

Tecroc Products Limited

Report and Financial Statements

Year Ended

31 December 2006

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BDO Stoy Hayward
Chartered Accountants

Tecroc Products Limited

Annual report and financial statements for the year ended 31 December 2006

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Directors

E V Wetton
G Russell
M A Shorrocks
J M Daley

Secretary and registered office

A Cogbill, Holly Lane Industrial Estate, Atherstone, Warwickshire, CV9 2RN

Company number

2450579

Auditors

BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD

Tecroc Products Limited

Report of the directors for the year ended 31 December 2006

The directors present their report together with the audited financial statements for the year ended 31 December 2006

Results

The profit and loss account is set out on page 5 and shows the profit for the year

During the year dividends were paid of £1 20 per share to A Ordinary shareholders and £3 00 per share to B Ordinary shareholders The Directors do not recommend the payment of a final dividend

Principal activities

The company's principal activities during the year were that of the manufacture and supply of specialist chemicals and mortars primarily for the construction industry and the highways market No significant changes are foreseen

The directors consider that the result for the year under review is satisfactory

Directors

The directors of the company during the year were

E V Wetton
G Russell
M A Shorrock
J M Daley

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 year 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, 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 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

Tecroc Products Limited

Report of the directors for the year ended 31 December 2006 (*Continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

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

By order of the board



A Cogbill

Secretary

27 June 2007

To the shareholders of Tecroc Products Limited

We have audited the financial statements of Tecroc Products Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors*
Birmingham

28 June 2007

Tecroc Products Limited

Profit and loss account for the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover	2	4,960,090	3,618,993
Cost of sales		<u>2,806,880</u>	<u>2,103,082</u>
Gross profit		2,153,210	1,515,911
Administrative expenses		<u>1,225,357</u>	<u>1,080,889</u>
Operating profit	3	927,853	435,022
Other interest receivable and similar income		8,851	939
Interest payable and similar charges	5	<u>(7,721)</u>	<u>(19,097)</u>
Profit on ordinary activities before taxation		928,983	416,864
Taxation on profit on ordinary activities	6	<u>282,284</u>	<u>118,170</u>
Profit on ordinary activities after taxation		<u>646,699</u>	<u>298,694</u>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 7 to 15 form part of these financial statements

Tecroc Products Limited

Balance sheet at 31 December 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	8		543,085		546,849
Current assets					
Stocks		400,250		281,913	
Debtors	9	1,183,513		856,603	
Cash at bank and in hand		242,089		58,829	
		<u>1,825,852</u>		<u>1,197,345</u>	
Creditors: amounts falling due within one year	10	<u>1,303,978</u>		<u>875,911</u>	
Net current assets			<u>521,874</u>		<u>321,434</u>
Total assets less current liabilities			<u>1,064,959</u>		<u>868,283</u>
Creditors: amounts falling due after more than one year	11	69,500		63,523	
Provisions for liabilities	12	<u>66,000</u>		<u>72,000</u>	
			<u>135,500</u>		<u>135,523</u>
			<u>929,459</u>		<u>732,760</u>
Capital and reserves					
Called up share capital	13		307,500		307,500
Share premium account	14		10,500		10,500
Profit and loss account	14		611,459		414,760
Shareholders' funds	15		<u>929,459</u>		<u>732,760</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 of directors and authorised for issue on 27 June 2007



M A Shorrocks
Director

The notes on pages 7 to 15 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention

The following principal accounting policies have been applied

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, over their expected useful lives. It is calculated at the following rates

Motor vehicles	- 25% per annum straight line
Equipment	- 25% per annum reducing balance
Plant, factory equipment	- 10% per annum reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

1 Accounting policies (*continued*)

Pension costs

Contributions made by the company to the employees' personal pension plans are charged to the profit and loss account in the year in which they become payable

Intangible fixed assets

The accounting policy for the treatment of intangible assets owned by the company reflects the current market positions. Each asset has been assessed separately by the directors resulting in the following amortisation rates

Goodwill over 5 years

Know How over 4 years

Research and development

Research and development expenditure is written off as incurred

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

2 Turnover

The proportion of turnover that is attributable to markets outside the United Kingdom is 4% (2005 - 4%)

3 Operating profit

	2006 £	2005 £
This is arrived at after charging		
Depreciation of tangible fixed assets	106,958	108,105
Loss on disposal of tangible fixed assets	23,087	-
Hire of plant and machinery - operating leases	16,920	17,125
Hire of other assets - operating leases	115,450	64,950
Audit services	7,300	7,250
Loss on disposal of intangible fixed assets	-	517
	<u> </u>	<u> </u>

4 Directors' remuneration

	2006 £	2005 £
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	295,015	287,645

5 Interest payable and similar charges

	2006 £	2005 £
Hire purchase contracts	7,595	15,335

6 Taxation on profit on ordinary activities

	2006 £	2005 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	289,000	119,000
Adjustment in respect of previous periods	(716)	(3,830)
Total current tax	288,284	115,170
<i>Deferred tax</i>		
Origination and reversal of timing differences	(6,000)	3,000
Taxation on profit on ordinary activities	282,284	118,170

7 Intangible assets

	Purchased goodwill £	Other intangible fixed assets £	Total £
<i>Cost</i>			
At 1 January 2006 and 31 December 2006	41,000	176,033	217,033
<i>Amortisation</i>			
At 1 January 2006 and 31 December 2006	41,000	176,033	217,033
<i>Net book value</i>			
At 31 December 2005 and 31 December 2006	-	-	-

8 Tangible fixed assets

	Plant and machinery etc £
<i>Cost</i>	
At 1 January 2006	1,015,892
Additions	141,675
Disposals	(171,740)
	<hr/>
At 31 December 2006	985,827
	<hr/>
<i>Depreciation</i>	
At 1 January 2006	469,043
Provided for the year	106,958
Disposals	(133,259)
	<hr/>
At 31 December 2006	442,742
	<hr/>
<i>Net book value</i>	
At 31 December 2006	543,085
	<hr/>
At 31 December 2005	546,849
	<hr/>

The net book value of tangible fixed assets includes an amount of £298,936 (2005 - £287,429) in respect of assets held under hire purchase contracts. The related depreciation charge on these assets for the year was £65,769 (2005 - £71,889).

9 Debtors

	2006 £	2005 £
Trade debtors	1,136,839	796,938
Other debtors	46,674	59,665
	<hr/>	<hr/>
	1,183,513	856,603
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

10 Creditors: amounts falling due within one year

	2006 £	2005 £
Other loans	100	100
Trade creditors	510,240	469,717
Corporation tax	289,000	119,033
Other taxation and social security	128,925	114,391
Obligations under finance lease and hire purchase contracts	91,720	94,942
Other creditors	283,993	77,728
	<u>1,303,978</u>	<u>875,911</u>

11 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Obligations under hire purchase contracts	69,500	63,523
	<u>69,500</u>	<u>63,523</u>

Maturity of debt

	Hire purchase contracts 2006 £	Hire purchase contracts 2005 £
In one year or less, or on demand	91,720	94,942
	<u>91,720</u>	<u>94,942</u>
In more than one year but not more than two years	54,391	50,753
In more than two years but not more than five years	15,109	12,770
	<u>69,500</u>	<u>63,523</u>

12 Provisions for liabilities

		Deferred taxation £
At 1 January 2006		72,000
Credited to profit and loss		(6,000)
		<hr/>
At 31 December 2006		66,000
		<hr/>
<i>Deferred taxation</i>		
	2006 £	2005 £
Accelerated capital allowances	66,000	76,500
Sundry timing differences	-	(4,500)
	<hr/>	<hr/>
	66,000	72,000
	<hr/>	<hr/>

Disclosures to be updated

13 Share capital

	2006 £	Authorised 2005 £	Allotted, called up and fully paid 2006 £	2005 £
Ordinary shares of £1 each	181,250	181,250	-	-
A Ordinary shares of £1 each	300,000	300,000	300,000	300,000
B Ordinary shares of 25p each	75,000	75,000	7,500	7,500
	<hr/>	<hr/>	<hr/>	<hr/>
	556,250	556,250	307,500	307,500
	<hr/>	<hr/>	<hr/>	<hr/>

13 Share capital (continued)

Share Option Scheme

At 31 December 2006 the following share options were outstanding in respect of the B ordinary shares

Date of grant	Number of shares	Price per share
15 March 2004	45,000	60p

The options are exercisable on certain performance conditions being met.

There is no charge to the financial statements under FRS 20 in relation to these options as it is immaterial

14 Reserves

	Share premium account £	Profit and loss account £
At 1 January 2006	10,500	414,760
Profit for the year	-	646,699
Dividends	-	(450,000)
	<hr/>	<hr/>
At 31 December 2006	10,500	611,459
	<hr/>	<hr/>

15 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the year	646,699	298,694
Dividends	(450,000)	(224,994)
	<hr/>	<hr/>
Net additions to shareholders' funds	196,699	73,700
Opening shareholders' funds	732,760	659,060
	<hr/>	<hr/>
Closing shareholders' funds	929,459	732,760
	<hr/>	<hr/>

16 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £30,821 (2005 - £25,786). Contributions amounting to £11,862 (2005 - £11,053) were payable to the fund and are included in creditors.

17 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2006 Land and buildings £	2006 Other £	2005 Land and buildings £	2005 Other £
Operating leases which expire				
Within one year	-	16,920	-	17,125
After five years	115,450	-	64,950	-
	<u>115,450</u>	<u>16,920</u>	<u>64,950</u>	<u>17,125</u>

18 Related party disclosures

Related party transactions and balances

	PCE Limited 2006 £	Easipoint Marketing Limited 2006 £	PCE Limited 2005 £	Easipoint Marketing Limited 2005 £
Sales to	469,443	480,917	463,576	411,730
Purchases from	59,650	-	65,960	-
Amounts owed to	43,146	-	22,512	-
Amounts due from	376,699	62,723	163,130	82,991
Other charges levied	60,000	7,123	87,300	13,686
Other charges payable	19,344	42,000	-	-
	<u>469,443</u>	<u>480,917</u>	<u>463,576</u>	<u>411,730</u>

Mr E V Wetton is the principle shareholder in PCE Group Holdings Limited and a shareholder of Easipoint Marketing Limited.

All of the above transactions were recorded at an arm's length basis on normal trading terms.

The other charges levied relate to a management charge from PCE Limited of £60,000 (2005 - £87,300) for the services of senior management during the year and a service charge due from Easipoint Marketing Limited of £7,123 (2005 - £13,686) for the overhead expenses incurred by Tecroc Products Limited on Easipoint Marketing Limited's behalf.

The other charges payable relate to a service charge due to PCE Limited of £19,344 (2005 - £42,000) for the overhead expenses incurred by PCE Limited on Tecroc Products Limited's behalf.

18 Related party disclosures *(continued)*

During the year the company had a loan on commercial terms from PCE Limited. The amount outstanding at the year end is £100 (2005 - £100)

The company paid £64,950 (2005 - £64,950) in rent for a property owned by the pension fund of which EV Wetton is the beneficiary

Included in other creditors is £193,844 (2005 - nil) due to E V Wetton. The company is controlled by E V Wetton