charged to the profit and loss account represents the contribution payable in the period under the rules of the scheme.

Foreign currencies

Normal trading activities denominated in foreign currencies are recorded in sterling at the exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end or, where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2003

1 Turnover and loss on ordinary activities before taxation

Turnover and loss on ordinary activities before taxation arise entirely from the application of permanent and temporary road markings in the United Kingdom.

2 Directors' emoluments

	2003	2002
	£'000	£'000
Emoluments	66	61
Pension contributions	6	5
	72	66

Retirement benefits are accruing to one director under a defined contribution scheme (2002: one).

3 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	2003	2002
By job type		
Production, sales and distribution	49	43
Administration	14	13
	63	56

	2003	2002
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	1,252	984
Social security costs	136	109
Pension costs (note 15)	30	28
	1,418	1,121

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

4 Profit on disposal of fixed assets

	2003	2002
	£'000	£'000
Profit on disposal of fixed assets	18	84

The profit on disposal in both years represents the excess of insurance amounts received over the cost of related expenditure.

5 Interest payable and similar charges

	2003	2002
	£'000	£'000
On bank loans and overdrafts	61	72
On hire purchase contracts	12	14
	73	86

6 Profit/(loss) on ordinary activities before taxation

	2003	2002
	£'000	£'000
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Loss on disposal of fixed assets	1	7
Depreciation charge for the year:		
Tangible owned fixed assets	259	140
Assets held under hire purchase contract	60	73
Auditors' remuneration:		
Audit services	14	18
Non-audit services	3	3

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

7 Taxation on profit/(loss) on ordinary activities

	2003 £'000	2002 £'000
Current tax:		
UK corporation tax on profits for the period	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	(60)	-
Total deferred tax (note 14)	(60)	-
Tax on profit on ordinary activities	(60)	-

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £'000	2002 £'000
Profit / (loss) on ordinary activities before tax	421	(156)
Profit / (loss) on ordinary activities multiplied by standard rate in the UK 30% (2002: 30%)	126	(47)
Effects of:		
Expenses not deductible for tax	5	4
Unutilised losses	-	106
Utilisation of losses brought forward	(66)	-
Accelerated capital allowances	(65)	(63)
Current tax charge for the period	-	-

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

8 Tangible fixed assets

	Freehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2003	225	2,300	931	3,456
Additions	-	209	5	214
Disposals	-	-	(11)	(11)
At 31 December 2003	225	2,509	925	3,659
Depreciation				
At 1 January 2003	12	1,454	611	2,077
Charge for the year	4	200	115	319
Disposals	-	-	(11)	(11)
At 31 December 2003	16	1,654	715	2,385
Net book value				
At 31 December 2003	209	855	210	1,274
Net book value				
At 31 December 2002	213	846	320	1,379

The net book value of the company's fixed assets includes £62,000 (2002: £122,000) in respect of assets held under hire purchase contracts.

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

9 Investments

Interests in subsidiary undertakings

	£'000
Cost and net book value	
At 1 January 2003 and 31 December 2003	51

Name of undertaking	Company of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held	Principal activities
Roadcare Limited	England and Wales	Ordinary	100%	Dormant
Rommco (UK) Limited	England and Wales	Ordinary	100%	Manufacture of road marking material
Cleanosol (UK) Limited	England and Wales	Ordinary	100%	Dormant
Geveko (UK) Limited	England and Wales	Ordinary	100%	Dormant

10 Debtors

	2003	2002
	£'000	£'000
Amounts falling due within one year		
Amounts recoverable on contracts	1,784	1,073
Amounts owed by fellow subsidiary undertakings	188	118
Other debtors	15	91
Deferred tax asset	60	-
Prepayments and accrued income	15	92
	2,062	1,374

Amounts recoverable on contracts include an amount of £102,000 (2002: £83,000) in respect of contract retention balances. The date of repayment of these balances is dependent upon completion of the main contract performed by other contractors. It is not therefore possible to assess accurately the proportion of this figure likely to be recoverable after more than one year.

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

11 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Bank overdraft	1,314	1,233
Trade creditors	506	379
Amounts owed to fellow subsidiary undertakings	4	-
Obligations under hire purchase contracts	39	58
Other taxation and social security	100	132
Accruals and deferred income	107	91
Bank Loan	132	8
	2,202	1,901

12 Convertible loan stock

In 2002, the company issued £1,000,000 0% convertible unsecured loan stock to its intermediate parent company, Geveko Industri Holding AB. The loan stock was converted in the current period, at the option of the holder, into 1,000,000 fully paid ordinary shares of £1 each of Line Markings Limited at par value.

13 Creditors: amounts falling due after more than one year

	2003 £'000	2002 £'000
Bank Loan	-	132
Obligations under hire purchase contracts	1	38
	1	170

The bank loan is secured by fixed and floating charges over all the assets of the company and is supported by a fixed charge over Roadcare House.

The net obligations under hire purchase contracts to which the company is committed are:

	2003 £'000	2002 £'000
Amounts due within one year	39	58
Amounts due between one and five years	1	37
Amounts due after five years	-	1
	40	96

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

14 Deferred taxation

	Deferred tax asset £'000
At 1 January 2003	-
Credited to the profit and loss account	(60)
At 31 December 2003	(60)

The amounts unprovided of the total potential deferred tax asset are as follows:

	2003 £'000	2002 £'000
Tax effect of timing differences because of:		
Excess of capital allowances over depreciation	(159)	(35)
Other short term timing differences	(2)	-
Unutilised losses carried forward	(983)	(1,241)
	(1,144)	(1,276)

15 Pension obligations

The company contributes to a group defined contribution pension scheme for certain employees. The assets of that scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the company to those funds and amounted to £30,000 (2002: £28,000). There were no outstanding contributions at the year end (2002: £nil).

16 Called - up share capital

	2003 £'000	2002 £'000
Authorised		
5,000,000 ordinary shares of £1 each	5,000	5,000
Allotted, called up and fully paid		
5,000,000 ordinary shares of £1 each	5,000	4,000

The details of the shares issued during the year are set out in note 12.

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

17 Profit and loss account

	£'000
At 1 January 2003	(4,181)
Profit for the financial year	481
At 31 December 2003	(3,700)

18 Reconciliation of movement in shareholders' deficit

	2003 £'000	2002 £'000
Profit / (loss) for the financial year	481	(156)
Net proceeds on issue of ordinary share capital (note 12)	1,000	-
Net addition to / (deduction from) shareholders' funds	1,481	(156)
Opening shareholders' deficit	(181)	(25)
Closing shareholders' funds / (deficit)	1,300	(181)

19 Group banking arrangements

The company has entered into unlimited multilateral guarantees to secure the borrowings of certain other group undertakings. At 31 December 2003 the amounts outstanding under these arrangements, including the borrowings of the company, were approximately £1,380,000 (2002: £1,430,000).

Svenska Handelsbanken holds a fixed charge over the company's freehold property.

20 Capital and other commitments

	2003 £'000	2002 £'000
Contracts placed for future capital expenditure not provided in the financial statements	233	-

21 Related party transactions

Financial Reporting Standard Number 8 gives an exemption not to disclose transactions with other group companies. The company has taken advantage of this exemption.

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

22 Ultimate parent company

The directors regard AB Geveko, a company registered in Sweden, as the ultimate parent company. Copies of that company's consolidated financial statements may be obtained from The Secretary, AB Geveko, Box 2137, S-403 13 Göteborg, Sweden.

The intermediate parent company is Geveko Industri Holding AB, a company registered in Sweden. Copies of the financial statements may be obtained from The Secretary, Geveko Industri Holding AB, Box 2137, S-403 13 Göteborg, Sweden.