
Chemique Adhesives & Sealants Limited

Company Registration No. 1945954 (England and Wales)

Abbreviated Accounts

For the Year Ended 31 December 2005



A56 *AGG02JTI* 553
COMPANIES HOUSE 20/10/2006

CHEMIQUE ADHESIVES & SEALANTS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2005**

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CHEMIQUE ADHESIVES & SEALANTS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2005**

DIRECTORS:	M J McMullen Mrs B C McMullen
SECRETARY:	M J McMullen
REGISTERED OFFICE:	Unit 21 Empire Close Off Brickyard Road Aldridge West Midlands WS9 8UR
REGISTERED NUMBER:	1945954 (England and Wales)
SOLICITORS:	Manby and Steward George House St Johns Square Wolverhampton WV2 4BZ

CHEMIQUE ADHESIVES & SEALANTS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report with the accounts of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and sale of adhesives.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed accounts.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2005 were £38,500.

RESEARCH AND DEVELOPMENT

The company is heavily committed to research and development.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 January 2005 to the date of this report.

The beneficial interests of the directors holding office at 31 December 2005 in the shares of the company, according to the register of directors' interests, were as follows:

	31.12.05	1.1.05
Ordinary shares shares of £1 each		
M J McMullen	44,999	44,999
Mrs B C McMullen	1	1

These directors did not hold any non-beneficial interests in the shares of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

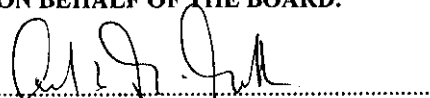
CHEMIQUE ADHESIVES & SEALANTS LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2005**

AUDITORS

The auditors, Dean Statham, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



M J McMullen - Director

Date: 16-10-06

**REPORT OF THE INDEPENDENT AUDITORS TO
CHEMIQUE ADHESIVES & SEALANTS LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages five to twenty, together with the financial statements of Chemique Adhesives & Sealants Limited for the year ended 31 December 2005 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 work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and 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 abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The Special Auditor's Report on Abbreviated Accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin 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.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.



Dean Statham
Chartered Accountants
Registered Auditor
Bank Passage
Stafford
ST16 2JS

Date: 19 October 2006

CHEMIQUE ADHESIVES & SEALANTS LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	2005 £	2004 £
GROSS PROFIT		2,276,387	2,316,808
Distribution costs		(545,667)	(516,434)
Administrative expenses		(1,652,314)	(1,475,232)
OPERATING PROFIT	3	78,406	325,142
Interest payable and similar charges	4	(66,119)	(50,787)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,287	274,355
Tax on profit on ordinary activities	5	(22,626)	(56,673)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(10,339)	217,682

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

The notes form part of these abbreviated accounts

CHEMIQUE ADHESIVES & SEALANTS LIMITED**ABBREVIATED BALANCE SHEET
31 DECEMBER 2005**

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	7	1,056,787	1,053,653
Investments	8	-	-
		<u>1,056,787</u>	<u>1,053,653</u>
CURRENT ASSETS			
Stocks	9	386,573	476,426
Debtors	10	1,232,295	1,099,642
Investments	11	150,000	150,000
Cash at bank and in hand		23,143	28,652
		<u>1,792,011</u>	<u>1,754,720</u>
CREDITORS			
<i>Amounts falling due within one year</i>	12	<u>(1,702,420)</u>	<u>(1,575,374)</u>
NET CURRENT ASSETS		<u>89,591</u>	<u>179,346</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,146,378</u>	<u>1,232,999</u>
CREDITORS			
<i>Amounts falling due after more than one year</i>	13	(248,980)	(288,360)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(7,184)	(4,746)
ACCRUALS AND DEFERRED INCOME	18	<u>(39,840)</u>	<u>(40,680)</u>
NET ASSETS		<u><u>850,374</u></u>	<u><u>899,213</u></u>

The notes form part of these abbreviated accounts

CHEMIQUE ADHESIVES & SEALANTS LIMITED**ABBREVIATED BALANCE SHEET - continued**
31 DECEMBER 2005

	Notes	2005 £	2004 £
CAPITAL AND RESERVES			
Called up share capital	19	50,000	50,000
Profit and loss account	20	800,374	849,213
SHAREHOLDERS' FUNDS	22	<u>850,374</u>	<u>899,213</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board of Directors on16-10-06..... and were signed on its behalf by:


.....
M J McMullen - Director

The notes form part of these abbreviated accounts

CHEMIQUE ADHESIVES & SEALANTS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	2005 £	2004 £
Net cash inflow from operating activities	1	182,454	193,332
Returns on investments and servicing of finance	2	(66,119)	(50,787)
Taxation		(64,437)	(2,650)
Capital expenditure	2	(75,544)	(146,226)
Equity dividends paid		(38,500)	(24,000)
		(62,146)	(30,331)
Financing	2	(124,826)	(13,003)
Decrease in cash in the period		<u>(186,972)</u>	<u>(43,334)</u>
Reconciliation of net cash flow to movement in net debt	3		
Decrease in cash in the period		(186,972)	(43,334)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>112,827</u>	<u>(14,197)</u>
Change in net debt resulting from cash flows		(74,145)	(57,531)
New finance leases		<u>(28,967)</u>	<u>-</u>
Movement in net debt in the period		(103,112)	(57,531)
Net debt at 1 January		<u>(737,335)</u>	<u>(679,804)</u>
Net debt at 31 December		<u>(840,447)</u>	<u>(737,335)</u>

The notes form part of these abbreviated accounts

CHEMIQUE ADHESIVES & SEALANTS LIMITED**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005****1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2005	2004
	£	£
Operating profit	78,406	325,142
Depreciation charges	101,377	97,138
Loss on disposal of fixed assets	-	305
Government grants	(840)	(840)
Decrease/(Increase) in stocks	89,853	(45,878)
Increase in debtors	(130,953)	(32,554)
Increase/(Decrease) in creditors	44,611	(149,981)
Net cash inflow from operating activities	182,454	193,332

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2005	2004
	£	£
Returns on investments and servicing of finance		
Interest paid	(55,946)	(46,497)
Interest element of hire purchase payments	(10,173)	(4,290)
Net cash outflow for returns on investments and servicing of finance	(66,119)	(50,787)
Capital expenditure		
Purchase of tangible fixed assets	(75,544)	(149,426)
Sale of tangible fixed assets	-	3,200
Net cash outflow for capital expenditure	(75,544)	(146,226)
Financing		
New loans in year	30,582	72,758
Loan repayments in year	(76,918)	(54,752)
Capital repayments in year	(66,490)	(3,809)
Amount introduced by directors	1,941	-
Amount withdrawn by directors	(13,941)	(27,200)
Net cash outflow from financing	(124,826)	(13,003)

The notes form part of these abbreviated accounts

CHEMIQUE ADHESIVES & SEALANTS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.05 £	Cash flow £	Other non-cash changes £	At 31.12.05 £
Net cash:				
Cash at bank and in hand	28,652	(5,509)		23,143
Bank overdraft	(459,797)	(181,463)		(641,260)
	<u>(431,145)</u>	<u>(186,972)</u>		<u>(618,117)</u>
Liquid resources:				
Current asset investments	150,000	-	-	150,000
	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Debt:				
Hire purchase	(49,152)	(6,292)	(28,967)	(84,411)
Debts falling due within one year	(137,260)	52,424	-	(84,836)
Debts falling due after one year	(269,778)	66,695	-	(203,083)
	<u>(456,190)</u>	<u>112,827</u>	<u>(28,967)</u>	<u>(372,330)</u>
Total	<u>(737,335)</u>	<u>(74,145)</u>	<u>(28,967)</u>	<u>(840,447)</u>

The notes form part of these abbreviated accounts

CHEMIQUE ADHESIVES & SEALANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards.

Accounting convention

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

Exemption from preparing consolidated financial statements

The financial statements contain information about Chemique Adhesives & Sealants Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold buildings	2% straight line
Leasehold land and buildings	Straight line over the term of the lease except, where the continuing extension of the lease is known with reasonable certainty the improvements are written off over 10 years.
Plant and machinery	15% reducing balance
Fixtures, fittings and equipment	15% reducing balance - 33% straight line
Motor Vehicles	25% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

CHEMIQUE ADHESIVES & SEALANTS LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2005****1. ACCOUNTING POLICIES - continued****Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Assets held by the Employee Benefit Trust

The amount represents 5,000 ordinary shares of £1 each purchased by the company's Employee Benefit Trust at cost.

Government grants

Government grants received are treated as deferred credits and credited to the profit and loss account over the estimated useful life of the relevant fixed assets.

2. STAFF COSTS

	2005	2004
	£	£
Wages and salaries	1,189,815	1,183,253
Social security costs	123,864	122,646
Other pension costs	24,127	14,393
	<u>1,337,806</u>	<u>1,320,292</u>

The average monthly number of employees during the year was as follows:

	2005	2004
Manufacturing	19	18
Sales and administration	23	22
	<u>42</u>	<u>40</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2005	2004
	£	£
Hire of plant and machinery	49,846	57,596
Other operating leases	172,794	182,831
Depreciation - owned assets	80,957	86,183
Depreciation - assets on hire purchase contracts	20,420	10,955
Loss on disposal of fixed assets	-	305
Auditors' remuneration	8,600	8,200
Foreign exchange differences	8,846	5,045
	<u>92,279</u>	<u>85,520</u>

CHEMIQUE ADHESIVES & SEALANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued FOR THE YEAR ENDED 31 DECEMBER 2005

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Bank interest	29,083	23,266
Other interest	26,863	23,231
Hire purchase	10,173	4,290
	<u>66,119</u>	<u>50,787</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2005	2004
	£	£
Current tax:		
UK corporation tax	(1,701)	44,225
Adj re prior yr	21,889	(991)
Total current tax	<u>20,188</u>	<u>43,234</u>
Deferred tax	<u>2,438</u>	<u>13,439</u>
Tax on profit on ordinary activities	<u>22,626</u>	<u>56,673</u>

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2005	2004
	£	£
Profit on ordinary activities before tax	<u>12,287</u>	<u>274,355</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2004 - 19%)	2,335	52,127
Effects of:		
Non deductible expenses	10,688	10,058
Depreciation add back	19,261	18,456
Capital allowances	(20,277)	(23,732)
Adjustments to previous periods	21,889	(991)
Other tax adjustments	<u>(13,708)</u>	<u>(12,684)</u>
Current tax charge	<u>20,188</u>	<u>43,234</u>

6. DIVIDENDS

	2005	2004
	£	£
Equity shares:		
Interim	<u>38,500</u>	<u>24,000</u>

CHEMIQUE ADHESIVES & SEALANTS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2005**

7. TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold £	Plant and machinery £
COST			
At 1 January 2005	713,938	63,492	822,244
Additions	12,986	-	43,080
At 31 December 2005	726,924	63,492	865,324
DEPRECIATION			
At 1 January 2005	74,040	57,053	472,210
Charge for year	14,503	2,564	57,663
At 31 December 2005	88,543	59,617	529,873
NET BOOK VALUE			
At 31 December 2005	638,381	3,875	335,451
At 31 December 2004	639,898	6,439	350,034
	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 January 2005	225,053	32,992	1,857,719
Additions	48,445	-	104,511
At 31 December 2005	273,498	32,992	1,962,230
DEPRECIATION			
At 1 January 2005	180,630	20,133	804,066
Charge for year	23,433	3,214	101,377
At 31 December 2005	204,063	23,347	905,443
NET BOOK VALUE			
At 31 December 2005	69,435	9,645	1,056,787
At 31 December 2004	44,423	12,859	1,053,653

CHEMIQUE ADHESIVES & SEALANTS LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2005****7. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 January 2005	57,803	20,992	78,795
Additions	28,967	-	28,967
Transfer to ownership	(27,721)	-	(27,721)
Reclassification/transfer	80,170	-	80,170
	<u>139,219</u>	<u>20,992</u>	<u>160,211</u>
At 31 December 2005			
DEPRECIATION			
At 1 January 2005	18,449	9,184	27,633
Charge for year	17,468	2,952	20,420
Transfer to ownership	(10,697)	-	(10,697)
Reclassification/transfer	12,026	-	12,026
	<u>37,246</u>	<u>12,136</u>	<u>49,382</u>
At 31 December 2005			
NET BOOK VALUE			
At 31 December 2005	<u>101,973</u>	<u>8,856</u>	<u>110,829</u>
At 31 December 2004	<u>39,354</u>	<u>11,808</u>	<u>51,162</u>

8. FIXED ASSET INVESTMENTS

The company's investments at the balance sheet date in the share capital of companies include the following:

Hernon Chemique Europe Limited

Nature of business: Sale of adhesives

	%	
Class of shares:	holding	
Ordinary	100.00	
		2005
		£
Aggregate capital and reserves		(37,959)
Loss for the year		<u>(37,960)</u>

Chemique Adhesives Inc.

Country of incorporation: USA

Nature of business: Sale of adhesives

	%	
Class of shares:	holding	
Ordinary	100.00	

The first accounts of Chemique Adhesives Inc. have not yet been completed and so no financial information is available.

CHEMIQUE ADHESIVES & SEALANTS LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2005****8. FIXED ASSET INVESTMENTS - continued****Axil Products Limited**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

The company has a 100% subsidiary undertaking, Axil Products Limited, a company incorporated in England and Wales. The subsidiary ceased trading on 14 February 1997. The value of the investment was written down to zero as the company was technically insolvent at that date.

9. STOCKS

	2005	2004
	£	£
Finished goods	386,573	476,426
	<u>386,573</u>	<u>476,426</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Trade debtors	1,015,317	1,072,298
Amounts owed by group undertakings	182,801	-
Tax	1,701	-
Prepayments and accrued income	32,476	27,344
	<u>1,232,295</u>	<u>1,099,642</u>

11. CURRENT ASSET INVESTMENTS

	2005	2004
	£	£
Assets held by employee benefit trust	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

The assets held by the company's employee benefit trust represents 5,000 ordinary shares of £1 each in Chemique Adhesives and Sealants Limited. It is the intention to distribute these shares to certain employees of the company in the near future.

CHEMIQUE ADHESIVES & SEALANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2005

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Bank loans and overdrafts (see note 14)	726,096	597,057
Hire purchase contracts (see note 15)	38,514	30,570
Trade creditors	776,961	679,653
Tax	37,427	79,975
Social security and other taxes	22,119	45,615
VAT	45,601	61,141
Other creditors	1,165	-
Wages control	-	(216)
Directors' current accounts	1,941	13,941
Accruals and deferred income	52,596	67,638
	<u>1,702,420</u>	<u>1,575,374</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005	2004
	£	£
Bank loans (see note 14)	203,083	269,778
Hire purchase contracts (see note 15)	45,897	18,582
	<u>248,980</u>	<u>288,360</u>

14. DEBT

An analysis of the maturity of debt is given below:

	2005	2004
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	641,260	459,797
Bank loans	84,836	137,260
	<u>726,096</u>	<u>597,057</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>73,146</u>	<u>68,684</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>129,937</u>	<u>193,861</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more than 5 years		
by instalments	-	7,233
	<u>-</u>	<u>7,233</u>

CHEMIQUE ADHESIVES & SEALANTS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2005**

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2005 £	2004 £
Net obligations repayable:		
Within one year	38,514	30,570
Between one and five years	45,897	18,582
	<u>84,411</u>	<u>49,152</u>

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2005 £	2004 £	2005 £	2004 £
Expiring:				
Within one year	-	36,000	7,560	8,625
Between one and five years	-	-	63,312	44,767
In more than five years	66,000	-	-	-
	<u>66,000</u>	<u>36,000</u>	<u>70,872</u>	<u>53,392</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2005 £	2004 £
Bank overdrafts	641,260	459,797
Bank loans	287,919	407,038
Hire purchase contracts	84,411	49,152
	<u>1,013,590</u>	<u>915,987</u>

The bank loans and overdrafts are secured against the freehold property.

The bank loans bear interest at a rate which fluctuates in line with bank rates. At the year end the rate was 5.5%

17. PROVISIONS FOR LIABILITIES

	2005 £	2004 £
Deferred tax		
Accelerated Capital Allowances	42,934	40,496
Refund - EBT contributions	(35,750)	(35,750)
	<u>7,184</u>	<u>4,746</u>

CHEMIQUE ADHESIVES & SEALANTS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2005**

17. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2005	4,746
Movement	2,438
Balance at 31 December 2005	<u>7,184</u>

18. ACCRUALS AND DEFERRED INCOME

	2005 £	2004 £
Deferred government grants	<u>39,840</u>	<u>40,680</u>

19. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value: £1	2005 £	2004 £
50,000	Ordinary shares		<u>50,000</u>	<u>50,000</u>

Allotted and issued: Number:	Class:	Nominal value: £1	2005 £	2004 £
50,000	Ordinary shares		<u>50,000</u>	<u>50,000</u>

20. RESERVES

	Profit and loss account £
At 1 January 2005	849,213
Deficit for the year	(10,339)
Dividends	<u>(38,500)</u>
At 31 December 2005	<u>800,374</u>

CHEMIQUE ADHESIVES & SEALANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued FOR THE YEAR ENDED 31 DECEMBER 2005

21. RELATED PARTY DISCLOSURES

Mr M J McMullen, director and controlling shareholder of the company, owns one of the units from which the company operates. The company has rented the premises since March 1989. The rent charge was £36,000 (2004 - £36,000). Mr M J McMullen has given a personal guarantee to the company's bankers which is supported by a charge over this property.

At the balance sheet date the company owed Mr M J McMullen £1,941 (2004 £13,941) which is included in creditors due within one year.

During the year the company made sales of £307,354 to its 100% subsidiary Chemique Adhesives Inc. At the year end the company was owed £145,536 by this subsidiary.

Hernon Chemique Europe Limited a 100% subsidiary of the company owed the company £37,265 in respect of expenses paid on its behalf.

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
(Loss)/Profit for the financial year	(10,339)	217,682
Dividends	(38,500)	(24,000)
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(48,839)	193,682
Opening shareholders' funds	899,213	705,531
	<hr/>	<hr/>
Closing shareholders' funds	850,374	899,213
	<hr/>	<hr/>
Equity interests	850,374	899,213
	<hr/>	<hr/>