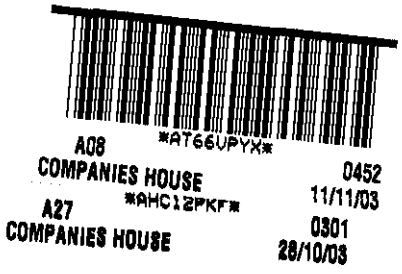
Company Registration No. 981321

MORRIS GREENHALGH LIMITED

Report and Abbreviated Financial Statements

31 December 2002



REPORT AND FINANCIAL STATEMENTS 2002

CONTENTS

	Page
Officers and professional advisers	1
Directors' report	2
Independent auditors' report	4
Profit and loss account	5
Statement of total recognised gains and losses	6
Note of historical cost profits and losses	6
Abbreviated balance sheet	7
Cash flow statement	8
Notes to the cash flow statement	9
Notes to the accounts	11

REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S I Hassellof
N P Wallberg

SECRETARY

J M Kennedy (appointed 17 March 2003)

REGISTERED OFFICE

Prince Street
Bolton
BL1 2NP

BANKERS

Lloyds TSB Bank plc
113 Deansgate
Bolton
BL1 1HB

ACCOUNTANTS

Ryans
67 Chorley Old Road
Bolton
BL1 3AJ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Liverpool

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture of adhesives and chemical products.

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2002.

DIRECTORS

The directors serving during the year are shown below. All directors served during the year and thereafter except as noted.

S G Wood (resigned 31 January 2003)
S I Hassellof
N P Wallberg

The directors holding office at 31 December 2002 did not hold any beneficial interest in the issued share capital of the company at 1 January 2002 or 31 December 2002.

N P Wallberg owns 813,427 shares of 10 Swedish krona each in the parent company.

STATEMENT OF DIRECTORS RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed;
- 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. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

DIRECTORS' REPORT

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treat the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1985. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

S O Hassellof
Director
29th October 2003

Deloitte
& Touche

INDEPENDENT AUDITORS' REPORT TO MORRIS GREENHALGH LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts consisting of the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the abbreviated balance sheet, the cash flow statement, the notes to the cash flow statement and the related notes 1 to 19 together with the financial statements of Morris Greenhalgh Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 2002.

This report is made solely to the company in accordance with 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 auditors' report 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 (3) of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with that section and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 247 and 247A of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with section 246A (3) of the Companies Act 1985, in respect of the year ended 31 December 2002, and the abbreviated accounts have been properly prepared in accordance with those provisions.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool

27 October 2003

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2002

	Note	£	2002 £	£	2001 (as restated see note 6) £
Gross profit			1,908,593		1,771,705
Distribution costs		854,960		840,847	
Administrative expenses		710,900		610,688	
			(1,565,860)		(1,451,535)
OPERATING PROFIT	3		342,733		320,170
Interest payable and similar charges	4		(93,876)		(129,661)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			248,857		190,509
Tax on profit on ordinary activities	5		(60,632)		(77,741)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION AND RETAINED PROFIT FOR THE FINANCIAL YEAR			188,225		112,768

CONTINUING OPERATIONS

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2002

	Note	2002 £	2001 (as restated) £
PROFIT FOR THE FINANCIAL YEAR		188,225	112,768
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		188,225	112,768
Prior year adjustment	6	(60,330)	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT		127,895	

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 December 2002

	2002 £	2001 (as restated) £
Reported profit on ordinary activities before taxation	248,857	190,509
Difference between an historical cost depreciation charge and the actual depreciation charge for the year	(2,502)	(2,502)
Historical cost profit on ordinary activities before taxation	246,355	188,007
Historical cost profit for the year retained after taxation	185,723	110,266

ABBREVIATED BALANCE SHEET
31 December 2002

	Note	£	2002 £	£	2001 (as restated see note 6) £
FIXED ASSETS					
Tangible assets	7		1,027,918		1,020,978
CURRENT ASSETS					
Stocks	8	588,976		662,266	
Debtors	9	1,413,171		983,839	
Cash at bank and in hand		142,817		457,813	
		2,144,964		2,103,918	
CREDITORS: amounts falling due within one year	10	(2,113,242)		(2,210,984)	
NET CURRENT ASSETS/(LIABILITIES)			31,722		(107,066)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,059,640		913,912
CREDITORS: amounts falling due after more than one year	11		(269,719)		(320,544)
PROVISIONS FOR LIABILITIES AND CHARGES	14		(68,658)		(60,330)
			721,263		533,038
CAPITAL AND RESERVES					
Called up share capital	15		410,758		410,758
Profit and loss account			310,505		122,280
EQUITY SHAREHOLDERS' FUNDS	19		721,263		533,038

The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium companies.

These financial statements were approved by the Board of Directors on 24th October 2003.

Signed on behalf of the Board of Directors

S D Hassellof
Director

CASH FLOW STATEMENT
Year ended 31 December 2002

	Notes	2002 £	2001 £
Net cash inflow from operating activities	2	360,282	540,063
Returns on investments and servicing of finance	3	(93,876)	(129,661)
Taxation		(72,811)	(39,715)
Capital expenditure	3	(168,003)	(62,181)
		25,592	308,506
Financing	3	(340,588)	(121,314)
(Decrease)/increase in cash in period		(314,996)	187,192

NOTES TO THE CASH FLOW STATEMENT
Year ended 31 December 2002

1. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	£	2002 £	£	2001 £
(Decrease)/increase in cash in the period	(314,996)		187,192	
Cash outflow/(inflow) from decrease /(increase) in debt and lease financing	343,588		41,975	
Change in net funds resulting from cash flows		28,592		229,167
Non cash movements		(41,733)		-
Movement in net funds in the period		(13,141)		229,167
Net funds at 1 January		(1,049,415)		(1,278,582)
Net (debt)/funds at 31 December		(1,062,556)		(1,049,415)

2. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	342,733	320,170
Depreciation charges	198,775	212,417
Loss on sale of fixed assets	4,022	99
Decrease/(increase) in stocks	73,290	(46,088)
(Increase)/decrease in debtors	(429,332)	50,574
Increase in creditors	170,794	2,891
Net cash inflow from operating activities	360,282	540,063

NOTES TO THE CASH FLOW STATEMENT
Year ended 31 December 2002

3. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENTS

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest paid	(91,252)	(120,615)
Interest element of finance lease rentals payments	(2,624)	(9,046)
Net cash outflow for returns on investments and servicing of finance	(93,876)	(129,661)
Capital expenditure		
Purchase of tangible fixed assets	(175,304)	(96,581)
Sale of tangible fixed assets	7,301	34,400
Net cash outflow for capital expenditure and financial investment	(168,003)	(62,181)
Financing		
Loan repayments in year	(42,267)	(36,921)
Capital element of finance lease rental payments	(48,321)	(84,393)
Parent company loan repaid	(250,000)	-
Net cash outflow from financing	(340,588)	(121,314)

4. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2002 £	Cash flow £	Non cash movements £	At 31 December 2002 £
Cash at bank and in hand	457,813	(314,996)	-	142,817
Debt:				
Finance leases	(106,949)	48,321	(41,733)	(100,361)
Debt due within 1 year	(1,187,000)	247,000	-	(940,000)
Debt due after 1 year	(213,279)	48,267	-	(165,012)
Net cash inflow from operating activities	(1,507,228)	343,588	(41,733)	(1,205,373)
Total	(1,049,415)	28,592	(41,733)	(1,062,556)

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain assets.

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 it's estimated useful life or, if held under a finance lease, over the lease term whichever is the shorter.

Land and buildings	- 5% on cost of buildings
Plant and machinery	- 20% on cost
Fixtures and fittings	- 33% on cost
Motor vehicles	- 20% on cost

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

The company has adopted FRS 19 "Deferred Tax" in the year. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

The adoption of FRS 19 "Deferred Tax", represents a change in accounting policy. The effect of this change on the prior year financial statements is explained in note 6 to the accounts.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension

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

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002 £	2001 £
Directors' emoluments	19,440	63,997

No pension contributions were made in respect of the one director who was a member of the pension scheme.

	£	£
Staff costs		
Wages and salaries	899,988	886,888
Social security costs	82,054	81,689
Other pension costs	16,754	15,957
	998,796	984,534

	No.	No.
Average number of persons employed during year		
Manufacturing	16	16
Sales and distribution	12	12
Office and management	10	10
Technical	9	9
	47	47

3. OPERATING PROFIT

	2002 £	2001 £
Operating profit is after charging:		
Operating lease rentals		
- land and buildings	10,000	10,000
- plant and machinery	22,858	14,896
Depreciation - owned assets	163,527	178,769
Depreciation - assets on finance leases	35,248	33,648
Loss on disposal of fixed assets	4,022	99
Auditors' remuneration	7,423	6,042
Foreign exchange differences	6,261	13,933

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Bank overdraft interest	8,897	3,809
Debenture loan interest	20,026	25,371
Parent company loan interest	62,329	91,435
Finance lease interest	2,624	9,046
	93,876	129,661

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

5. TAXATION

Analysis of the tax charge

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

	2002 £	2001 (as restated see note 6) £
Current tax:		
UK corporation tax	72,060	72,741
Overprovision earlier years	(19,756)	-
Total current tax	52,304	72,741
Deferred tax:		
Deferred taxation	8,328	5,000
Tax on profit on ordinary activities	60,632	77,741

UK corporation tax has been charged at 30% (2001 – 30%).

Factors affecting tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2002 %	2001 %
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001 – 30%)	30	30
Effects of:		
Disallowed expenses	3	6
Other permanent differences	3	4
Movement in reversible timing differences	(3)	(2)
Overprovision earlier years	(8)	-
Research and Development enhanced deduction	(4)	-
Current tax charge	21	38

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

6. RESTATEMENT OF COMPARATIVES

The adoption of FRS 19 "Deferred Tax" has required a change to the accounting treatment of deferred tax and the prior year results have been restated as follows:

	Deferred tax provision £	Profit and loss account £	Shareholders funds £
2001 as previously reported	-	182,610	593,368
Adoption of FRS 19 at 1 January 2001	(55,330)	(55,330)	(55,330)
During year ended 31 December 2001	(5,000)	(5,000)	(5,000)
Adoption of FRS 19 at 31 December 2001	(60,330)	(60,330)	(60,330)
2001 restated	(60,330)	122,280	533,038

Had FRS 19 not been adopted the tax charge for the year to 31 December 2002 would have been £52,304 (2001 – £72,741) and the retained profit for the year £196,553 (2001 - £117,768).

7. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2002	650,218	1,625,127	114,631	302,860	2,692,836
Additions	-	118,194	29,835	69,008	217,037
Disposals	-	-	-	(50,585)	(50,585)
At 31 December 2002	650,218	1,743,321	144,466	321,283	2,859,288
Depreciation					
At 1 January 2002	50,970	1,385,715	65,027	170,145	1,671,857
Charge for the year	27,804	107,408	22,894	40,669	198,775
Eliminated on disposals	-	-	-	(39,262)	(39,262)
At 31 December 2002	78,774	1,493,123	87,921	171,552	1,831,370
Net book value					
At 31 December 2002	571,444	250,198	56,545	149,731	1,027,918
At 31 December 2001	599,248	239,412	49,604	132,714	1,020,978

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

7. TANGIBLE FIXED ASSETS (continued)

Cost or valuation at 31 December 2002 is represented by:

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Valuation in 1999	(134,319)	-	-	-	(134,319)
Cost	784,537	1,743,321	144,466	321,283	2,993,607
	650,218	1,743,321	144,466	321,283	2,859,288

The valuation was performed by on an open market basis by Knight Frank, Chartered Surveyors in November 1999 in connection with the acquisition of the company by BIM Kemi AG.

If land and buildings had not been revalued they would have included at the following historical costs:

	2002 £	2001 £
Cost	784,537	784,537
Aggregate depreciation	86,281	58,477

The net book value of motor vehicles held under finance leases is £119,827 (2001 - £125,024). The amount of depreciation allocated for the year in respect of motor vehicles held under finances leases is £35,248 (2001 - £33,648).

8. STOCKS

	2002 £	2001 £
Raw materials	321,822	375,470
Packaging	10,300	7,918
Finished goods	256,854	278,878
	588,976	662,266

9. DEBTORS

	2002 £	2001 £
Trade debtors	1,371,546	942,510
Loans to employees	3,237	3,640
Prepayments	38,388	37,689
	1,413,171	983,839

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank loans (see note 12)	45,000	42,000
Finance leases (see note 13)	40,654	41,684
Trade creditors	706,311	713,469
Other creditors	102,824	-
Parent company loan	895,000	1,145,000
VAT	95,584	95,396
Social security and other taxes	27,562	21,233
Taxation	52,234	72,741
Accrued expenses	148,073	79,461
	2,113,242	2,210,984

Trade creditors and accruals include amounts owing to group companies of £27,460 and £8,588 respectively (2001 - £48,045 and £9,861). Other creditors are secured on the sales ledger.

The parent company loan is subject to interest of 2% above LIBOR.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Bank loans (see note 13)	210,012	255,279
Finance leases (see note 14)	59,707	65,265
	269,719	320,544

12. LOANS AND OVERDRAFTS

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

	2002 £	2001 £
Amounts falling due within one year or on demand:		
Bank loans	45,000	42,000
Amounts falling due between one and two years		
Bank loans	45,000	42,000
Amounts falling due between two and five years		
Bank loans	135,000	126,000
Amounts falling due in more than five years		
Repayable by instalments		
Bank loans	30,012	87,279

The bank loan, which is secured on the company's freehold land and buildings, is repayable over a period of approximately fifteen years by equal monthly instalments inclusive of interest at 2.25% above the Finance House Base Rate, subject to a minimum 7.25% per annum.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

13. OBLIGATIONS UNDER LEASING AGREEMENTS

	Finance leases	
	2002	2001
	£	£
Gross obligations repayable:		
Within one year	42,084	45,160
Between one and five years	60,990	67,255
	103,074	112,415
Finance charges repayable:		
Within one year	1,430	3,476
Between one and five years	1,283	1,990
	2,713	5,466
Net obligations repayable:		
Within one year	40,654	41,684
Between one and five years	59,707	65,265
	100,361	106,949

Finance leases are secured on the assets to which they relate.

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

	Operating leases			
	Land and buildings		Other	
	2002	2001	2002	2001
	£	£	£	£
Expiring:				
Within one year	10,000	-	-	-
Between two and five years	-	10,000	6,068	6,068
	10,000	10,000	6,068	6,068

14. PROVISIONS FOR LIABILITIES AND CHARGES

	£
At 1 January 2001 – restated	60,330
Charge for the year	8,328
At 31 December 2002	68,658

	2002	2001
	£	£
Accelerated capital allowances	62,818	54,908
Other timing differences	5,840	5,422
	68,658	60,330

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

15. CALLED UP SHARE CAPITAL

Authorised

Number	Class	Nominal value £	2002 £	2001 £
500,000	Ordinary	1	500,000	500,000

Called up, allotted and fully paid

Number	Class	Nominal value £	2002 £	2001 £
410,758	Ordinary	1	410,758	410,758

16. ULTIMATE PARENT COMPANY

The company's ultimate parent company is BIM Kemi AB, incorporated in Sweden.

Copies of the group accounts are available from Prince Street, Bolton, BL1 2NP.

17. TRANSACTIONS WITH DIRECTORS

The company paid rent of £11,868 (2001 - £11,868) for storage accommodation to a pension fund of which S G Wood is the beneficiary.

18. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions contained in FRS 8 "Related Party Transactions" not to present details of transactions with group companies.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 (as restated see note 6) £
Profit for the financial year	188,225	112,768
Net addition to shareholders' funds	188,225	112,768
Opening shareholder's funds	533,038	420,270
Closing shareholders' funds	721,263	533,038
Equity interests	721,263	533,038