

Company Registration No. 00251148 (England and Wales)

**H. MARCEL GUEST LIMITED**  
**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2005**



# H. MARCEL GUEST LIMITED

## CONTENTS

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	<b>Page</b>
Directors' report	1 - 2
Auditors' report	3
Abbreviated profit and loss account	4
Abbreviated balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the abbreviated accounts	8 - 17

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# H. MARCEL GUEST LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2005

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The directors present their report and financial statements for the year ended 30 September 2005.

### Principal activities and review of the business

The company continues to provide management services to its subsidiary and associated companies.

The directors consider the state of affairs to be satisfactory and prospects for the current year are good.

### Results and dividends

The results for the year are set out on page 4.

An interim ordinary dividend was paid amounting to £100,000. The directors do not recommend payment of a final dividend.

### Directors

The following directors have held office since 1 October 2004:

J S Falder  
B Falder  
S B Falder

### Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 September 2005	1 October 2004
B Falder	240,000	240,000
J S Falder	162,500	162,500
S B Falder	162,500	162,500

B Falder and E Stanton, a partner in UHY Hacker Young, the company's auditors, have a non-beneficial interest in 435,000 ordinary shares of the company as joint trustees.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that UHY Hacker Young be reappointed as auditors of the company will be put to the Annual General Meeting.

## H. MARCEL GUEST LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

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#### **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 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.

On behalf of the board



J S Falder

**Director**

7 June 2006

## H. MARCEL GUEST LIMITED

### INDEPENDENT AUDITORS' REPORT TO H. MARCEL GUEST LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

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We have examined the abbreviated accounts set out on pages 4 to 17, together with the financial statements of H. Marcel Guest Limited for the year ended 30 September 2005 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our audit work, for this report, or for the opinions we have formed.

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

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

#### **Basis of audit opinion**

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

#### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.



**UHY Hacker Young**

7 June 2006

Chartered Accountants  
**Registered Auditor**

St James Building  
79 Oxford Street  
Manchester  
M1 6HT

## H. MARCEL GUEST LIMITED

### ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2005

	Notes	2005 £	2004 £
<b>Gross profit</b>		407,248	376,896
Distribution costs		(35,180)	(23,044)
Administrative expenses		(184,362)	(259,758)
Other operating income		15,960	796
<b>Operating profit</b>	<b>2</b>	<b>203,666</b>	<b>94,890</b>
Investment income	<b>3</b>	46,632	(3,905)
Other interest receivable and similar income		22,736	24,674
Amounts written off investments	<b>4</b>	-	(80,000)
Interest payable and similar charges	<b>5</b>	(33,453)	(28,000)
<b>Profit on ordinary activities before taxation</b>		<b>239,581</b>	<b>7,659</b>
Tax on profit on ordinary activities	<b>6</b>	(62,181)	(58,390)
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>177,400</b>	<b>(50,731)</b>
Dividends	<b>7</b>	(100,000)	(100,000)
<b>Retained profit/(loss) for the year</b>	<b>16</b>	<b>77,400</b>	<b>(150,731)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# H. MARCEL GUEST LIMITED

## ABBREVIATED BALANCE SHEET AS AT 30 SEPTEMBER 2005

	Notes	2005		2004	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	8		153,852		132,499
Tangible assets	9		801,026		823,037
Investments	10		3,376,159		3,400,157
			<u>4,331,037</u>		<u>4,355,693</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	11	438,842		208,858	
Debtors: amounts falling due after more than one year	11	192,000		400,000	
Cash at bank and in hand		204,772		638,873	
		<u>835,614</u>		<u>1,247,731</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,364,292)</u>		<u>(1,866,750)</u>	
<b>Net current liabilities</b>			<u>(528,678)</u>		<u>(619,019)</u>
<b>Total assets less current liabilities</b>			3,802,359		3,736,674
<b>Provisions for liabilities and charges</b>	13		(53,171)		(48,926)
<b>Accruals and deferred income</b>	14		-		(15,960)
			<u>3,749,188</u>		<u>3,671,788</u>
<b>Capital and reserves</b>					
Called up share capital	15		1,000,000		1,000,000
Profit and loss account	16		2,749,188		2,671,788
<b>Shareholders' funds - equity interests</b>	17		<u>3,749,188</u>		<u>3,671,788</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 7 June 2006

  
J S Falder  
Director

## H. MARCEL GUEST LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2005

	2005		2004	
	£	£	£	£
<b>Net cash (outflow)/inflow from operating activities</b>		(409,580)		262,749
<b>Returns on investments and servicing of finance</b>				
Interest received	22,736		24,674	
Interest paid	(33,453)		(28,000)	
Dividends received	10,092		3,961	
<b>Net cash (outflow)/inflow for returns on investments and servicing of finance</b>		(625)		635
<b>Taxation</b>		(30,758)		(94,234)
<b>Financial investment</b>				
Payments to acquire investments	(67,515)		(57,313)	
Receipts from sales of investments	135,266		279,958	
<b>Net cash inflow for capital expenditure</b>		67,751		222,645
<b>Equity dividends paid</b>		(100,000)		(100,000)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		(473,212)		291,795
<b>Financing</b>				
Other new short term loans	34,771		-	
Repayment of other short term loans	-		(170,505)	
<b>Net cash inflow/(outflow) from financing</b>		34,771		(170,505)
<b>(Decrease)/increase in cash in the year</b>		<u>(438,441)</u>		<u>121,290</u>



## H. MARCEL GUEST LIMITED

### NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2005

<b>1</b>	<b>Reconciliation of operating profit to net cash (outflow)/inflow from operating activities</b>		<b>2005</b>	<b>2004</b>	
			<b>£</b>	<b>£</b>	
	Operating profit		203,666	94,890	
	Depreciation of tangible assets		22,011	22,018	
	Amortisation of intangible assets		16,776	22,227	
	(Increase)/decrease in debtors		(21,984)	(53,370)	
	(Decrease)/Increase in creditors within one year		(606,876)	127,797	
	Net effect of foreign exchange differences		(7,213)	49,983	
	Movement on grant provision		(15,960)	(796)	
	<b>Net cash (outflow)/inflow from operating activities</b>		<b>(409,580)</b>	<b>262,749</b>	
<b>2</b>	<b>Analysis of net (debt)/funds</b>	<b>1 October 2004</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>30 September 2005</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Net cash:				
	Cash at bank and in hand	638,873	(434,101)	-	204,772
	Bank overdrafts	-	(4,340)	-	(4,340)
		<u>638,873</u>	<u>(438,441)</u>	<u>-</u>	<u>200,432</u>
	Debt:				
	Debts falling due within one year	(493,709)	(34,771)	-	(528,480)
	<b>Net funds/(debt)</b>	<u>145,164</u>	<u>(473,212)</u>	<u>-</u>	<u>(328,048)</u>
<b>3</b>	<b>Reconciliation of net cash flow to movement in net (debt)/funds</b>		<b>2005</b>	<b>2004</b>	
			<b>£</b>	<b>£</b>	
	(Decrease)/increase in cash in the year		(438,441)	121,290	
	Cash (inflow)/outflow from (increase)/decrease in debt		(34,771)	170,505	
	<b>Movement in net (debt)/funds in the year</b>		<b>(473,212)</b>	<b>291,795</b>	
	Opening net funds/(debt)		145,164	(146,631)	
	<b>Closing net (debt)/funds</b>		<b>(328,048)</b>	<b>145,164</b>	

## H. MARCEL GUEST LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

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#### 1 Accounting policies

##### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

##### 1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

##### 1.3 Turnover

Turnover represents amounts receivable for management services net of VAT.

##### 1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

##### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	2% Straight line
Motor vehicles	25% Reducing balance

##### 1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

##### 1.7 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the *balance sheet date where transactions or events that result in an obligation to pay more tax in the future* or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

##### 1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

##### 1.9 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

##### 1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

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## H. MARCEL GUEST LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

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<b>2</b>	<b>Operating profit</b>	<b>2005</b>	<b>2004</b>
		£	£
	Operating profit is stated after charging:		
	Amortisation of intangible assets	16,776	22,227
	Depreciation of tangible assets	22,011	22,018
	Loss on foreign exchange transactions	-	50,140
	Auditors' remuneration	8,955	10,865
	and after crediting:		
	Government grants	15,960	796
	Profit on foreign exchange transactions	(7,005)	-
		<u>          </u>	<u>          </u>
<b>3</b>	<b>Investment income</b>	<b>2005</b>	<b>2004</b>
		£	£
	Income from fixed asset investments	46,632	(3,905)
	Bank interest	4,736	337
	Other interest	18,000	24,337
		<u>          </u>	<u>          </u>
		<u>69,368</u>	<u>20,769</u>
<b>4</b>	<b>Amounts written off investments</b>	<b>2005</b>	<b>2004</b>
		£	£
	Amounts written off fixed asset investments:		
	- permanent diminution in value	-	80,000
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>2005</b>	<b>2004</b>
		£	£
	On bank loans and overdrafts	162	-
	On other loans wholly repayable within five years	28,000	28,000
	On overdue tax	5,291	-
		<u>          </u>	<u>          </u>
		<u>33,453</u>	<u>28,000</u>

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## H. MARCEL GUEST LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

6	Taxation	2005 £	2004 £
	<b>Domestic current year tax</b>		
	UK corporation tax	52,259	9,464
	Adjustment for prior years	5,677	-
	<b>Current tax charge</b>	<u>57,936</u>	<u>9,464</u>
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	4,245	48,926
		<u>62,181</u>	<u>58,390</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>239,581</u>	<u>7,659</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004 - 30.00%)	<u>71,874</u>	<u>2,298</u>
	Effects of:		
	Non deductible expenses	2,984	53,600
	Depreciation add back	6,603	6,605
	Capital allowances	(9,711)	(9,711)
	Tax losses utilised	-	(45,353)
	Adjustments to previous periods	5,677	-
	Income not taxable	(4,788)	-
	Dividends and distributions received	(572)	(603)
	(Profit)/loss on disposal of investments	(10,962)	2,360
	Other tax adjustments	(3,169)	268
		<u>(13,938)</u>	<u>7,166</u>
	<b>Current tax charge</b>	<u>57,936</u>	<u>9,464</u>
7	<b>Dividends</b>	2005 £	2004 £
	Ordinary interim paid	<u>100,000</u>	<u>100,000</u>

## H. MARCEL GUEST LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

#### 8 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 October 2004	251,606
Additions	38,129
At 30 September 2005	<u>289,735</u>
<b>Amortisation</b>	
At 1 October 2004	119,107
Charge for the year	16,776
At 30 September 2005	<u>135,883</u>
<b>Net book value</b>	
At 30 September 2005	<u>153,852</u>
At 30 September 2004	<u>132,499</u>

During the year the company continued to make payments under the terms of its contract to acquire the Giggloss trademark, inventory, contracts and related nitrocellulose technology. The acquired goodwill is amortised over the directors estimate of useful economic life

#### 9 Tangible fixed assets

	Land and buildings Freehold £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 October 2004 & at 30 September 2005	1,099,628	11,850	1,111,478
<b>Depreciation</b>			
At 1 October 2004	276,664	11,777	288,441
Charge for the year	21,993	18	22,011
At 30 September 2005	<u>298,657</u>	<u>11,795</u>	<u>310,452</u>
<b>Net book value</b>			
At 30 September 2005	<u>800,971</u>	<u>55</u>	<u>801,026</u>
At 30 September 2004	<u>822,964</u>	<u>73</u>	<u>823,037</u>

## H. MARCEL GUEST LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

#### 10 Fixed asset investments

	Listed investments	Unlisted investments	Shares in group undertakings	Total
	£	£	£	£
<b>Cost</b>				
At 1 October 2004	443,365	555,642	2,622,350	3,621,357
Exchange differences	2,701	4,512	-	7,213
Additions	48,830	18,685	-	67,515
Disposals	(98,726)	-	-	(98,726)
At 30 September 2005	<u>396,170</u>	<u>578,839</u>	<u>2,622,350</u>	<u>3,597,359</u>
<b>Provisions for diminution in value</b>				
At 1 October 2004 & at 30 September 2005	-	-	221,200	221,200
<b>Net book value</b>				
At 30 September 2005	<u>396,170</u>	<u>578,839</u>	<u>2,401,150</u>	<u>3,376,159</u>
At 30 September 2004	<u>443,365</u>	<u>555,642</u>	<u>2,401,150</u>	<u>3,400,157</u>
	<b>Market value</b>	<b>Directors'</b>		<b>Total</b>
	£	valuation		£
		£		
At 30 September 2005	<u>744,789</u>	<u>578,839</u>		<u>1,323,628</u>
At 30 September 2004	<u>749,935</u>	<u>555,642</u>		<u>1,305,577</u>

## H. MARCEL GUEST LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

#### 10 Fixed asset investments

(continued)

##### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies. The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

Company	Capital and	Profit for the	Shares held	
	reserves	year	Class	%
	2005	2005		
	£	£		
<b>Subsidiary undertakings</b>				
Moorecroft 95 Limited	100	-	Ordinary	100.00
Corrofast Coatings Limited	(7,740)	-	Ordinary	100.00
HMG Paints Limited	1,996,381	37,177	Ordinary	100.00
HMG America LLC	(335,004)	(579,354)	US LLC	80.00
HMG Coatings (London) Limited	(172,516)	(48,382)	Ordinary	100.00
<b>Participating interests</b>				
Bradite Limited	738,833	233,446	Preference	100.00
HMG Coatings (South) Limited	127,386	11,123	Ordinary	45.00
HMG Coatings (Midlands) Limited	7,391	58,749	Ordinary	50.00
			Preference	50.00

	Principal activity	Country of registration or incorporation
Moorecroft 95 Limited	Dormant	England
Corrofast Coatings Limited	Dormant	England
HMG Paints Limited	Manufacture and supply of paints and surface coatings	England
HMG America LLC	Supply of paint and marine surface coatings.	USA
HMG Coatings (London) Limited	Supply of powder coatings	England
Bradite Limited	Manufacture and distribution of paint and surface coatings	England
HMG Coatings (South) Limited	Supply of industrial paint and accessories	England
HMG Coatings (Midlands) Limited	Manufacture of paint	England

## H. MARCEL GUEST LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

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11 Debtors	2005	2004
	£	£
Amounts owed by associated undertakings	605,801	583,479
Other debtors	25,041	25,379
	<u>630,842</u>	<u>608,858</u>

Amounts falling due after more than one year and included in the debtors above are:

	2005	2004
	£	£
Amounts owed by associated undertakings	<u>192,000</u>	<u>400,000</u>

12 Creditors: amounts falling due within one year	2005	2004
	£	£
Debenture loans	400,000	400,000
Bank loans and overdrafts	4,340	-
Trade creditors	88,322	120,541
Amounts owed to subsidiary undertakings	585,179	1,165,617
Corporation tax	59,965	24,687
Other taxes and social security costs	21,692	3,438
Other creditors	167,994	139,967
Accruals and deferred income	36,800	12,500
	<u>1,364,292</u>	<u>1,866,750</u>

The debenture loans on which interest is paid at a rate of 7% p.a. (2004 - 7% p.a.), are repayable on demand and are secured by a fixed charge over the freehold land and buildings, plant and machinery and book debts with a floating charge over all other assets of the company.



## H. MARCEL GUEST LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

#### 13 Provisions for liabilities and charges

	<b>Deferred tax liability</b>
	<b>£</b>
Balance at 1 October 2004	48,926
Profit and loss account	4,245
	<u>53,171</u>
Balance at 30 September 2005	<u>53,171</u>

Deferred taxation provided in the financial statements is as follows:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<u>53,171</u>	<u>48,926</u>

#### 14 Accruals and deferred income

	<b>Government grants</b>
	<b>£</b>
Balance at 1 October 2004	15,960
Amortisation in the year	(15,960)
	<u>-</u>
Balance at 30 September 2005	<u>-</u>

#### 15 Share capital

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up and fully paid</b>		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

## H. MARCEL GUEST LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

#### 16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 2004	2,671,788
Retained profit for the year	<u>77,400</u>
Balance at 30 September 2005	<u><u>2,749,188</u></u>

#### 17 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit/(Loss) for the financial year	177,400	(50,731)
Dividends	<u>(100,000)</u>	<u>(100,000)</u>
Net addition to/(depletion in) shareholders' funds	77,400	(150,731)
Opening shareholders' funds	<u>3,671,788</u>	<u>3,822,519</u>
Closing shareholders' funds	<u><u>3,749,188</u></u>	<u><u>3,671,788</u></u>

#### 18 Contingent liabilities

There is a bank cross guarantee dated 26 March 2004 covering the liabilities of HMG Paints Limited and HMG Coatings (London) Limited given by H Marcel Guest Limited. At the year end the potential liability under this guarantee amounted to £1,573,270.

#### 19 Directors' emoluments

	2005 £	2004 £
Emoluments for qualifying services	<u>91,094</u>	<u>86,410</u>

## H. MARCEL GUEST LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

#### 20 Transactions with directors

During the year the company received management charges of £407,248 (2004 - £376,896) from one of its subsidiary companies, HMG Paints Limited. The balance due to this company at 30 September 2005 amounted to £585,078 (2004 - £1,165,516).

The company has the following balances with related companies:-

- (a) Bradite Limited, by virtue of directorship, whereby the balance due from Bradite Limited at 30 September 2005 amounted to £499,026 (2004 - £476,026).
- (b) HMG Coatings (London) Limited, one of its subsidiary companies, whereby the balance due from HMG Coatings (London) Limited at 30 September 2005 amounted to £46,546 (2004 - £54,691).
- (c) HMG Powder Coatings (Midlands) Limited, by virtue of shareholding, whereby the balance due from HMG Powder Coatings (Midlands) Limited at 30 September 2005 amounted to £1,874 (2004 - £1,874).
- (d) HMG Powder Coatings (Ireland) Limited, by virtue of shareholding, whereby the balance due from HMG Powder Coatings (Ireland) Limited at 30 September 2005 amounted to £1,200 (2004 - £1,200).
- (e) HMG America LLC, by virtue of the company's investment, whereby the balance due from HMG America LLC at 30 September 2005 amounted to £207,708 (2004 - £189,023)
- (f) Byotrol PLC, by virtue of shareholding, whereby the balance due from Byotrol PLC at 30 September 2005 amounted to £66,146 (2004 - £58,679).
- (g) Moorecroft 95 Limited, one of its subsidiary companies, whereby the balance due to Moorecroft 95 Limited at 30 September 2005 amounted to £100 (2004 - £100).

During the year the company charged Bradite Limited interest of £18,000 (2004 - £24,337) in respect of the debt owing and has not traded with the other companies.

The above transactions were carried out on normal commercial terms.

#### 21 Employees

##### Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Administration	4	4
	=====	=====
<b>Employment costs</b>	<b>2005</b>	<b>2004</b>
	£	£
Wages and salaries	83,524	86,410
Social security costs	12,487	8,955
	=====	=====
	96,011	95,365
	=====	=====