

Registration Number 02872607

PETROFER U.K. PLC

Directors' Report and Financial Statements

for the year ended 31 December 2001



PETROFER U.K. PLC

Company Information

Directors	K. Abbott C.H.M. Fischer
Secretary	Mrs T.M Abbott
Company Number	02872607
Registered Office	Harcourt Business Park Halesfield 17 Telford
Auditors	Tranter Lowe Bank House 66 High Street Dawley Telford
Business Address	Harcourt Business Park Halesfield 17 Telford
Bankers	Lloyds Bank Plc Birmingham City Centre P O Box 908 1 Cornwall Street Birmingham

PETROFER U.K. PLC

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PETROFER U.K. PLC

Directors' Report for the year ended 31 December 2001

The directors present their report and the financial statements for the year ended 31 December 2001.

Principal Activity and Review of the Business

The principal activity of the company is the distribution of industrial oils and chemicals.

Results And Dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a final dividend.

Payments of Creditors

It is the company's policy to pay trade creditors within the trade terms stipulated by the creditor. Payments for group balances are made on a variable basis.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2001	2000
K. Abbott	1	1
C.H.M. Fischer	-	-

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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. They 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.

PETROFER U.K. PLC

**Directors' Report
for the year ended 31 December 2001**

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Tranter Lowe be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 13/5/2002 and signed on its behalf by T.M. Abbott

**Mrs T.M Abbott
Secretary**

PETROFER U.K. PLC

Auditors' Report to the Shareholders of PETROFER U.K. PLC

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

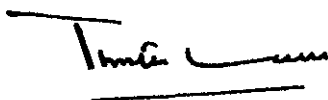
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Tranter Lowe

Date: 8 May 2002

**Chartered Accountants and
Registered Auditor**

**Bank House
66 High Street
Dawley
Telford**

PETROFER U.K. PLC

**Profit and Loss Account
for the year ended 31 December 2001**

		Continuing operations	
		2001	2000
	Notes	£	£
Turnover	2	2,160,480	2,179,931
Cost of sales		(1,181,244)	(1,218,133)
Gross profit		979,236	961,798
Distribution costs		(302,732)	(277,782)
Administrative expenses		(447,908)	(507,786)
Operating profit	3	228,596	176,230
Interest receivable and similar income	4	2,614	2,129
Profit on ordinary activities before taxation		231,210	178,359
Tax on profit on ordinary activities	6	(72,477)	(58,111)
Retained profit for the year		158,733	120,248
Retained profit brought forward		360,828	240,580
Retained profit carried forward		519,561	360,828

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 14 form an integral part of these financial statements.

PETROFER U.K. PLC

**Balance Sheet
as at 31 December 2001**

		2001		2000	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	7		77,580		22,448
Current Assets					
Stocks	8	201,577		210,048	
Debtors	9	526,955		498,133	
Cash at bank and in hand		125,905		153,858	
		<u>854,437</u>		<u>862,039</u>	
Creditors: amounts falling due within one year	10	<u>(358,756)</u>		<u>(470,986)</u>	
Net Current Assets			<u>495,681</u>		<u>391,053</u>
Total Assets Less Current Liabilities			573,261		413,501
Provisions for Liabilities and Charges	11		<u>(3,700)</u>		<u>(2,673)</u>
Net Assets			<u><u>569,561</u></u>		<u><u>410,828</u></u>
Capital and Reserves					
Called up share capital	12		50,000		50,000
Profit and loss account			519,561		360,828
Equity Shareholders' Funds	13		<u><u>569,561</u></u>		<u><u>410,828</u></u>

The financial statements were approved by the Board on 13/5/2002 and signed on its behalf by

K. Abbott
Director



C.H.M. Fischer
Director



The notes on pages 7 to 14 form an integral part of these financial statements.

PETROFER U.K. PLC

Cash Flow Statement for the year ended 31 December 2001

	Notes	2001 £	2000 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		228,596	176,230
Depreciation		16,519	14,723
Decrease in stocks		8,471	(29,077)
(Increase) in debtors		(28,822)	(3,170)
(Decrease) in creditors		(111,537)	(66,921)
Net cash inflow from operating activities		<u>113,227</u>	<u>91,785</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		113,227	91,785
Returns on investments and servicing of finance	17	2,614	2,129
Taxation	17	(72,143)	(6,395)
Capital expenditure	17	(71,651)	(5,057)
Decrease in cash in the year		<u>(27,953)</u>	<u>82,462</u>
Reconciliation of net cash flow to movement in net debt (Note 18)			
Decrease in cash in the year		(27,953)	82,462
Net funds at 1 January 2001		<u>153,858</u>	<u>71,396</u>
Net funds at 31 December 2001		<u>125,905</u>	<u>153,858</u>

PETROFER U.K. PLC

Notes to the Financial Statements for the year ended 31 December 2001

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Computer equipment	-	25% Straight Line
Laboratory equipment	-	15% Reducing Balance
Office equipment	-	15% Reducing Balance
Motor vehicles	-	25% Reducing Balance

1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

1.6. Pensions

The company does not operate a pension scheme but makes payments to individual schemes held by the employees. The pension cost represents the payments made to these schemes.

1.7. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

1.8. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

PETROFER U.K. PLC

Notes to the Financial Statements for the year ended 31 December 2001

..... continued

2. Turnover

The turnover for the year was derived from the company's principal activity.
The analysis of turnover by geographical area is as follows:

	2001 £	2000 £
Class of business		
United Kingdom	2,147,290	2,170,154
Other EC Countries	13,190	9,777
	<u>2,160,480</u>	<u>2,179,931</u>

3. Operating profit

Operating profit is stated after charging:

	2001 £	2000 £
Depreciation and other amounts written off tangible assets	16,519	14,723
Loss on foreign currencies	2,515	(21,390)
Operating lease rentals		
- Plant and machinery	29,008	32,985
- Land and buildings	52,914	40,000
Auditors' remuneration	3,725	2,500
Auditors' remuneration from non-audit work	-	525
	<u> </u>	<u> </u>

4. Interest receivable and similar income

	2001 £	2000 £
Bank interest	2,614	2,126
Other interest	-	3
	<u>2,614</u>	<u>2,129</u>

PETROFER U.K. PLC

Notes to the Financial Statements for the year ended 31 December 2001

..... continued

5. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2001	2000
Production Staff	5	4
Office and Management	2	2
Administration Staff	5	5
	<u>12</u>	<u>11</u>

Employment costs

	2001 £	2000 £
Wages and salaries	392,896	463,992
Social security costs	36,756	46,499
Other pension costs	17,647	13,076
	<u>447,299</u>	<u>523,567</u>

5.1. Directors' emoluments

	2001 £	2000 £
Remuneration and other emoluments	134,928	232,571
Pension contributions	6,860	3,811
	<u>141,788</u>	<u>236,382</u>

PETROFER U.K. PLC

Notes to the Financial Statements for the year ended 31 December 2001

..... continued

6. Taxation	2001 £	2000 £
UK current year taxation		
UK Corporation Tax	71,435	58,928
Transfer to deferred taxation	1,027	(817)
	<u>72,462</u>	<u>58,111</u>
 Prior years		
UK Corporation Tax	15	-
	<u>72,477</u>	<u>58,111</u>

7. Tangible fixed assets

	Premises alterations	Computer equipment	Laboratory equipment	Office equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2001	25,665	22,835	31,713	18,586	-	98,799
Additions	-	6,602	36,445	20,864	7,740	71,651
Disposals	(25,665)	-	-	-	-	(25,665)
At 31 December 2001	<u>-</u>	<u>29,437</u>	<u>68,158</u>	<u>39,450</u>	<u>7,740</u>	<u>144,785</u>
Depreciation						
At 1 January 2001	25,665	19,869	18,819	11,998	-	76,351
On disposals	(25,665)	-	-	-	-	(25,665)
Charge for the year	-	3,066	7,400	4,118	1,935	16,519
At 31 December 2001	<u>-</u>	<u>22,935</u>	<u>26,219</u>	<u>16,116</u>	<u>1,935</u>	<u>67,205</u>
Net book values						
At 31 December 2001	<u>-</u>	<u>6,502</u>	<u>41,939</u>	<u>23,334</u>	<u>5,805</u>	<u>77,580</u>
At 31 December 2000	<u>-</u>	<u>2,966</u>	<u>12,894</u>	<u>6,588</u>	<u>-</u>	<u>22,448</u>

PETROFER U.K. PLC

Notes to the Financial Statements for the year ended 31 December 2001

..... continued

8. Stocks	2001	2000
	£	£
Finished goods and goods for resale	<u>201,577</u>	<u>210,048</u>
9. Debtors	2001	2000
	£	£
Trade debtors	491,042	469,233
Other debtors	11,000	2,200
Prepayments and accrued income	<u>24,913</u>	<u>26,700</u>
	<u>526,955</u>	<u>498,133</u>
10. Creditors: amounts falling due within one year	2001	2000
	£	£
Trade creditors	30,321	9,017
Amounts owed to connected companies	83,539	95,154
Corporation tax	58,235	58,928
Other taxes and social security costs	83,821	99,762
Other creditors	49,341	157,237
Accruals and deferred income	<u>53,499</u>	<u>50,888</u>
	<u>358,756</u>	<u>470,986</u>

Lloyds Bank PLC have an unlimited Debenture dated 23rd March 1998 which includes a right of set off between the company's accounts.

11 Deferred Taxation

	Deferred Taxation	Total
	£	£
Charge for the year	<u>1,027</u>	<u>1,027</u>

PETROFER U.K. PLC

Notes to the Financial Statements for the year ended 31 December 2001

..... continued

Deferred tax is analysed over the following timing differences:

	Provided	
	2001	2000
	£	£
Accelerated capital allowances	<u>3,700</u>	<u>2,673</u>

Movements on the provision for deferred taxation are:

	2001	2000
	£	£
At 1 January 2001	2,673	3,490
Transferred from profit and loss account	<u>1,027</u>	<u>(817)</u>
At 31 December 2001	<u>3,700</u>	<u>2,673</u>

12. Share capital	2001	2000
	£	£
Authorised equity		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid equity		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

13. Reconciliation of movements in shareholders' funds	2001	2000
	£	£
Profit for the year	158,733	120,248
Opening shareholders' funds	<u>410,828</u>	<u>290,580</u>
	<u>569,561</u>	<u>410,828</u>

PETROFER U.K. PLC

Notes to the Financial Statements for the year ended 31 December 2001

..... continued

14. Financial commitments

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land Buildings		Other	
	2001	2000	2001	2000
	£	£	£	£
Expiry date:				
Within one year	-	30,000	9,902	24,293
Between one and five years	-	-	22,672	20,848
In over five years	68,740	22,913	-	-
	<u>68,740</u>	<u>52,913</u>	<u>32,574</u>	<u>45,141</u>

15. Related party transactions

During the year the company made sales to and purchases from its immediate parent, Petrofer GmbH. It also recharged expenses to Petrofer Chemie H R Fischer GmbH, a related party by virtue of the fact that C Fischer, a director, owns 80% of the issued share capital of both Petrofer Chemie H R Fischer GmbH & Co KG and Petrofer GmbH. C Fischer therefore has a material interest in transactions between these companies.

The value of trading transactions undertaken in the normal course of business was as follows:

Sales to Petrofer Chemie £1,255 (2000 - £7,102). Purchases from parent undertaking £1,121,313 (2000 - £1,182,475).

The company also recharges advertising expenditure to the related undertaking. The value of these recharges was £5,532 (2000 - £6,583).

The amounts owed to the parent and related undertaking are shown in the creditors note.

16. Ultimate parent undertaking

The parent undertaking is Petrofer GmbH, a company registered in Germany. Petrofer GmbH is ultimately controlled by C Fischer.

PETROFER U.K. PLC

**Notes to the Financial Statements
for the year ended 31 December 2001**

..... continued

17. Gross Cash Flows

	2001	2000
	£	£
Returns on investments and servicing of finance		
Interest received	<u>2,614</u>	<u>2,129</u>
Taxation		
Corporation tax paid	<u>(72,143)</u>	<u>(6,395)</u>
Capital expenditure		
Payments to acquire tangible assets	<u>(71,651)</u>	<u>(5,057)</u>

18. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	<u>153,858</u>	<u>(27,953)</u>	<u>125,905</u>
Net funds	<u>153,858</u>	<u>(27,953)</u>	<u>125,905</u>