

For filing

COMPANY REGISTRATION NUMBER 1686721

HOLCHEM LABORATORIES LIMITED
ABBREVIATED ACCOUNTS
FOR
31 DECEMBER 2003



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

HOLCHEM LABORATORIES LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

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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 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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 £2,075,410 (2002- £1,833,047).

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:

	2003 £	2002 £
Proposed dividends on ordinary shares	<u>300,000</u>	<u>800,000</u>

THE DIRECTORS AND THEIR INTERESTS IN THE 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 2003	At 1 January 2003
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	24,000	24,000
S L Bell	<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 consistently;

make judgements and estimates that are reasonable and prudent; and

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 2003

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



MRS E A BELL
Company Secretary

Approved by the directors on 23 August 2004

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 15, together with the financial statements of the company for the year ended 31 December 2003 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's shareholders 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 and the company's shareholders 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 15 are properly prepared in accordance with those provisions.

Thompson Jones

THOMPSON JONES
Chartered Accountants
& Registered Auditors

Bridge House
Heap Bridge
Bury
BL9 7HT

27 August 2004

HOLCHEM LABORATORIES LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2003

	Note	2003 £	2002 £
Gross profit		6,102,282	5,365,036
Administrative expenses		<u>5,435,828</u>	<u>3,893,176</u>
Operating profit	2	666,454	1,471,860
Interest receivable		50,355	43,122
Interest payable	5	<u>(33,498)</u>	<u>(47,108)</u>
Profit on ordinary activities before taxation		683,311	1,467,874
Tax on profit on ordinary activities	6	<u>140,948</u>	<u>484,223</u>
Profit on ordinary activities after taxation		542,363	983,651
Dividends	7	<u>300,000</u>	<u>800,000</u>
Retained profit for the financial year		242,363	183,651
Balance brought forward		<u>1,533,047</u>	<u>1,349,396</u>
Balance carried forward		<u>1,775,410</u>	<u>1,533,047</u>

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

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

HOLCHEM LABORATORIES LIMITED
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
YEAR ENDED 31 DECEMBER 2003

	2003 £	2002 £
Profit for the financial year	542,363	983,651
Dividends	<u>(300,000)</u>	<u>(800,000)</u>
	242,363	183,651
Opening shareholders' equity funds	1,833,047	1,649,396
Closing shareholders' equity funds	<u>2,075,410</u>	<u>1,833,047</u>

The notes on pages 10 to 15 form part of these abbreviated accounts.

HOLCHEM LABORATORIES LIMITED**ABBREVIATED BALANCE SHEET****31 DECEMBER 2003**

	Note	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	8		1,468,555		1,325,478
Investments	9		4,000		4,000
			<u>1,472,555</u>		<u>1,329,478</u>
Current assets					
Stocks	10	583,386		468,513	
Debtors	11	2,341,352		2,131,365	
Cash at bank and in hand		962,905		1,327,853	
		<u>3,887,643</u>		<u>3,927,731</u>	
Creditors: Amounts falling due within one year	12	<u>3,004,239</u>		<u>3,164,901</u>	
Net current assets			<u>883,404</u>		<u>762,830</u>
Total assets less current liabilities			<u>2,355,959</u>		<u>2,092,308</u>
Creditors: Amounts falling due after more than one year	13		<u>280,549</u>		<u>212,261</u>
			<u>2,075,410</u>		<u>1,880,047</u>
Provisions for liabilities and charges					
Deferred taxation	15		—		47,000
			<u>2,075,410</u>		<u>1,833,047</u>
Capital and reserves					
Called-up equity share capital	16		300,000		300,000
Profit and loss account			<u>1,775,410</u>		<u>1,533,047</u>
Shareholders' funds			<u>2,075,410</u>		<u>1,833,047</u>

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

These abbreviated accounts were approved by the directors on the 23 August 2004 and are signed on their behalf by:

S J BELL



MRS E A BELL



HOLCHEM LABORATORIES LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 DECEMBER 2003**

	2003	2002
	£	£
Net cash inflow from operating activities	1,186,880	1,329,572
Returns on investments and servicing of finance		
Interest received	50,355	43,122
Interest paid	(3,727)	(11,017)
Interest element of hire purchase	(29,771)	(36,091)
Net cash inflow/(outflow) from returns on investments and servicing of finance	16,857	(3,986)
Taxation	(432,948)	(386,223)
Capital expenditure		
Payments to acquire tangible fixed assets	(503,101)	(45,761)
Receipts from sale of fixed assets	42,291	61,347
Net cash (outflow)/inflow from capital expenditure	(460,810)	15,586
Equity dividends paid	(800,000)	(800,000)
Cash (outflow)/inflow before financing	(490,021)	154,949
Financing		
Capital element of hire purchase	89,234	(230,847)
Net cash inflow/(outflow) from financing	89,234	(230,847)
Decrease in cash	(400,787)	(75,898)
Reconciliation of operating profit to net cash inflow from operating activities		
	2003	2002
	£	£
Operating profit	666,454	1,471,860
Depreciation	290,643	242,757
Loss on disposal of fixed assets	27,090	16,771
Increase in stocks	(114,873)	(12,740)
Increase in debtors	(209,987)	(292,475)
Increase/(decrease) in creditors	527,553	(96,601)
Net cash inflow from operating activities	1,186,880	1,329,572

The notes on pages 10 to 15 form part of these abbreviated accounts.

HOLCHEM LABORATORIES LIMITED**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31 DECEMBER 2003****Reconciliation of net cash flow to movement in net funds**

	2003		2002	
	£	£	£	£
Decrease in cash in the period	(400,787)		(75,898)	
Cash outflow in respect of hire purchase	<u>(89,234)</u>		<u>230,847</u>	
		(490,021)		154,949
Change in net funds		(490,021)		154,949
Net funds at 1 January 2003		577,365		422,416
Net funds at 31 December 2003		<u>87,344</u>		<u>577,365</u>

Analysis of changes in net funds

	At 1 Jan 2003 £	Cash flows £	At 31 Dec 2003 £
Net cash:			
Cash in hand and at bank	1,327,853	(364,948)	962,905
Overdrafts	<u>(316,754)</u>	<u>(35,839)</u>	<u>(352,593)</u>
	<u>1,011,099</u>	<u>(400,787)</u>	<u>610,312</u>
Debt:			
Hire purchase agreements	<u>(433,734)</u>	<u>(89,234)</u>	<u>(522,968)</u>
Net funds	<u>577,365</u>	<u>(490,021)</u>	<u>87,344</u>

HOLCHEM LABORATORIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

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.

Fixed assets

All fixed assets are initially recorded at cost.

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.

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.

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

1. Accounting policies (continued)

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):

	2003 £	2002 £
Depreciation of owned fixed assets	76,982	42,647
Depreciation of assets held under hire purchase agreements	213,661	200,110
Loss on disposal of fixed assets	27,090	16,771
Auditors' remuneration		
- as auditors	12,000	8,000
Operating lease costs:		
Plant and equipment	5,850	5,850
Net profit on foreign currency translation	<u>(11,354)</u>	<u>(2,591)</u>

3. Particulars of employees

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

	2003 No	2002 No
Number of production staff	39	39
Number of distribution staff	8	7
Number of administrative staff	29	23
Number of sales staff	29	28
	<u>105</u>	<u>97</u>

The aggregate payroll costs of the above were:

	2003 £	2002 £
Wages and salaries	4,016,746	3,302,977
Social security costs	—	—
Staff pension costs	70,744	65,887
Directors' pension costs	816,252	13,915
	<u>4,903,742</u>	<u>3,382,779</u>

4. Directors' emoluments

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

	2003 £	2002 £
Emoluments receivable	1,126,561	748,034
Value of company pension contributions to money purchase schemes	816,252	13,915
	<u>1,942,813</u>	<u>761,949</u>

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

4. Directors' emoluments (continued)

Emoluments of highest paid director:

	2003 £	2002 £
Total emoluments (excluding pension contributions)	<u>382,448</u>	<u>218,006</u>

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

	2003 No	2002 No
Money purchase schemes	<u>7</u>	<u>5</u>

5. Interest payable and similar charges

	2003 £	2002 £
Finance charges	29,771	36,091
Other similar charges payable	<u>3,727</u>	<u>11,017</u>
	<u>33,498</u>	<u>47,108</u>

6. Taxation on ordinary activities

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	195,000	440,000
Over/under provision in prior year	<u>(7,052)</u>	<u>(2,777)</u>
Total current tax	<u>187,948</u>	<u>437,223</u>
Deferred tax:		
Origination and reversal of timing differences		
Capital allowances	<u>(47,000)</u>	<u>47,000</u>
Tax on profit on ordinary activities	<u>140,948</u>	<u>484,223</u>

7. Dividends

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

	2003 £	2002 £
Proposed dividend on ordinary shares	<u>300,000</u>	<u>800,000</u>

HOLCHEM LABORATORIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

8. Tangible fixed assets

	Freehold & Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
At 1 January 2003	739,210	316,862	361,252	1,048,043	2,465,367
Additions	—	64,522	64,669	373,910	503,101
Disposals	—	—	—	(175,615)	(175,615)
At 31 December 2003	<u>739,210</u>	<u>381,384</u>	<u>425,921</u>	<u>1,246,338</u>	<u>2,792,853</u>
Depreciation					
At 1 January 2003	79,726	245,021	291,878	523,264	1,139,889
Charge for the year	11,616	34,088	36,142	208,797	290,643
On disposals	—	—	—	(106,234)	(106,234)
At 31 December 2003	<u>91,342</u>	<u>279,109</u>	<u>328,020</u>	<u>625,827</u>	<u>1,324,298</u>
Net book value					
At 31 December 2003	<u>647,868</u>	<u>102,275</u>	<u>97,901</u>	<u>620,511</u>	<u>1,468,555</u>
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>

The net book value of freehold and leasehold property comprises:

	2003 £	2002 £
Freehold land	58,418	58,418
Leasehold land	100,000	100,000
Leasehold buildings	489,450	501,066
	<u>647,868</u>	<u>659,484</u>

Hire purchase agreements

Included within the net book value of £1,468,555 is £635,089 (2002 - £510,191) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £213,661 (2002 - £200,110).

9. Investments

	Shares in Group Undertakings £
Cost	
At 1 January 2003 and 31 December 2003	<u>4,000</u>
Net book value	
At 31 December 2003	<u>4,000</u>
At 31 December 2002	<u>4,000</u>

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

9. Investments (continued)

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

	2003 £	2002 £
Aggregate capital and reserves	4,000	4,000

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts. The accounts therefore show information about the company as an individual entity.

10. Stocks

	2003 £	2002 £
Raw materials	116,351	80,944
Finished goods	298,383	225,165
Packaging & equipment	168,652	162,404
	<u>583,386</u>	<u>468,513</u>

11. Debtors

	2003 £	2002 £
Trade debtors	2,292,517	2,091,668
Prepayments and accrued income	48,835	39,697
	<u>2,341,352</u>	<u>2,131,365</u>

12. Creditors: Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	352,593	316,754
Trade creditors	482,935	419,945
Other creditors including taxation and social security:		
Corporation tax	195,000	440,000
PAYE and social security	96,275	85,595
VAT	271,548	272,107
Hire purchase agreements	242,419	221,473
Dividends payable	300,000	800,000
Amounts due on acquisition of subsidiary	62,608	59,626
Amounts owed to group undertakings	4,000	4,000
Directors current accounts	2,400	2,400
	<u>1,174,250</u>	<u>1,885,201</u>
Accruals and deferred income	994,461	543,001
	<u>3,004,239</u>	<u>3,164,901</u>

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

	2003 £	2002 £
Other creditors:		
Hire purchase agreements	280,549	212,261

HOLCHEM LABORATORIES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

14. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2003 £	2002 £
Amounts payable within 1 year	270,897	252,815
Amounts payable between 2 to 5 years	315,135	238,898
	<u>586,032</u>	<u>491,713</u>
Less interest and finance charges relating to future periods	(63,064)	(57,979)
	<u>522,968</u>	<u>433,734</u>
Hire purchase agreements are analysed as follows:		
Current obligations	242,419	221,473
Non-current obligations	280,549	212,261
	<u>522,968</u>	<u>433,734</u>

15. Deferred taxation

	2003 £	2002 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	47,000	—
Profit and loss account movement arising during the year	(47,000)	47,000
Provision carried forward	<u>—</u>	<u>47,000</u>

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

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	—	47,000
	<u>—</u>	<u>47,000</u>

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

	2003 £	2002 £
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2003 No	£	2002 No	£
Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>