

Line Markings Limited
Annual report and accounts
for the year ended 31 December 2002

Registered Number: 1400059



Line Markings Limited

Annual report and accounts

for the year ended 31 December 2002

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Line Markings Limited

Directors and advisors for the year ended 31 December 2002

Directors

JP Rainey
S Jönegren
H Ljungkvist

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 2002

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

Principal activities

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

Review of business

The Company has endured another difficult year, however it has recently been able to generate significant additional volumes of term maintenance work. Accordingly, the directors believe that the company is well placed to make progress in the year ahead.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend (2001: £nil). The sustained loss for the year of £156,000 (2001: £179,000) will be deducted from reserves.

Post balance sheet event

During the year, the company issued £1,000,000 0% convertible unsecured loan stock to its intermediate parent company, Geveko Industri Holding AB. The £1,000,000 0% convertible unsecured loan stock was converted into 1,000,000 £1 ordinary shares on 27 January 2003. The financial effect of the conversion is to increase net assets and shareholders' funds by £1,000,000.

Directors

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

J P Rainey
S Jönegren
H Ljungkvist

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 2002 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 with the exception of the changes arising on the adoption of new accounting standards in the year as explained on pages 7 and 8 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 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

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 12 February 2003 and the directors appointed as its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'J Rainey', is written over the printed name and title.

J Rainey
Director

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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

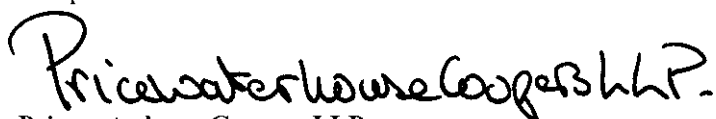
Basis of audit opinion

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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds

16 June 2003.

Line Markings Limited

Profit and loss account for the year ended 31 December 2002

	Note	2002 £'000	2001 £'000
Turnover	1	3,276	3,036
Cost of sales		(1,996)	(1,733)
Gross profit		1,280	1,303
Distribution costs		(632)	(665)
Administrative expenses		(802)	(708)
Operating loss		(154)	(70)
Profit on disposal of fixed assets	4	84	-
Interest payable and similar charges	5	(86)	(109)
Loss on ordinary activities before taxation	6	(156)	(179)
Taxation	7	-	-
Sustained loss for the financial year	17	(156)	(179)

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 in the losses above and, therefore, no separate statement of total recognised gains and losses has been presented.

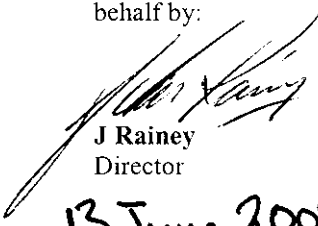
There is no difference between the loss on ordinary activities before taxation and the sustained loss for the year stated above and their historical cost equivalents.

Line Markings Limited

Balance Sheet at 31 December 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Tangible assets	8	1,379	792
Investments	9	51	51
		1,430	843
Current assets			
Stocks of consumables		85	59
Debtors	10	1,374	1,240
Cash at bank and in hand		1	-
		1,460	1,299
Creditors: amounts falling due within one year	11	(1,901)	(1,932)
0% convertible unsecured loan stock	12	(1,000)	-
		(1,441)	(633)
Total assets less current liabilities		(11)	210
Creditors: amounts falling due after more than one year	13	(170)	(235)
Provision for liabilities and charges	14	-	-
Net liabilities		(181)	(25)
Capital and reserves			
Called-up share capital	16	4,000	4,000
Profit and loss account	17	(4,181)	(4,025)
Equity Shareholders' deficit	18	(181)	(25)

The financial statements on pages 5 to 16 were approved by the board of directors and were signed on its behalf by:


J Rainey
Director

13 June 2003.

Line Markings Limited

Accounting policies

The financial statements are prepared in accordance with the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards.

Changes in accounting policies

FRS 19 'Deferred taxation' has been adopted in the current year. The adoption of this standard has had no impact on the reported financial results.

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

As permitted by Financial Reporting Standard No 1, no cashflow statement is provided as the company is a wholly owned subsidiary undertaking of a company incorporated in the European Economic Union whose financial statements are publicly available.

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 2002

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

	2002	2001
	£'000	£'000
Emoluments	61	59
Pension contributions	5	5
	66	64

Retirement benefits are accruing to one director under a defined contribution scheme (2001: one).

3 Employee information

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

	2002	2001
By job type		
Production, sales and distribution	43	36
Administration	13	13
	56	49

	2002	2001
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	984	954
Social security costs	109	106
Pension costs (note 15)	28	29
	1,121	1,089

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

4 Profit on disposal of fixed assets

	2002	2001
	£'000	£'000
Profit on disposal of fixed assets	84	-

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

5 Interest payable and similar charges

	2002	2001
	£'000	£'000
On bank loans and overdrafts	72	93
On hire purchase contracts	14	16
	86	109

6 Loss on ordinary activities before taxation

	2002	2001
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Loss/(profit) on disposal of fixed assets	7	(2)
Depreciation charge for the year:		
Tangible owned fixed assets	140	128
Assets held under hire purchase contract	73	84
Auditors' remuneration:		
Audit services	18	18
Non-audit services	3	3

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

7 Taxation on loss on ordinary activities

	2002 £'000	2001 £'000
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Current tax:

Tax on losses on ordinary activities	-	-
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The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £'000	2001 £'000
Loss on ordinary activities before tax	(156)	(179)
Loss on ordinary activities multiplied by standard rate in the UK 30% (2001: 30%)	(47)	(54)
Effects of:		
Expenses not deductible for tax	4	6
Unutilised losses	106	-
Accelerated capital allowances	(63)	48
Current tax credit for the period	-	-

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

8 Tangible fixed assets

	Freehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2002	225	1,788	817	2,830
Additions	-	618	189	807
Disposals	-	(106)	(75)	(181)
At 31 December 2002	225	2,300	931	3,456
Depreciation				
At 1 January 2002	8	1,436	595	2,039
Charge for the year	4	117	92	213
Disposals	-	(99)	(76)	(175)
At 31 December 2002	12	1,454	611	2,077
Net book value				
At 31 December 2002	213	846	320	1,379
Net book value				
At 31 December 2001	217	352	222	791

The net book value of the company's fixed assets includes £122,000 (2001: £187,000) in respect of assets held under hire purchase contracts.

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

9 Investments

Interests in subsidiary undertakings

					£'000
Cost and net book value					
At 1 January 2002 and 31 December 2002					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

	2002	2001
	£'000	£'000
Amounts falling due within one year		
Amounts recoverable on contracts	1,073	1,022
Amounts owed by fellow subsidiary undertakings	118	196
Other debtors	91	1
Prepayments and accrued income	92	21
	1,374	1,240

Amounts recoverable on contracts include an amount of £83,000 (2001: £94,000) 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 2002 (continued)

11 Creditors: amounts falling due within one year

	2002	2001
	£'000	£'000
Bank overdraft	1,233	1,430
Trade creditors	379	259
Obligations under hire purchase contracts	58	66
Other taxation and social security	132	122
Accruals and deferred income	91	47
Bank Loan	8	8
	1,901	1,932

12 Convertible loan stock

During the year, the company issued £1,000,000 0% convertible unsecured loan stock to its intermediate parent company, Geveko Industri Holding AB. The loan stock is convertible at the option of the holder, on or prior to 30 September 2004, into fully paid ordinary shares of £1 each of Line Markings Limited at par value. None of the loan stock was converted during the year.

13 Creditors: amounts falling due after more than one year

	2002	2001
	£'000	£'000
Bank Loan	132	140
Obligations under hire purchase contracts	38	95
	170	235

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:

	2002	2001
	£'000	£'000
Amounts due within one year	58	66
Amounts due between one and two years	37	55
Amounts due between two and five years	1	40
	96	161

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

14 Deferred taxation

There was no deferred taxation provided in the financial statements at 31 December 2002 or 31 December 2001. The amounts unprovided of the total potential asset are as follows:

	2002 £'000	2001 £'000
Tax effect of timing differences because of:		
Excess of capital allowances over depreciation	(35)	(98)
Other	-	(1)
Unutilised losses carried forward	(1,241)	(1,131)
	(1,276)	(1,230)

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 £28,000 (2001: £29,000). There were no outstanding contributions at the year end (2001: £nil).

16 Called - up share capital

	2002 £'000	2001 £'000
Authorised		
5,000,000 ordinary shares of £1 each	5,000	5,000
Allotted, called up and fully paid		
4,000,000 ordinary shares of £1 each	4,000	4,000

17 Profit and loss account

	£'000
At 1 January 2002	(4,025)
Loss for the financial year	(156)
At 31 December 2002	(4,181)

Line Markings Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

18 Reconciliation of movement in shareholders' deficit

	2002	2001
	£'000	£'000
Loss for the financial year	(156)	(179)
Opening shareholders' (deficit)/funds	(25)	154
Closing shareholders' deficit	(181)	(25)

19 Group banking arrangements

The company has entered into unlimited multilateral guarantees to secure the borrowings of certain other group undertakings. At 31 December 2002 the amounts outstanding under these arrangements, including the borrowings of the company, were approximately £1,430,000 (2001: £1,461,000).

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

20 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.

21 Post balance sheet event

The £1,000,000 0% convertible unsecured loan stock was converted into 1,000,000 £1 ordinary shares on 27 January 2003. The financial effect of the conversion is to increase net assets and shareholders' funds by £1,000,000.

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.

