

COMPANY REGISTRATION NUMBER 1686721

HOLCHEM LABORATORIES LIMITED

**ABBREVIATED FINANCIAL STATEMENTS
FOR
31 DECEMBER 2002**



THOMPSON JONES

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

HOLCHEM LABORATORIES LIMITED

ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

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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

Premier House
175 Grane Road
Haslingden
Rawtenstall
Lancashire
BL9 7HT

Auditors

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

Bankers

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

HOLCHEM LABORATORIES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2002.

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 £1,833,047 (2001- £1,649,396).

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:

	2002 £	2001 £
Proposed dividends on ordinary shares	<u>800,000</u>	<u>800,000</u>

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 2002	At 1 January 2002 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		—	—
Mrs S J Hardman	(Appointed 4 April 2002)	24,000	24,000
S L Bell	(Appointed 4 April 2002)	<u>24,000</u>	<u>24,000</u>

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 2002

AUDITORS

A resolution to re-appoint Thompson 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 by order of the directors

E. A. Bell.

MRS E A BELL
Company Secretary

Approved by the directors on 4 April 2003

HOLCHEM LABORATORIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 16, together with the financial statements of the company for the year ended 31 December 2002 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 16 are properly prepared in accordance with those provisions.

Thompson Jones

Bridge House
Heap Bridge
Bury
BL9 7HT
10 April 2003

THOMPSON JONES
Chartered Accountants
& Registered Auditors

HOLCHEM LABORATORIES LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2002**

	Note	2002 £	2001 £
Gross profit		5,365,036	4,694,495
Administrative expenses		3,893,176	3,443,644
Operating profit	2	1,471,860	1,250,851
Interest receivable		43,122	55,572
Amounts written off investments	5	—	(51,098)
Interest payable	6	(47,108)	(35,129)
Profit on ordinary activities before taxation		1,467,874	1,220,196
Tax on profit on ordinary activities	7	484,223	388,511
Profit on ordinary activities after taxation		983,651	831,685
Dividends	8	800,000	800,000
Retained profit for the financial year		183,651	31,685
Balance brought forward		1,349,396	1,317,711
Balance carried forward		1,533,047	1,349,396

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
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
YEAR ENDED 31 DECEMBER 2002

	2002	2001
	£	£
Profit for the financial year	983,651	831,685
Dividends	<u>(800,000)</u>	<u>(800,000)</u>
	183,651	31,685
Opening shareholders' equity funds	<u>1,649,396</u>	<u>1,617,711</u>
Closing shareholders' equity funds	<u>1,833,047</u>	<u>1,649,396</u>

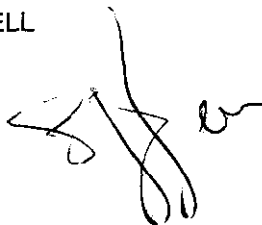
HOLCHEM LABORATORIES LIMITED**ABBREVIATED BALANCE SHEET****31 DECEMBER 2002**

	Note	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	9		1,325,478		1,333,887
Investments	10		4,000		4,000
			<u>1,329,478</u>		<u>1,337,887</u>
Current assets					
Stocks	11	468,513		455,773	
Debtors	12	2,131,365		1,838,890	
Cash at bank		1,011,099		858,524	
		<u>3,610,977</u>		<u>3,153,187</u>	
Creditors: Amounts falling due within one year	13	<u>2,848,147</u>		<u>2,605,666</u>	
Net current assets			<u>762,830</u>		<u>547,521</u>
Total assets less current liabilities			<u>2,092,308</u>		<u>1,885,408</u>
Creditors: Amounts falling due after more than one year	14		<u>212,261</u>		<u>236,012</u>
			<u>1,880,047</u>		<u>1,649,396</u>
Provisions for liabilities and charges					
Deferred taxation	16		47,000		—
			<u>1,833,047</u>		<u>1,649,396</u>
Capital and reserves					
Called-up equity share capital	17		300,000		300,000
Profit and Loss Account			<u>1,533,047</u>		<u>1,349,396</u>
Shareholders' funds			<u>1,833,047</u>		<u>1,649,396</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 4 April 2003 and are signed on their behalf by:

S J BELL



MRS E A BELL



HOLCHEM LABORATORIES LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 DECEMBER 2002**

	2002	2001
	£	£
Net cash inflow from operating activities	1,596,277	1,652,784
Returns on investments and servicing of finance		
Interest received	43,122	55,572
Interest paid	(11,017)	(1,015)
Interest element of hire purchase	(36,091)	(34,114)
Net cash (outflow)/inflow from returns on investments and servicing of finance	(3,986)	20,443
Taxation	(386,223)	(377,511)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(312,466)	(452,410)
Receipts from sale of fixed assets	61,347	32,250
Net cash inflow/(outflow) for capital expenditure and financial investment	251,119	(420,160)
Acquisitions and disposals of investments		88,142
Equity dividends paid	(800,000)	(750,000)
Cash inflow before financing	154,949	213,698
Financing		
Capital element of hire purchase	(2,347)	165,228
Net outflow from other long-term creditors	-	(20,310)
Net cash (outflow)/inflow from financing	(2,347)	144,918
Increase in cash	152,575	358,616
Reconciliation of operating profit to net cash inflow from operating activities		
	2002	2001
	£	£
Operating profit	1,471,860	1,250,851
Depreciation	242,757	234,717
Loss on disposal of fixed assets	16,771	21,000
Increase in stocks	(12,740)	(120,388)
Increase in debtors	(292,475)	(142,900)
Increase in creditors	170,104	409,504
Net cash inflow from operating activities	1,596,277	1,652,784

The notes on pages 10 to 16 form part of these financial statements.

HOLCHEM LABORATORIES LIMITED**CASH FLOW STATEMENT (continued)****YEAR ENDED 31 DECEMBER 2002****Reconciliation of net cash flow to movement in net funds**

	2002		2001	
	£	£	£	£
Increase in cash in the period	152,575		358,616	
Cash outflow in respect of hire purchase	2,374		(165,228)	
Net cash outflow from other long-term creditors	—		20,310	
		154,949		213,698
Change in net funds		154,949		213,698
Net funds at 1 January 2002		422,416		208,718
Net funds at 31 December 2002		577,365		422,416

Analysis of changes in net funds

	At 1 Jan 2002 £	Cash flows £	Other changes £	At 31 Dec 2002 £
Net cash:				
Cash in hand and at bank	858,524	152,575	—	1,011,099
Debt:				
Hire purchase agreements	(436,108)	2,374	—	(433,734)
Net funds	422,416	154,949	—	577,365

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

1. Accounting policies

Basis of accounting

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

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

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.

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

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

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/(crediting):

	2002 £	2001 £
Depreciation	242,757	234,717
Loss on disposal of fixed assets	16,771	21,000
Auditors' remuneration		
- as auditors	8,000	7,625
Operating lease costs:		
Plant and equipment	5,850	5,576
Net profit on foreign currency translation	<u>(2,591)</u>	<u>-</u>

3. Particulars of employees

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

	2002 No.	2001 No.
Number of production staff	39	36
Number of distribution staff	7	5
Number of administrative staff	23	22
Number of sales staff	28	27
	<u>97</u>	<u>90</u>

The aggregate payroll costs of the above were:

	2002 £	2001 £
Wages and salaries	2,910,112	2,539,401
Social security costs	392,865	343,067
Staff pension costs	65,887	58,925
Directors' pension costs	13,915	8,906
	<u>3,382,779</u>	<u>2,950,299</u>

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

4. Directors' emoluments

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

	2002 £	2001 £
Emoluments receivable	748,034	544,585
Value of company pension contributions to money purchase schemes	13,915	8,906
	<u>761,949</u>	<u>553,491</u>

Emoluments of highest paid director:

	2002 £	2001 £
Total emoluments (excluding pension contributions):	<u>218,006</u>	<u>155,310</u>

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

	2002 No.	2001 No.
Money purchase schemes	<u>5</u>	<u>5</u>

5. Amounts written off investments

	2002 £	2001 £
Amounts written off investment	-	51,098
Total write off charge	<u>-</u>	<u>51,098</u>

6. Interest payable

	2002 £	2001 £
Finance charges	36,091	34,114
Other similar charges payable	11,017	1,015
	<u>47,108</u>	<u>35,129</u>

7. Tax on profit on ordinary activities**Taxation**

	2002 £	2001 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2001 - 30%)	440,000	389,000
Over/under provision in prior year	(2,777)	(489)
Total current tax	<u>437,223</u>	<u>388,511</u>
Deferred tax:		
Increase in deferred tax provision (note 16)		
Capital allowances	47,000	-
Tax on profit on ordinary activities	<u>484,223</u>	<u>388,511</u>

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

7. Tax on profit on ordinary activities (continued)

8. Dividends

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

	2002 £	2001 £
Proposed dividend on ordinary shares	<u>800,000</u>	<u>800,000</u>

9. Tangible fixed assets

	Freehold & Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
At 1 January 2002	739,210	306,472	315,491	1,011,153	2,372,326
Additions	–	25,390	45,761	241,315	312,466
Disposals	–	(15,000)	–	(204,425)	(219,425)
At 31 December 2002	<u>739,210</u>	<u>316,862</u>	<u>361,252</u>	<u>1,048,043</u>	<u>2,465,367</u>
Depreciation					
At 1 January 2002	68,110	234,713	259,607	476,009	1,038,439
Charge for the year	11,616	23,946	32,271	174,924	242,757
On disposals	–	(13,638)	–	(127,669)	(141,307)
At 31 December 2002	<u>79,726</u>	<u>245,021</u>	<u>291,878</u>	<u>523,264</u>	<u>1,139,889</u>
Net book value					
At 31 December 2002	<u>659,484</u>	<u>71,841</u>	<u>69,374</u>	<u>524,779</u>	<u>1,325,478</u>
At 31 December 2001	<u>671,100</u>	<u>71,759</u>	<u>55,884</u>	<u>535,144</u>	<u>1,333,887</u>

The net book value of land and buildings includes:

	2002 £	2001 £
Freehold land	58,418	58,418
Leasehold land	100,000	100,000
Leasehold buildings	501,066	512,682
	<u>659,484</u>	<u>671,100</u>

Hire purchase agreements

Included within the net book value of £1,325,478 is £510,191 (2001 - £494,346) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £200,110 (2001 - £164,787).

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

10. Investments

	Shares in Group Undertakings £
Cost	
At 1 January 2002 and 31 December 2002	<u>4,000</u>
Net book value	
At 31 December 2002	<u>4,000</u>
At 31 December 2001	<u>4,000</u>

The company owns 100% of the issued share capital of the dormant subsidiary, Food Hygiene Systems Limited.

	2002 £	2001 £
Aggregate capital and reserves	<u>4,000</u>	<u>4,000</u>

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.

11. Stocks

	2002 £	2001 £
Raw materials	80,944	116,000
Finished goods	225,165	181,025
Packaging & equipment	162,404	158,748
	<u>468,513</u>	<u>455,773</u>

12. Debtors

	2002 £	2001 £
Trade debtors	2,091,668	1,815,471
Prepayments and accrued income	39,697	23,419
	<u>2,131,365</u>	<u>1,838,890</u>

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

13. Creditors: Amounts falling due within one year

	2002 £	2001 £
Trade creditors	419,945	391,178
Other creditors including taxation and social security:		
Corporation tax	440,000	389,000
PAYE and social security	85,595	76,715
VAT	272,107	196,057
Hire purchase agreements	221,473	200,096
Dividends payable	800,000	800,000
Amounts due on acquisition of subsidiary	59,626	87,630
Amounts owed to group undertakings	4,000	8,000
Directors current accounts	2,400	2,363
	<u>1,885,201</u>	<u>1,759,861</u>
Accruals and deferred income	543,001	454,627
	<u>2,848,147</u>	<u>2,605,666</u>

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

	2002 £	2001 £
Other creditors:		
Hire purchase agreements	<u>212,261</u>	<u>236,012</u>

16. Deferred taxation

	2002 £	2001 £
The movement in the deferred taxation provision during the year was:		
Profit and Loss Account movement arising during the year	47,000	—
Provision carried forward	<u>47,000</u>	<u>—</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2002 Provided £	2001 £
Excess of taxation allowances over depreciation on fixed assets	<u>47,000</u>	<u>—</u>

The unprovided amount at 31 December 2001 has been incorporated into the deferred tax charge for the year ended 31 December 2002.

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

15. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2002 £	2001 £
Amounts payable within 1 year	252,815	222,302
Amounts payable between 2 to 5 years	238,898	271,119
	<u>491,713</u>	<u>493,421</u>
Less interest and finance charges relating to future periods	(57,979)	(57,313)
	<u>433,734</u>	<u>436,108</u>
Hire purchase agreements are analysed as follows:		
Current obligations	221,473	200,096
Non-current obligations	212,261	236,012
	<u>433,734</u>	<u>436,108</u>

17. Share capital**Authorised share capital:**

	2002 £	2001 £
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2002 £	2001 £
Ordinary share capital	<u>300,000</u>	<u>300,000</u>