

COMPANY REGISTRATION NUMBER 1686721

HOLCHEM LABORATORIES LIMITED

**ABBREVIATED FINANCIAL STATEMENTS
FOR
31 DECEMBER 2000**



THOMPSON GORTON JONES

Chartered Accountants & Registered Auditors
Bridge House
Heap Bridge
Bury
Lancashire BL9 7HT

HOLCHEM LABORATORIES LIMITED
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

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HOLCHEM LABORATORIES LIMITED

ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

The board of directors

Mr S J Bell
Mrs E A Bell
Mr S C Bagshaw (appointed 28 September 2000)
Mr N Q Edwards (appointed 10 January 2001)
Mr S Cassidy

Company secretary

Mrs E A Bell

Registered office

Bridge House
Heap Bridge
Bury
Lancs
BL9 7HT

Auditors

Thompson Gorton Jones
Chartered Accountants
& Registered Auditors
Bridge House
Heap Bridge
Bury
Lancashire BL9 7HT

Bankers

The Royal Bank of Scotland PLC
40 The Rock
Bury
Lancashire
BL9 0NX

Solicitors

Breedon Taylor
Hilton House
Irwell Street
Bury
BL9 0HZ

HOLCHEM LABORATORIES LIMITED

AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 17, together with the financial statements of the company for the year ended 31 December 2000 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE 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 accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

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. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 17

Thompson Gorton Jones

Bridge House
Heap Bridge
Bury
Lancashire BL9 7HT

THOMPSON GORTON JONES
Chartered Accountants
& Registered Auditors

22 May 2001

HOLCHEM LABORATORIES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the manufacture and marketing of specialist detergents and sanitizers to the food industry.

The directors are satisfied with the performance of the company during the year, and are confident that current trends will continue.

The company's balance sheet shows a satisfactory position, with shareholders' funds amounting to £1,617,711 (1999 - £1,517,259).

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2000 £	1999 £
Proposed dividends on ordinary shares	750,000	900,000

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	At 31 December 2000	Ordinary Shares of £1 each At 1 January 2000 or later date of appointment
Mr S J Bell	76,500	76,500
Mrs E A Bell	70,500	70,500
Mr S C Bagshaw	-	-
Mr N Q Edwards	-	-

Mr N Q Edwards was appointed as a director on 28 September 2000.

Mr S Cassidy was appointed as a director on 10 January 2001.

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 at the end of the year and of the profit or loss for the year then ended.

HOLCHEM LABORATORIES LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 31 DECEMBER 2000****DIRECTORS' RESPONSIBILITIES** *(continued)*

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 10 to 11, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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

A resolution to re-appoint Thompson Gorton Jones as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Bridge House
Heap Bridge
Bury
Lancs
BL9 7HT

Signed by order of the directors



MRS E A BELL
Company Secretary

Approved by the directors on 3 May 2001

HOLCHEM LABORATORIES LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2000

	Note	2000 £	1999 £
Gross profit		3,686,652	3,615,387
Administrative expenses		(2,533,259)	(2,260,191)
Operating profit	2	1,153,393	1,355,196
Interest receivable		86,682	39,552
Interest payable	5	(19,541)	(17,579)
Profit on ordinary activities before taxation		1,220,534	1,377,169
Tax on profit on ordinary activities	6	(370,082)	(438,749)
Profit on ordinary activities after taxation		850,452	938,420
Dividends	7	(750,000)	(900,000)
Retained profit for the financial year		100,452	38,420
Balance brought forward		1,217,259	1,178,839
Balance carried forward		1,317,711	1,217,259

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

HOLCHEM LABORATORIES LIMITED**YEAR ENDED 31 DECEMBER 2000****RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2000	1999
	£	£
Profit for the financial year	850,452	938,420
Dividends	<u>(750,000)</u>	<u>(900,000)</u>
	100,452	38,420
Opening shareholders' equity funds	<u>1,517,259</u>	<u>1,478,839</u>
Closing shareholders' equity funds	<u><u>1,617,711</u></u>	<u><u>1,517,259</u></u>

HOLCHEM LABORATORIES LIMITED**ABBREVIATED BALANCE SHEET****31 DECEMBER 2000**

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	8	1,169,444	1,088,956
Investments	9	143,240	-
		<u>1,312,684</u>	<u>1,088,956</u>
Current assets			
Stocks	10	335,385	318,207
Debtors	11	1,695,990	1,459,700
Cash at bank		499,908	1,056,127
		<u>2,531,283</u>	<u>2,834,034</u>
Creditors: Amounts falling due within one year	12	<u>(2,059,085)</u>	<u>(2,305,959)</u>
Net current assets		472,198	528,075
Total assets less current liabilities		<u>1,784,882</u>	<u>1,617,031</u>
Creditors: Amounts falling due after more than one year	13	<u>(167,171)</u>	<u>(99,772)</u>
		<u>1,617,711</u>	<u>1,517,259</u>
Capital and reserves			
Called-up equity share capital	16	300,000	300,000
Profit and loss account		1,317,711	1,217,259
Shareholders' funds		<u>1,617,711</u>	<u>1,517,259</u>

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

These financial statements were approved by the directors on the 3 May 2001 and are signed on their behalf by:

MR S J BELL



MRS E A BELL



HOLCHEM LABORATORIES LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 DECEMBER 2000**

	2000	1999
	£	£
Net cash inflow from operating activities	1,059,306	914,321
Returns on investments and		
Servicing of finance		
Interest received	86,682	39,552
Interest element of hire purchase agreements	(19,541)	(17,579)
Net cash inflow from returns on investments and servicing of finance	67,141	21,973
Taxation	(431,082)	(275,749)
Capital expenditure		
Payments to acquire tangible fixed assets	(303,930)	(145,340)
Receipts from sale of fixed assets	14,500	28,726
Net cash outflow from capital expenditure	(289,430)	(116,614)
Acquisitions and disposals		
Acquisition of shares in group undertakings	(143,240)	-
Net cash outflow from acquisitions and disposals	(143,240)	-
Equity dividends paid	(900,000)	(108,000)
Cash (outflow)/inflow before financing	(637,305)	435,931
Financing		
Capital element of hire purchase agreements	81,086	13,661
Net cash inflow from financing	81,086	13,661
(Decrease)/increase in cash	(556,219)	449,592

HOLCHEM LABORATORIES LIMITED**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31 DECEMBER 2000****Reconciliation of operating profit to
Net cash inflow from operating activities**

	2000 £	1999 £
Operating profit	1,153,393	1,355,196
Depreciation	204,002	187,188
Loss on disposal of fixed assets	4,940	5,269
Increase in stocks	(17,178)	(7,085)
Increase in debtors	(236,290)	(260,920)
Decrease in creditors	(49,561)	(365,327)
Net cash inflow from operating activities	<u>1,059,306</u>	<u>914,321</u>

Reconciliation of net cash flow to movement in net funds

	2000 £	1999 £
(Decrease)/Increase in cash in the period	(556,219)	449,592
Net cash inflow in respect of hire purchase agreements	(81,086)	(13,661)
Net cash inflow from other long-term creditors	<u>(20,310)</u>	<u>-</u>
	(657,615)	435,931
Change in net funds	(657,615)	435,931
Net funds at 1 January 2000	866,333	430,402
Net funds at 31 December 2000	<u>208,718</u>	<u>866,333</u>

Analysis of changes in net funds

	At 1 Jan 2000 £	Cash flows £	At 31 Dec 2000 £
Net cash:			
Cash in hand and at bank	1,056,127	(556,219)	499,908
Debt:			
Debt due after 1 year	-	(20,310)	(20,310)
Hire purchase agreements	(189,794)	(81,086)	(270,880)
	<u>(189,794)</u>	<u>(101,396)</u>	<u>(291,190)</u>
Net funds	<u>866,333</u>	<u>(657,615)</u>	<u>208,718</u>

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

1. Accounting policies

Basis of accounting

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

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	
2% on the cost of the buildings	
Plant & Machinery	
25% on the reducing balance	
Fixtures & Fittings	
25% on cost	
Motor Vehicles	
25% on the reducing balance	

Stocks

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

1. Accounting policies *(continued)*

Pension costs

The company operates defined contribution schemes on behalf of the directors and employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. There were no outstanding contributions at the balance sheet date.

Deferred taxation

No provision has been made for deferred taxation which could arise due to timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes since, in the opinion of the directors, there is no reasonable probability of such a liability arising in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates 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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

Government grants

These have been deducted from the cost of the assets to which they relate, and Depreciation has been charged on the net cost. This is a departure from the Requirements of SSAP 4, however the directors consider that the difference between the Treatment adopted and that recommended by SSAP 4 will have no material effect on the Company's results, or balance sheet position, over the economic lives of the assets concerned.

2. Operating profit

Operating profit is stated after charging:

	2000	1999
	£	£
Depreciation	204,002	187,188
Loss on disposal of fixed assets	4,940	5,269
Auditors' remuneration		
- as auditors	12,500	18,000
Operating lease costs:		
Plant and equipment	1,300	-

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

3. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2000	1999
	No.	No.
Number of production staff	28	28
Number of distribution staff	4	4
Number of administrative staff	17	17
Number of sales staff	18	17
	<u>67</u>	<u>66</u>

The aggregate payroll costs of the above were:

	2000	1999
	£	£
Wages and salaries	1,757,604	1,745,612
Social security costs	212,715	192,115
Staff pension contributions	25,804	18,985
Other pension costs	107,105	4,619
	<u>2,103,228</u>	<u>1,961,331</u>

4. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Emoluments receivable	240,924	470,210
Value of company pension contributions to money purchase schemes	107,105	4,619
	<u>348,029</u>	<u>474,829</u>

Emoluments of highest paid director:

	2000	1999
	£	£
Total emoluments (excluding pension contributions):	81,447	203,815
Value of company pension contributions to money purchase schemes	52,496	1,500
	<u>133,943</u>	<u>205,315</u>

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

4. Directors' emoluments *(continued)*

The number of directors who are accruing benefits under company pension schemes were as follows:

	2000	1999
	No.	No.
Money purchase schemes	<u>4</u>	<u>3</u>

5. Interest payable

	2000	1999
	£	£
Finance charges	<u>19,541</u>	<u>17,579</u>

6. Tax on profit on ordinary activities

	2000	1999
	£	£
In respect of the year:		
Corporation tax based on the results for the year at 30% (1999 - 30%)	378,000	439,000
Adjustment in respect of previous years:		
Corporation tax	<u>(7,918)</u>	<u>(251)</u>
	<u>370,082</u>	<u>438,749</u>

7. Dividends

The following dividends have been proposed in respect of the year:

	2000	1999
	£	£
Proposed dividends on equity shares	<u>750,000</u>	<u>900,000</u>

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

8. Tangible fixed assets

	Freehold & Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
At 1 January 2000	722,368	267,396	234,905	603,887	1,828,556
Additions	16,842	17,117	22,949	247,022	303,930
Disposals	-	-	-	(66,970)	(66,970)
At 31 December 2000	<u>739,210</u>	<u>284,513</u>	<u>257,854</u>	<u>783,939</u>	<u>2,065,516</u>
Depreciation					
At 1 January 2000	44,877	186,734	198,110	309,879	739,600
Charge for the year	11,616	24,445	37,543	130,398	204,002
On disposals	-	-	-	(47,530)	(47,530)
At 31 December 2000	<u>56,493</u>	<u>211,179</u>	<u>235,653</u>	<u>392,747</u>	<u>896,072</u>
Net book value					
At 31 December 2000	<u>682,717</u>	<u>73,334</u>	<u>22,201</u>	<u>391,192</u>	<u>1,169,444</u>
At 31 December 1999	<u>677,491</u>	<u>80,662</u>	<u>36,795</u>	<u>294,008</u>	<u>1,088,956</u>
The net book value of land and buildings includes:				2000	1999
Freehold land				58,418	58,418
Leasehold land				100,000	100,000
Leasehold buildings				524,299	519,073
				<u>682,717</u>	<u>677,491</u>

Hire purchase agreements

Included within the net book value of £1,169,444 is £338,781 (1999 - £254,903) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £112,927 (1999 - £84,967).

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

9. Investments

	Shares in Group Undertakings £
Cost	
Additions	143,240
At 31 December 2000	<u>143,240</u>
Net book value	
At 31 December 2000	<u>143,240</u>

The company acquired 100% of the issued share capital of Food Hygiene Systems Limited on 30 December 2000. The aggregate share capital and profit for the year are shown below.

	£
Aggregate capital and reserves	
At 31 December 2000	<u>107,045</u>
Profit for the year	
Year to 31 December 2000	<u>31,930</u>

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

10. Stocks

	2000 £	1999 £
Raw Materials	90,016	86,998
Finished goods	124,180	109,619
Packaging & equipment	121,189	121,590
	<u>335,385</u>	<u>318,207</u>

11. Debtors

	2000 £	1999 £
Trade debtors	1,667,124	1,432,196
Amounts owed by group undertakings	810	-
Other debtors	8,200	7,725
Prepayments and accrued income	19,856	19,779
	<u>1,695,990</u>	<u>1,459,700</u>

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

12. Creditors: Amounts falling due within one year

	2000	1999
	£	£
Trade creditors	362,638	224,292
Other creditors including taxation and social security:		
Corporation tax	378,000	439,000
PAYE and social security	68,724	82,316
VAT	174,589	179,368
Hire purchase agreements	124,019	90,022
Dividends payable	750,000	900,000
Other creditors	87,625	-
Directors current accounts	1,758	251,758
	<u>1,584,715</u>	<u>1,942,464</u>
Accruals and deferred income	111,732	139,203
	<u>2,059,085</u>	<u>2,305,959</u>

13. Creditors: Amounts falling due after more than one year

	2000	1999
	£	£
Other creditors:		
Hire purchase agreements	146,861	99,772
Other creditors	20,310	-
	<u>167,171</u>	<u>99,772</u>

14. Deferred taxation

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows:

	2000	1999
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>25,000</u>	<u>45,000</u>

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

15. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2000	1999
	£	£
Amounts payable within 1 year	144,934	105,024
Amounts payable between 2 to 5 years	170,113	116,685
	<u>315,047</u>	<u>221,709</u>
Less interest and finance charges relating to future periods	(44,167)	(31,915)
	<u>270,880</u>	<u>189,794</u>

16. Share capital**Authorised share capital:**

	2000	1999
	£	£
500,000 Ordinary shares of £1 each	500,000	500,000

Allotted, called up and fully paid:

	2000	1999
	£	£
Ordinary share capital	300,000	300,000