

SC/34398

Report of the Directors and
Financial Statements for the Year Ended 31 December 2001
for
Ticon Insulation Ltd



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for the Year Ended 31 December 2001

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Ticon Insulation Ltd

Company Information

for the Year Ended 31 December 2001

DIRECTORS:

A Sorensen
P T Norheim
T Oiseth

SECRETARY:

R Andresen

REGISTERED OFFICE:

Festival Business Centre
150 Brand Street
Glasgow
G51 1DH

REGISTERED NUMBER:

134398 (Scotland)

AUDITORS:

McLay, McAlister & McGibbon
Chartered Accountants
and Registered Auditors
53 Bothwell Street
Glasgow
G2 6TS

The directors present their report with the financial statements of the company for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of thermal insulation contractors.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No interim dividend was paid during the year. The directors recommend a final dividend of £500 per share.

The total distribution of dividends for the year ended 31 December 2001 will be £500,000.

DIRECTORS

The directors during the year under review were:

A Sorensen
P T Norheim
T Oiseth

The directors holding office at 31 December 2001 did not hold any beneficial interest in the issued share capital of the company at 1 January 2001 or 31 December 2001.

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 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.

AUDITORS

The auditors, McLay, McAlister & McGibbon, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



A Sorensen - DIRECTOR

Dated: 12 June 2002

Report of the Independent Auditors to the Shareholders of
Ticon Insulation Ltd

We have audited the financial statements of Ticon Insulation Ltd for the year ended 31 December 2001 on pages four to eleven. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Report of the Directors 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.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



McLay, McAlister & McGibbon
Chartered Accountants
and Registered Auditors
53 Bothwell Street
Glasgow
G2 6TS

Dated: 12 June 2002

Ticon Insulation Ltd

Profit and Loss Account

for the Year Ended 31 December 2001

		31.12.01	31.12.00
	Notes	£	£
TURNOVER	2	3,823,526	2,162,168
Cost of sales		3,068,536	1,718,254
GROSS PROFIT		754,990	443,914
Administrative expenses		280,383	215,910
OPERATING PROFIT	4	474,607	228,004
Interest receivable and similar income		18,616	16,592
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		493,223	244,596
Tax on profit on ordinary activities	5	150,278	72,341
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		342,945	172,255
Dividends	6	500,000	-
		(157,055)	172,255
Retained profit brought forward		877,021	704,766
RETAINED PROFIT CARRIED FORWARD		<u>£719,966</u>	<u>£877,021</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

Ticon Insulation Ltd

Balance Sheet

31 December 2001

		31.12.01		31.12.00	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		10,570		11,677
CURRENT ASSETS:					
Stocks	8	88,655		72,923	
Debtors	9	1,493,050		958,655	
Cash at bank and in hand		184,667		207,492	
		1,766,372		1,239,070	
CREDITORS: Amounts falling due within one year	10	1,055,976		372,726	
NET CURRENT ASSETS:			710,396		866,344
TOTAL ASSETS LESS CURRENT LIABILITIES:			£720,966		£878,021
CAPITAL AND RESERVES:					
Called up share capital	13		1,000		1,000
Profit and loss account			719,966		877,021
SHAREHOLDERS' FUNDS:	15		£720,966		£878,021

ON BEHALF OF THE BOARD:


P T Norheim - DIRECTOR

Approved by the Board on 12 June 2002

The notes form part of these financial statements

Ticon Insulation Ltd

Cash Flow Statement

for the Year Ended 31 December 2001

		<u>31.12.01</u>	<u>31.12.00</u>
	Notes	£	£
Net cash inflow/(outflow) from operating activities	1	445,221	(103,818)
Returns on investments and servicing of finance	2	18,616	16,592
Taxation		(72,341)	-
Capital expenditure	2	(3,956)	(6,188)
Equity dividends paid		(500,000)	-
Decrease in cash in the period		<u><u>£(112,460)</u></u>	<u><u>£(93,414)</u></u>
Reconciliation of net cash flow to movement in net funds	3		
Decrease in cash in the period		<u>(112,460)</u>	<u>(93,414)</u>
Change in net funds resulting from cash flows		(112,460)	(93,414)
Movement in net funds in the period		<u>(112,460)</u>	<u>(93,414)</u>
Net funds at 1 January		<u>207,492</u>	<u>300,906</u>
Net funds at 31 December		<u><u>£95,032</u></u>	<u><u>£207,492</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 December 2001

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	31.12.01 £	31.12.00 £
Operating profit	474,607	228,004
Depreciation charges	5,063	5,215
(Increase)/Decrease in stocks	(15,732)	94,025
Increase in debtors	(534,395)	(582,140)
Increase in creditors	515,678	151,078
Net cash inflow/(outflow) from operating activities	445,221	(103,818)

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.01 £	31.12.00 £
Returns on investments and servicing of finance		
Interest received	18,616	16,592
Net cash inflow for returns on investments and servicing of finance	18,616	16,592
Capital expenditure		
Purchase of tangible fixed assets	(3,956)	(6,188)
Net cash outflow for capital expenditure	(3,956)	(6,188)

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.01 £	Cash flow £	At 31.12.01 £
Net cash:			
Cash at bank and in hand	207,492	(22,825)	184,667
Bank overdraft	-	(89,635)	(89,635)
	207,492	(112,460)	95,032
Total	207,492	(112,460)	95,032
Analysed in Balance Sheet			
Cash at bank and in hand	207,492		184,667
Bank overdraft	-		(89,635)
	207,492		95,032

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2001

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

Stocks

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Work in progress is based on the measured value of the work completed but not invoiced as at the balance sheet date.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Foreign Currencies

Balances in foreign currencies are translated at the rate ruling at the transaction date. Exchange gains or losses are excluded in the profit and loss account unless they are realised.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.12.01	31.12.00
	£	£
United Kingdom	3,629,663	1,958,677
Elsewhere	193,863	203,491
	<u>3,823,526</u>	<u>2,162,168</u>

Notes to the Financial Statements
for the Year Ended 31 December 2001

3. **STAFF COSTS**

	31.12.01	31.12.00
	£	£
Wages and salaries	1,672,740	1,053,345
Social security costs	158,606	103,328
Other pension costs	6,176	5,612
	<u>1,837,522</u>	<u>1,162,285</u>

The average monthly number of employees during the year was as follows:

	31.12.01	31.12.00
Office and Management	2	2
Manufacturing and Insulation	75	47
	<u>77</u>	<u>49</u>

4. **OPERATING PROFIT**

The operating profit is stated after charging:

	31.12.01	31.12.00
	£	£
Depreciation - owned assets	5,063	5,215
Auditors' remuneration	<u>3,600</u>	<u>3,600</u>
Directors' emoluments	<u>-</u>	<u>-</u>

5. **TAXATION**

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.01	31.12.00
	£	£
Current tax:		
UK corporation tax	<u>150,278</u>	<u>72,341</u>

UK corporation tax has been charged at 30% (2000 - 30%).

6. **DIVIDENDS**

	31.12.01	31.12.00
	£	£
Equity shares:		
Final	<u>500,000</u>	<u>-</u>

Notes to the Financial Statements
for the Year Ended 31 December 2001

7. TANGIBLE FIXED ASSETS

	Plant and machinery	Motor vehicles	Computer equipment	Totals
	£	£	£	£
COST:				
At 1 January 2001	40,722	12,400	17,372	70,494
Additions	-	-	3,956	3,956
At 31 December 2001	40,722	12,400	21,328	74,450
DEPRECIATION:				
At 1 January 2001	35,872	12,400	10,545	58,817
Charge for year	1,895	-	3,168	5,063
At 31 December 2001	37,767	12,400	13,713	63,880
NET BOOK VALUE:				
At 31 December 2001	2,955	-	7,615	10,570
At 31 December 2000	4,850	-	6,827	11,677

8. STOCKS

	31.12.01	31.12.00
	£	£
Stock	-	3,710
Work in progress	88,655	69,213
	88,655	72,923

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.01	31.12.00
	£	£
Trade debtors	1,478,760	739,101
Due by group companies	-	209,416
Prepayments & accrued income	14,290	10,138
	1,493,050	958,655

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.01	31.12.00
	£	£
Bank loans and overdrafts (see note 11)	89,635	-
Trade creditors	242,448	63,787
Other creditors	155,695	37,984
Due to group companies	243,511	57,452
Social security & other taxes	174,409	141,162
Taxation	150,278	72,341
	1,055,976	372,726

Notes to the Financial Statements
for the Year Ended 31 December 2001

11. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31.12.01 £	31.12.00 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>89,635</u>	<u>-</u>

12. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	31.12.01 £	Operating leases 31.12.00 £
Expiring:		
Between one and five years	<u>9,731</u>	<u>3,939</u>

13. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.01 £	31.12.00 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

14. ULTIMATE PARENT COMPANY

The entire share capital of the company is beneficially owned by TI Marine Contracting AS which is registered in Norway. The ultimate parent company of TI Marine Contracting AS is Unitor ASA.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.01 £	31.12.00 £
Profit for the financial year	342,945	172,255
Dividends	<u>(500,000)</u>	<u>-</u>
Net (reduction)/addition to shareholders' funds	(157,055)	172,255
Opening shareholders' funds	<u>878,021</u>	<u>705,766</u>
Closing shareholders' funds	<u>720,966</u>	<u>878,021</u>
Equity interests	<u>720,966</u>	<u>878,021</u>