

**Encon Manufacturing Limited**

**Directors' report and financial  
statements**

**Registered number 2337090**

**31 August 2000**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2000.

### Principal activities and business review

The principal activity of the company is the provision of management services to Superglass Insulation Limited and Superglass Sections Limited.

### Dividends

The directors do not recommend the payment of a dividend (1999: £Nil).

### Directors and directors' interests

The directors who held office during the year were as follows:

J Smellie  
A Kirkbright  
PA Kirk  
ID McKerracher

PA Kirk, J Smellie and ID McKerracher are directors of the ultimate parent company, Encon Limited, and are therefore not required to disclose their interests in group companies in the financial statements of this company.

The beneficial interests of the directors in the share capital of group companies as recorded in the register of directors interests were:

	31 August 2000	1 September 1999
Encon Limited		
A Kirkbright - Deferred ordinary shares of 1p each	21,964	14,643

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

PA Kirk  
Director



Brunswick House  
1 Deighton Close  
Wetherby  
LS22 7GZ

24 November 2000

## 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 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 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



1 The Embankment  
Neville Street  
Leeds LS1 4DW

## **Auditors' report to the members of Encon Manufacturing Limited**

We have audited the financial statements on pages 4 to 9.

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

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

### **Basis of 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 as at 31 August 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

24 November 2000

**Profit and loss account**  
*for the year ended 31 August 2000*

	<i>Note</i>	<b>Continuing operations</b>	
		<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
Administrative expenses		<b>(2,835)</b>	(2,801)
Other operating income		<b>55,000</b>	55,000
<b>Operating profit</b>		<b>52,165</b>	52,199
Interest payable and similar charges	2	<b>(1,694)</b>	(6,453)
<b>Profit on ordinary activities before taxation</b>	5	<b>50,471</b>	45,746
Tax on profit on ordinary activities	4	<b>(15,992)</b>	(13,484)
<b>Retained profit for the financial year</b>		<b>34,479</b>	32,262

The financial statements have been prepared on an unmodified historical cost basis.

A statement of movements on reserves is given in note 9. The only movement in shareholders' funds in both the current and previous year was the retained profit.

**Balance sheet**  
 at 31 August 2000

	Note	2000		1999	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	6		-		2,833
			<hr/>		<hr/>
			-		2,833
<b>Current assets</b>					
Debtors	7	4,528,088		4,528,088	
Cash at bank		17,162		-	
		<hr/>		<hr/>	
		4,545,250		4,528,088	
<b>Creditors: amounts falling due within one year</b>	8	(47,748)		(67,898)	
		<hr/>		<hr/>	
<b>Net current assets</b>			4,497,502		4,460,190
			<hr/>		<hr/>
<b>Net assets</b>			4,497,502		4,463,023
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	9		2		2
Profit and loss account	10		4,497,500		4,463,021
			<hr/>		<hr/>
<b>Equity shareholders' funds</b>			4,497,502		4,463,023
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 24 November 2000 and were signed on its behalf by:



**PA Kirk**  
 Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

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

#### *Amortisation*

Depreciation is calculated so as to write off the cost or valuation less the estimated residual value of intangible fixed assets on a straight line basis over their estimated useful lives at the following rates:

Licences                    -            10% per annum

#### *Foreign currencies*

Transaction in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Cash flow statement*

Under Financial Reporting Standard No 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is wholly owned subsidiary undertaking.



**Notes (continued)**

**2 Interest payable and similar charges**

	2000 £	1999 £
On bank loans and overdrafts wholly repayable within five years	1,694	6,453

**3 Remuneration of directors and staff costs**

No director received any emoluments in respect of his services to the company during the year (1999: £Nil).

The company has no other employees.

**4 Taxation on profit on ordinary activities**

	2000 £	1999 £
UK corporation tax at 30% (1999: 30.58%)		
Prior year:	-	(1,516)
Corporation tax	15,992	15,000
	<u>15,992</u>	<u>13,484</u>

**5 Profit on ordinary activities before taxation**

*Profit on ordinary activities before taxation is stated after charging:*

	2000 £	1999 £
Amortisation of intangible fixed assets	2,833	2,800

**Notes (continued)**

**6 Intangible fixed assets**

	<b>Concessions, patents, licences, trade marks and similar rights and assets £</b>
<i>Cost</i>	
At 1 September 1999	16,070
Disposals	(16,070)
	<hr/>
At end of year	-
	<hr/>
<i>Amortisation</i>	
At 1 September 1999	13,237
Charge in year	2,833
Disposals	(16,070)
	<hr/>
At 31 August 2000	-
	<hr/>
<i>Net book value</i>	
At 31 August 2000	-
	<hr/>
At 31 August 1999	2,833
	<hr/>

**7 Debtors**

	<b>2000 £</b>	<b>1999 £</b>
Amounts owed by parent and fellow subsidiary undertakings	<b>4,528,088</b>	<b>4,528,088</b>
	<hr/>	<hr/>

**8 Creditors: amounts falling due within one year**

	<b>2000 £</b>	<b>1999 £</b>
Bank loans and overdrafts	-	35,826
Corporation tax	<b>47,748</b>	31,756
Accruals and deferred income	-	316
	<hr/>	<hr/>
	<b>47,748</b>	<b>67,898</b>
	<hr/>	<hr/>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

## Notes (continued)

### 9 Called up share capital

	2000 £	1999 £
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

### 10 Profit and loss account reserves

	2000 £	1999 £
At beginning of year	4,463,021	4,430,759
Profit for the financial year	34,479	32,262
	<hr/>	<hr/>
At end of year	4,497,500	4,463,021
	<hr/>	<hr/>

### 11 Contingent liabilities

The company has given unlimited guarantees, secured by a fixed and floating charge over all the assets of the company, in respect of bank borrowings by certain other group undertakings in the Encon group. At 31 August 2000 the potential liability was £46,980,000 (1999: £42,939,000).

### 12 Parent undertaking and ultimate parent company

Encon Limited, which is registered in England and Wales, is the ultimate parent company of Encon Manufacturing Limited. It is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and in which Encon Manufacturing Limited is included. This is also the smallest group of undertakings for which consolidated financial statements are prepared and in which the company is included.

Group financial statements of Encon Limited for the period ended 31 August 2000 will be filed with the Registrar of Companies, Crown Way, Maindy, Cardiff, CF4 3UZ (from whom copies will then be available to the public).