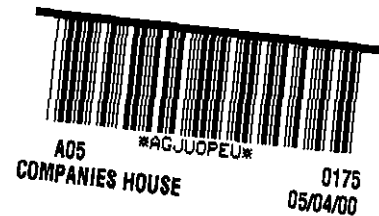


ALLCHEM TREATMENTS LIMITED
DIRECTOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 1999

Registered No. 1751880



ALLCHEM TREATMENTS LIMITED

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ALLCHEM TREATMENTS LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1999

OFFICERS AND PROFESSIONAL ADVISERS

| | |
|---------------------------|--|
| DIRECTOR: | B D Stephens Esq |
| SECRETARY: | W T S Keverne Esq |
| REGISTERED OFFICE: | Alpha House 40 Coinagehall Street Helston Cornwall |
| REGISTERED NUMBER: | 1751880 |
| ACCOUNTANTS: | Messrs Kitchen & Brown Registered Auditors & Chartered Accountants 40 Coinagehall Street Helston Cornwall TR13 8EQ |
| BANKERS: | Lloyds Bank Plc Truro Cornwall |

ALLCHEM TREATMENTS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 OCTOBER 1999

Director's Responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Principal Activities

The principal activities of the company throughout the year continued to be the treatment of wood boring insects, dry rot and rising damp.

Directors

The present director is shown on page 1. He served on the board throughout the year.

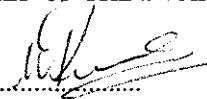
Director's Interests

The interests of the director in the shares of the company at the beginning and end of the year, were as follows:

| | 31 October 1999 | 1 November 1998 |
|----------------------------|-----------------|-----------------|
| B D Stephens Esq | | |
| Ordinary Shares of £1 each | 2 | 2 |

The director's report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD


.....
W T S KEVERNE ESQ - SECRETARY

Date: 30-3-2000

ALLCHEM TREATMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1999

| | Note | 1999 £ | 1998 £ |
|---|------|-----------|-----------|
| TURNOVER | 2 | 112,114 | 62,027 |
| Cost of sales | | (67,842) | (29,019) |
| GROSS PROFIT | | 44,272 | 33,008 |
| Administrative expenses | 3 | (35,388) | (37,323) |
| OPERATING PROFIT/(LOSS) | 4 | 8,884 | (4,315) |
| Interest payable and similar charges | | (2,573) | (3,327) |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 6,311 | (7,642) |
| Tax on profit/(loss) on ordinary activities | 5 | - | - |
| RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | 6,311 | (7,642) |
| Retained (loss) brought forward | | (7,939) | (297) |
| RETAINED (LOSS) CARRIED FORWARD | | (1,628) | (7,939) |

The annexed notes form part of these financial statements.

ALLCHEM TREATMENTS LIMITED

BALANCE SHEET AT 31 OCTOBER 1999

| | Note | 1999 £ | 1998 £ |
|--|------|-----------------|-----------------|
| FIXED ASSETS | | | |
| Tangible assets | 7 | 6,185 | 6,957 |
| CURRENT ASSETS | | | |
| Stocks and work in progress | | 2,875 | 2,355 |
| Debtors | 8 | 25,688 | 11,760 |
| Cash at bank and in hand | | 194 | 163 |
| | | <u>28,757</u> | <u>14,278</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 9 | <u>(26,658)</u> | <u>(18,645)</u> |
| NET CURRENT ASSETS/(LIABILITIES) | | 2,099 | (4,367) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>8,284</u> | <u>2,590</u> |
| CREDITORS | | | |
| Amounts falling due after more than one year | 10 | <u>(9,910)</u> | <u>(10,527)</u> |
| NET LIABILITIES | | <u>(1,626)</u> | <u>(7,937)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 2 | 2 |
| Profit and loss account | | <u>(1,628)</u> | <u>(7,939)</u> |
| SHAREHOLDERS' FUNDS | | <u>(1,626)</u> | <u>(7,937)</u> |


The director is satisfied that the company was entitled to exemption under subsection (1) of section 249A of the Companies Act 1985 and that no member or members have requested an audit pursuant to subsection (2) of section 249B in relation to the accounts for the financial year.

The director acknowledges his responsibilities for:

- (i) ensuring that the company keeps accounting records which comply with section 221; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

These financial statements were approved by the director on 30-3-2000.


B D STEPHENS ESQ - DIRECTOR

The annexed notes form part of these financial statements.

ALLCHEM TREATMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1999

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

| | |
|---------------------|--|
| Storage shed | - 10% p.a. on a reducing balance basis |
| Tools and equipment | - 10% p.a. on a reducing balance basis |
| Office equipment | - 10% p.a. on a reducing balance basis |
| Motor vehicles | - 20% p.a. on a reducing balance basis |

Stocks

Stocks and work in progress have been valued at the lower of cost and net realisable value.

"Cost" is the cost incurred in bringing each product to its present location and condition on a "first in, first out basis".

"Net Realisable Value" is based on the estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred Taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the Financial Statements.

Deferred Taxation is provided using the liability method on all short term timing differences to the extent that, in the opinion of the Director, there is a reasonable probability that a liability will crystallise in the foreseeable future.

Leasing and Hire Purchase Commitments

Assets obtained under Hire Purchase Contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

Rentals paid under operating leases are charged to income as incurred.

2. TURNOVER

The company's turnover represents the value, excluding Value Added Tax, of goods and services supplied to customers during the year.

3. NET OPERATING EXPENSES

| | 1999 £ | 1998 £ |
|-------------------------|-----------|-----------|
| Administrative expenses | 35,388 | 37,323 |

ALLCHEM TREATMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1999 (CONT)

4. OPERATING PROFIT

Operating profit is stated after charging:

| | 1999 £ | 1998 £ |
|------------------------------|---------------|---------------|
| Directors' emoluments | 12,388 | 13,861 |
| Depreciation of fixed assets | 1,175 | 1,382 |
| | <u>13,563</u> | <u>15,243</u> |

5. TAXATION ON ORDINARY ACTIVITIES

There is no tax charge for the year.

6. DEFERRED TAXATION

No deferred tax has been provided in the accounts. There is an unprovided deferred tax asset as follows:

| | £ |
|--|--------------|
| Accelerated capital allowances - Liability | 650 |
| Corporation tax losses - Asset | 1,500 |
| | <u>(850)</u> |

ALLCHEM TREATMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1999 (CONT)

7. TANGIBLE FIXED ASSETS

| | Storage shed £ | Tools and equipment £ | Office equipment £ | Motor vehicles £ | Total £ |
|-----------------------|----------------------|--------------------------------|--------------------------|------------------------|---------------|
| Cost | | | | | |
| At 1 November 1998 | 515 | 4,708 | 1,747 | 12,076 | 19,046 |
| Additions | - | 93 | 310 | - | 403 |
| Disposals | - | - | - | - | - |
| At 31 October 1999 | <u>515</u> | <u>4,801</u> | <u>2,057</u> | <u>12,076</u> | <u>19,449</u> |
| Depreciation | | | | | |
| At 1 November 1998 | 383 | 2,882 | 1,140 | 7,684 | 12,089 |
| Charge for the year | 13 | 192 | 91 | 879 | 1,175 |
| On disposals | - | - | - | - | - |
| At 31 October 1999 | <u>396</u> | <u>3,074</u> | <u>1,231</u> | <u>8,563</u> | <u>13,264</u> |
| Net book value | | | | | |
| At 31 October 1999 | <u>119</u> | <u>1,727</u> | <u>826</u> | <u>3,513</u> | <u>6,185</u> |
| At 31 October 1998 | <u>132</u> | <u>1,826</u> | <u>607</u> | <u>4,392</u> | <u>6,957</u> |

8. DEBTORS

| | 1999 £ | 1998 £ |
|---------------|---------------|---------------|
| Trade debtors | 24,059 | 10,058 |
| Prepayments | 1,629 | 1,702 |
| | <u>25,688</u> | <u>11,760</u> |

9. CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

| | 1999 £ | 1998 £ |
|------------------------------|---------------|---------------|
| Bank loans and overdrafts | 11,939 | 11,971 |
| Trade creditors | 6,790 | 1,551 |
| Taxation and social security | 6,700 | 3,815 |
| Other creditors | 1,229 | 1,308 |
| | <u>26,658</u> | <u>18,645</u> |

ALLCHEM TREATMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 1999 (CONT)

10. CREDITORS - AMOUNTS DUE AFTER ONE YEAR

| | 1999 £ | 1998 £ |
|--|-------------------|-------------------|
| Bank loans | 9,910 | 10,527 |
| | <u> </u> | <u> </u> |
| | 1999 £ | 1998 £ |
| Repayable by instalments amounts falling due after five years | 5,837 | 7,097 |
| | <u> </u> | <u> </u> |

11. SHARE CAPITAL

| | 1999 £ | 1998 £ |
|--|-------------------|-------------------|
| Authorised 10,000 ordinary shares of £1 each | 10,000 | 10,000 |
| | <u> </u> | <u> </u> |
| Allotted, called up and fully paid 2 ordinary shares of £1 each | 2 | 2 |
| | <u> </u> | <u> </u> |

12. CONTINGENT LIABILITIES

All work undertaken by the Company is guaranteed for a period of between twenty and thirty years against faulty workmanship. In view of the high standard of the Company's work, the Director considers it unlikely that any material claim will arise in the foreseeable future. There were no claims outstanding at the Balance Sheet date.

13. CONTROLLING PARTY

The company is controlled by the director, B D Stephens Esq, by virtue of his shareholdings as described in the Director's Report.