HOLCHEM LABORATORIES LIMITED

ABBREVIATED FINANCIAL STATEMENTS
FOR
31 DECEMBER 2001

Company Registration Number 1686721

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

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09/10/02

HOLCHEM LABORATORIES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

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HOLCHEM LABORATORIES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	S J Bell Mrs E A Bell S C Bagshaw N Q Edwards S Cassidy Mrs S J Hardman S L Bell
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

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2001

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2001.

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 £1,649,396 (2000- £1,617,711).

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:

	2001	2000
	£	£
Proposed dividends on ordinary shares	**800,000**	750,000

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:

		Ordinary Shares of £1 each	
		At 31 December 2001	At 1 January 2001 or later date of appointment
S J Bell		**76,500**	**76,500**
Mrs E A Bell		**70,500**	**70,500**
S C Bagshaw		-	-
N Q Edwards		-	-
S Cassidy	**(Appointed 10 January 2001)**	-	-

Mrs S J Hardman and Mr S L Bell were appointed directors on 4 April 2002.

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.

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.

HOLCHEM LABORATORIES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2001

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.

Signed on behalf of the directors

E. A. Bell.

Mrs E A Bell
Director

Approved by the directors on 10 May 2002

HOLCHEM LABORATORIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2001

We have examined the abbreviated accounts on pages 5 to 16, together with the financial statements of the company for the year ended 31 July 2001 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 audit 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 16 are properly prepared in accordance with those provisions.

Thompson Gorton Jones

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

HOLCHEM LABORATORIES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2001

	Note	2001 £	2000 £
Gross profit		**4,694,495**	3,686,652
Administrative expenses		**3,443,644**	2,533,259
Operating profit	**2**	**1,250,851**	1,153,393
Interest receivable		**55,572**	86,682
Amounts written off investments		**(51,098)**	-
Interest payable	**5**	**(35,129)**	(19,541)
Profit on ordinary activities before taxation		**1,220,196**	1,220,534
Tax on profit on ordinary activities	**6**	**(388,511)**	(370,082)
Profit on ordinary activities after taxation		**831,685**	850,452
Dividends	**7**	**800,000**	750,000
Retained profit for the financial year		**31,685**	100,452
Balance brought forward		**1,317,711**	1,217,259
Balance carried forward		**1,349,396**	1,317,711

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 2001

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Profit for the financial year	**831,685**	850,452
Dividends	**(800,000)**	(750,000)
	31,685	100,452
Opening shareholders' equity funds	**1,617,711**	1,517,259
Closing shareholders' equity funds	**1,649,396**	1,617,711

The notes on pages 11 to 18 form part of these financial statements.

HOLCHEM LABORATORIES LIMITED

ABBREVIATED BALANCE SHEET

31 DECEMBER 2001

	Note	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	8		**1,333,887**		1,169,444
Investments	9		**4,000**		143,240
			1,337,887		1,312,684
Current assets					
Work in progress	10	**455,773**		335,385	
Debtors	11	**1,838,890**		1,695,990	
Cash at bank		**858,524**		499,908	
		3,153,187		2,531,283	
Creditors: Amounts falling due within one year	12	**(2,605,666)**		(2,059,085)	
Net current assets			**547,521**		472,198
Total assets less current liabilities			**1,885,408**		1,784,882
Creditors: Amounts falling due after more than one year	13		**(236,012)**		(167,171)
			1,649,396		1,617,711
Capital and reserves					
Called-up equity share capital	14		**300,000**		300,000
Profit and Loss Account			**1,349,396**		1,317,711
Shareholders' funds			**1,649,396**		1,617,711

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies and were approved by the directors on the 10 May 2002 and are signed on their behalf by:

S J BELL

MRS E A BELL E. a. Bell.

The notes on pages 11 to 18 form part of these financial statements.

HOLCHEM LABORATORIES LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2001

	2001		2000	
	£	£	£	£
Net cash inflow from operating activities		**1,652,784**		1,038,996
Returns on investments and servicing of finance				
Interest received	**55,572**		86,682	
Interest paid	**(1,015)**		-	
Interest element of hire purchase	**(34,114)**		(19,541)	
Net cash inflow from returns on investments and servicing of finance		**20,443**		67,141
Taxation		**(377,511)**		(431,082)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	**(452,410)**		(303,930)	
Receipts from sale of fixed assets	**32,250**		14,500	
Net cash outflow for capital expenditure and financial investment		**(420,160)**		(289,430)
Acquisitions and disposals				
Acquisition of shares in group undertakings	**-**		(143,240)	
Net cash outflow from acquisitions and disposals		**-**		(143,240)
Equity dividends paid		**(750,000)**		(900,000)
Cash inflow/(outflow) before financing		**125,556**		(657,615)
Financing				
Capital element of hire purchase	**165,228**		81,086	
Net (outflow)/inflow from other long-term creditors	**(20,310)**		20,310	
Net cash inflow from financing		**144,918**		101,396
Increase/(decrease) in cash		**270,474**		(556,219)

Reconciliation of operating profit to net cash inflow from operating activities

	2001	2000
	£	£
Operating profit	**1,250,851**	1,153,393
Depreciation	**234,717**	204,002
Loss on disposal of fixed assets	**21,000**	4,940
Increase in stocks	**(120,388)**	(17,178)
Increase in debtors	**(142,900)**	(236,290)
Increase/(Decrease) in creditors	**409,504**	(69,871)
Net cash inflow from operating activities	**1,652,784**	1,038,996

The notes on pages 11 to 18 form part of these financial statements.

HOLCHEM LABORATORIES LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2001

Reconciliation of net cash flow to movement in net funds

	2001		2000	
	£	£	£	£
Increase/(Decrease) in cash in the period	**270,474**		(556,219)	
Cash outflow in respect of hire purchase	**(165,228)**		(81,086)	
Net cash outflow/(inflow) from other long-term creditors	**20,310**		(20,310)	
		125,556		(657,615)
Change in net funds		**125,556**		(657,615)
Net funds at 1 January 2001		**208,718**		866,333
Net funds at 31 December 2001		**422,416**		208,718

Analysis of changes in net funds

	At 1 Jan 2001 £	Cash flows £	At 31 Dec 2001 £
Net cash:			
Cash in hand and at bank	**499,908**	**358,616**	**858,524**
Debt:			
Debt due after 1 year	**(20,310)**	**20,310**	**-**
Hire purchase agreements	**(270,880)**	**(165,228)**	**(436,108)**
	(291,190)	**(144,918)**	**(436,108)**
Net funds	**208,718**	**213,698**	**422,416**

HOLCHEM LABORATORIES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

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 undertaking 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.

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
Freehold and long leasehold land are not depreciated.

Stocks

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

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

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.

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

Provision is made for deferred taxation to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

HOLCHEM LABORATORIES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

1. Accounting policies *(continued)*

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:

	2001	2000
	£	£
Depreciation	**234,717**	204,002
Loss on disposal of fixed assets	**21,000**	4,940
Auditors' remuneration		
- as auditors	**7,625**	12,500
Operating lease costs:		
Plant and equipment	**5,576**	1,300

3. Particulars of employees

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

	2001	2000
	No.	No.
Number of production staff	**46**	28
Number of distribution staff	**5**	4
Number of administrative staff	**22**	17
Number of sales staff	**27**	18
	100	67

HOLCHEM LABORATORIES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

3. Particulars of employees *(continued)*

The aggregate payroll costs of the above were:

	2001	2000
	£	£
Wages and salaries	**2,539,857**	1,757,605
Social security costs	**343,067**	212,715
Staff pension contributions	**58,925**	25,804
Other pension costs	**8,906**	107,105
	2,950,299	2,103,229

4. Directors' emoluments

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

	2001	2000
	£	£
Emoluments receivable	**544,585**	240,924
Value of company pension contributions to money purchase schemes	**8,906**	107,105
	553,491	348,029

Emoluments of highest paid director:

	2001	2000
	£	£
Total emoluments (excluding pension contributions):	**155,309**	81,447
Value of company pension contributions to money purchase schemes	**-**	52,496
	155,309	133,943

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

	2001	2000
	No.	No.
Money purchase schemes	**5**	4

5. Interest payable

	2001	2000
	£	£
Finance charges	**34,114**	19,541
Other similar charges payable	**1,015**	-
	35,129	19,541

HOLCHEM LABORATORIES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

6. Tax on profit on ordinary activities

	2001 £	2000 £
In respect of the year:		
Corporation Tax based on the results for the year at 30% (2000 - 30%)	**389,000**	378,000
Adjustment in respect of previous years:		
Corporation Tax	**(489)**	(7,918)
	388,511	370,082

7. Dividends

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

	2001 £	2000 £
Proposed dividend on ordinary shares	**800,000**	750,000

8. Tangible fixed assets

	Freehold & Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
At 1 January 2001	**739,210**	**284,513**	**257,854**	**783,939**	**2,065,516**
Additions	**-**	**21,959**	**57,637**	**372,814**	**452,410**
Disposals	**-**	**-**	**-**	**(145,600)**	**(145,600)**
At 31 December 2001	**739,210**	**306,472**	**315,491**	**1,011,153**	**2,372,326**
Depreciation					
At 1 January 2001	**56,493**	**211,179**	**235,653**	**392,747**	**896,072**
Charge for the year	**11,617**	**23,534**	**23,954**	**175,612**	**234,717**
On disposals	**-**	**-**	**-**	**(92,350)**	**(92,350)**
At 31 December 2001	**68,110**	**234,713**	**259,607**	**476,009**	**1,038,439**
Net book value					
At 31 December 2001	**671,100**	**71,759**	**55,884**	**535,144**	**1,333,887**
At 31 December 2000	682,717	73,334	22,201	391,192	1,169,444

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
	682,717	677,491

Hire purchase agreements

Included within the net book value of £1,333,887 is £494,346 (2000 - £338,781) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £164,787 (2000 - £112,927).

HOLCHEM LABORATORIES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

9. Investments

Shares in Group Undertaking

Cost

	2001	2000
	£	£
At 1 January 2001	**143,240**	-
Acquisitions during the year	**-**	143,240
Less : dividend received out of pre acquisition profits	**(88,142)**	-
	55,098	143,240
Less: provision against the carrying value of the investment	**(51,098)**	-
At 31 December 2001	**4,000**	143,240

The company acquired 100% of the issued share capital of Food Hygiene Systems Limited on 19 December 2000. Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts. Therefore the accounts show information about the company as an individual entity.

10. Stocks

	2001	2000
	£	£
Raw Materials	**92,626**	90,016
Work in progrss	**23,374**	-
Finished goods	**339,773**	245,369
	455,773	335,385

11. Debtors

	2001	2000
	£	£
Trade debtors	**1,815,471**	1,667,124
Amounts owed by group undertakings	**-**	810
Other debtors	**-**	8,200
Prepayments and accrued income	**23,419**	19,856
	1,838,890	1,695,990

HOLCHEM LABORATORIES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

12. Creditors: Amounts falling due within one year

	2001		2000	
	£	£	£	£
Trade creditors		**391,178**		362,638
Hire purchase agreements		**200,096**		124,019
Dividends payable		**800,000**		750,000
Directors' loan accounts		**2,363**		1,758
Other creditors including taxation				
Corporation Tax	**389,000**		378,000	
PAYE and social security	**76,715**		68,724	
VAT	**196,057**		174,589	
Amounts due on acquisition of subsidiary	**87,630**		87,625	
Amounts owed to group undertakings	**8,000**		-	
		757,402		708,938
Accruals and deferred income		**454,627**		111,732
		2,605,666		2,059,085

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

	2001	2000
	£	£
Hire purchase agreements	**236,012**	146,861
Other creditors	**-**	20,310
	236,012	167,161

14. Deferred taxation

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

	2001	2000
	£	£
Excess of taxation allowances over depreciation on fixed assets	**7,000**	25,000

15. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2001	2000
	£	£
Amounts payable within 1 year	**222,302**	144,934
Amounts payable between 2 to 5 years	**271,119**	170,113
	493,421	315,047
Less interest and finance charges relating to future periods	**(57,313)**	(44,167)
	436,108	270,880

16. Related party transactions

The company was under the control of Mr and Mrs Bell throughout the current and previous year.

HOLCHEM LABORATORIES LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

17. Share capital

Authorised share capital:

	2001 £	2000 £
500,000 Ordinary shares of £1.00 each	**500,000**	500,000

Allotted, called up and fully paid:

	2001 £	2000 £
Ordinary share capital	**300,000**	300,000

HOLCHEM LABORATORIES LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31 DECEMBER 2001

The following pages do not form part of the statutory financial statements which are the subject of the auditors' report on page 4.

HOLCHEM LABORATORIES LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2001

	2001		2000	
	£	£	£	£
Turnover		**9,154,349**		6,980,285
Cost of sales				
Opening stock	**335,385**		318,207	
Purchases: Raw materials	**3,291,019**		2,321,811	
Consumables	**36,688**		21,322	
Manufacturing wages	**631,991**		394,247	
Packaging	**608,365**		446,813	
Wagon costs	**114,600**		126,618	
	5,018,048		3,629,018	
Closing stock	**(432,399)**		(335,385)	
Closing work-in-progress	**(23,374)**		-	
		(4,562,275)		(3,293,633)
Gross profit		**4,592,074**		3,686,652
Overheads				
Administrative expenses		**(3,294,658)**		(2,533,259)
Operating profit		**1,297,416**		1,153,393
Bank interest receivable		**55,572**		86,682
		1,352,988		1,240,075
Amounts written off investments		**(51,098)**		-
Interest payable		**(35,129)**		(19,541)
Profit on ordinary activities		**1,266,761**		1,220,534

HOLCHEM LABORATORIES LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2001

	2001 £	2000 £
Administrative expenses		
Directors salaries	**544,585**	240,924
Directors pensions	**8,906**	107,105
Administrative staff salaries	**1,705,892**	1,335,149
Staff pension contributions	**58,925**	25,804
Rent, rates and water	**64,683**	29,676
Light and heat	**12,608**	11,162
Insurance	**39,229**	26,344
Repairs and renewals	**47,140**	85,724
Motor expenses	**195,592**	145,242
Travel and subsistence	**70,054**	77,070
Telephone	**36,041**	34,742
Equipment leasing charges	**5,576**	1,300
Printing, stationery and postage	**94,778**	67,696
Sundry expenses	**44,256**	36,066
Training costs	**33,215**	4,452
Technical services	**5,806**	5,423
Consultancy fees	**19,812**	67,000
Legal and professional fees	**-**	3,299
Auditors remuneration	**7,625**	12,500
Depreciation	**234,717**	204,002
Loss on disposal of fixed assets	**21,000**	4,940
Bad debts written off	**43,307**	6,625
Bank charges	**911**	1,014
	3,294,658	2,533,259
Interest payable		
Interest payable on loan notes	**1,015**	-
HP/Finance lease charges	**34,114**	19,541
	35,129	19,541