

Dean Statham

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Chartered
Accountants

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Business
Advisers

Chemique Adhesives & Sealants Limited

Company Registration No. 1945954 (England and Wales)

Financial Statements

For the Year Ended 31 December 2003



CHEMIQUE ADHESIVES & SEALANTS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2003**

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CHEMIQUE ADHESIVES & SEALANTS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2003**

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)
AUDITORS:	Dean Statham Chartered Accountants Registered Auditor Bank Passage Off Market Square Stafford ST16 2JS
SOLICITORS:	Pickering and Butters 19 Greengate Street Stafford ST16 2LU

CHEMIQUE ADHESIVES & SEALANTS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report with the financial statements of the company for the year ended 31 December 2003.

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 financial statements.

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

An interim dividend of 48p per share was paid on 31 December 2003. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2003 will be £24,000.

RESEARCH AND DEVELOPMENT

The company is heavily committed to research and development.

DIRECTORS

The directors during the year under review were:

M J McMullen
Mrs B C McMullen

The beneficial interests of the directors holding office on 31 December 2003 in the issued share capital of the company were as follows:

	31.12.03	1.1.03
Ordinary shares £1 shares		
M J McMullen	44,999	44,999
Mrs B C McMullen	1	1

STATEMENT OF 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 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.

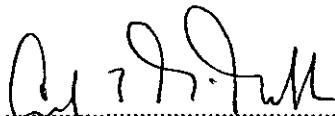
CHEMIQUE ADHESIVES & SEALANTS LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2003**

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: 1-6-04

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
CHEMIQUE ADHESIVES & SEALANTS LIMITED**

We have audited the financial statements of Chemique Adhesives & Sealants Limited for the year ended 31 December 2003 on pages five to nineteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 of 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

Date: 15 June 2004

CHEMIQUE ADHESIVES & SEALANTS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 £	2002 £
TURNOVER	2	5,518,428	4,865,949
Cost of sales		(3,592,293)	(3,063,492)
GROSS PROFIT		1,926,135	1,802,457
Distribution costs		(560,566)	(582,812)
Administrative expenses		(1,262,160)	(1,187,430)
		103,409	32,215
Other operating income		480	-
OPERATING PROFIT	4	103,889	32,215
Interest payable and similar charges	5	(42,074)	(32,132)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		61,815	83
Tax on profit on ordinary activities	6	752	(9,249)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		62,567	(9,166)
Dividends	7	(24,000)	(28,000)
RETAINED PROFIT/(DEFICIT) FOR THE YEAR		38,567	(37,166)

CONTINUING OPERATIONS

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

The notes form part of these financial statements

CHEMIQUE ADHESIVES & SEALANTS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2003**

	2003 £	2002 £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	62,567	(9,166)
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>62,567</u>	(9,166)
Prior year adjustment		<u>142,750</u>
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT		<u>133,584</u>

The notes form part of these financial statements

CHEMIQUE ADHESIVES & SEALANTS LIMITED

**BALANCE SHEET
31 DECEMBER 2003**

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	8	1,004,870	673,898
CURRENT ASSETS			
Stocks	9	430,548	436,588
Debtors	10	1,075,781	1,036,394
Investments	11	150,000	150,000
Cash at bank and in hand		19,876	21,095
		1,676,205	1,644,077
CREDITORS			
Amounts falling due within one year	12	(1,568,821)	(1,544,966)
NET CURRENT ASSETS		107,384	99,111
TOTAL ASSETS LESS CURRENT LIABILITIES		1,112,254	773,009
CREDITORS			
Amounts falling due after more than one year	13	(365,203)	(106,045)
ACCRUALS AND DEFERRED INCOME	17	(41,520)	-
		705,531	666,964
CAPITAL AND RESERVES			
Called up share capital	18	50,000	50,000
Profit and loss account	19	655,531	616,964
SHAREHOLDERS' FUNDS	21	705,531	666,964

ON BEHALF OF THE BOARD:



M J McMullen - Director

Approved by the Board on 1-6-04

The notes form part of these financial statements

CHEMIQUE ADHESIVES & SEALANTS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 £	2002 £
Net cash inflow from operating activities	1	146,897	277,547
Returns on investments and servicing of finance	2	(42,074)	(32,132)
Taxation		(7,025)	(35,376)
Capital expenditure	2	(369,260)	(185,790)
Equity dividends paid		(24,000)	(28,000)
		<u>(295,462)</u>	<u>(3,751)</u>
Financing	2	218,959	(9,677)
Decrease in cash in the period		<u>(76,503)</u>	<u>(13,428)</u>
Reconciliation of net cash flow to movement in net debt	3		
Decrease in cash in the period		(76,503)	(13,428)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(259,473)</u>	<u>16,793</u>
Change in net debt resulting from cash flows		(335,976)	3,365
New finance leases		<u>(51,074)</u>	<u>-</u>
Movement in net debt in the period		(387,050)	3,365
Net debt at 1 January		<u>(292,754)</u>	<u>(296,119)</u>
Net debt at 31 December		<u>(679,804)</u>	<u>(292,754)</u>

The notes form part of these financial statements

CHEMIQUE ADHESIVES & SEALANTS LIMITED**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003****1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2003 £	2002 £
Operating profit	103,889	32,215
Depreciation charges	90,262	88,365
Profit on disposal of fixed assets	(899)	-
Government grants	(480)	-
Decrease/(Increase) in stocks	6,040	(26,630)
Increase in debtors	(34,969)	(127,449)
(Decrease)/Increase in creditors	(16,946)	311,046
Net cash inflow from operating activities	146,897	277,547

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

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest paid	(42,074)	(32,132)
Net cash outflow for returns on investments and servicing of finance	(42,074)	(32,132)
Capital expenditure		
Purchase of tangible fixed assets	(375,260)	(185,790)
Sale of tangible fixed assets	6,000	-
Net cash outflow for capital expenditure	(369,260)	(185,790)
Financing		
New loans in year	300,000	-
Loan repayments in year	(16,374)	(15,785)
Capital repayments in year	(23,674)	25,561
Amount withdrawn by directors	(40,993)	(19,453)
Net cash inflow/(outflow) from financing	218,959	(9,677)

The notes form part of these financial statements

CHEMIQUE ADHESIVES & SEALANTS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.03 £	Cash flow £	Other non-cash changes £	At 31.12.03 £
Net cash:				
Cash at bank and in hand	21,095	(1,219)		19,876
Bank overdraft	(332,403)	(75,284)		(407,687)
	<u>(311,308)</u>	<u>(76,503)</u>		<u>(387,811)</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	(25,561)	23,674	(51,074)	(52,961)
Debts falling due within one year	(16,106)	(37,461)	-	(53,567)
Debts falling due after one year	(89,779)	(245,686)	-	(335,465)
	<u>(131,446)</u>	<u>(259,473)</u>	<u>(51,074)</u>	<u>(441,993)</u>
Total	<u>(292,754)</u>	<u>(335,976)</u>	<u>(51,074)</u>	<u>(679,804)</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

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 - 33% reducing balance
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.

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 as incurred.

Pensions

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

CHEMIQUE ADHESIVES & SEALANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES - continued

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. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2003 £	2002 £
UK	4,928,458	4,502,917
Europe	563,985	329,644
USA	25,985	33,388
	<u>5,518,428</u>	<u>4,865,949</u>

3. STAFF COSTS

	2003 £	2002 £
Wages and salaries	1,096,019	990,539
Social security costs	111,401	97,626
Other pension costs	13,932	31,214
	<u>1,221,352</u>	<u>1,119,379</u>

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

	2003	2002
Manufacturing	19	18
Sales and administration	23	22
	<u>42</u>	<u>40</u>

CHEMIQUE ADHESIVES & SEALANTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2003****4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Hire of plant and machinery	58,540	38,088
Other operating leases	193,156	194,479
Depreciation - owned assets	77,742	84,207
Depreciation - assets on hire purchase contracts	12,520	4,158
Profit on disposal of fixed assets	(899)	-
Auditors remuneration	7,800	7,600
Foreign exchange differences	(3,372)	594
	<u>80,013</u>	<u>69,922</u>
Directors' emoluments	<u>80,013</u>	<u>69,922</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Bank interest	39,997	23,585
Other interest	2,077	8,547
	<u>42,074</u>	<u>32,132</u>

6. TAXATION**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit on ordinary activities for the year was as follows:

	2003	2002
	£	£
Current tax:		
UK corporation tax	3,641	7,000
Adj re prior yr	25	(1,122)
Total current tax	<u>3,666</u>	<u>5,878</u>
Deferred tax	<u>(4,418)</u>	<u>3,371</u>
Tax on profit on ordinary activities	<u>(752)</u>	<u>9,249</u>

CHEMIQUE ADHESIVES & SEALANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2003

6. TAXATION - continued

Factors affecting the tax (credit)/charge

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

	2003 £	2002 £
Profit on ordinary activities before tax	<u>61,815</u>	<u>83</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2002 - 19%)	11,745	16
Effects of:		
Non deductible expenses	6,121	9,111
Depreciation add back	17,150	16,790
Capital allowances	(19,610)	(18,523)
Adjustments to previous periods	25	(1,122)
Other tax adjustments	(10,593)	(394)
Marginal Relief	(1,172)	-
Current tax (credit)/charge	<u>3,666</u>	<u>5,878</u>

7. DIVIDENDS

	2003 £	2002 £
Equity shares:		
Interim	<u>24,000</u>	<u>28,000</u>

8. TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold £	Plant and machinery £
COST			
At 1 January 2003	253,562	171,064	651,141
Additions	337,458	-	60,310
At 31 December 2003	<u>591,020</u>	<u>171,064</u>	<u>711,451</u>
DEPRECIATION			
At 1 January 2003	25,797	74,505	357,398
Charge for year	7,444	7,798	53,041
At 31 December 2003	<u>33,241</u>	<u>82,303</u>	<u>410,439</u>
NET BOOK VALUE			
At 31 December 2003	<u>557,779</u>	<u>88,761</u>	<u>301,012</u>
At 31 December 2002	<u>227,765</u>	<u>96,559</u>	<u>293,743</u>

CHEMIQUE ADHESIVES & SEALANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2003

8. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 January 2003	194,192	53,194	1,323,153
Additions	7,574	20,992	426,334
Disposals	-	(21,500)	(21,500)
At 31 December 2003	201,766	52,686	1,727,987
DEPRECIATION			
At 1 January 2003	150,002	41,552	649,254
Charge for year	15,096	6,883	90,262
Eliminated on disposal	-	(16,399)	(16,399)
At 31 December 2003	165,098	32,036	723,117
NET BOOK VALUE			
At 31 December 2003	36,668	20,650	1,004,870
At 31 December 2002	44,190	11,642	673,899

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 2003	27,721	-	27,721
Additions	30,082	20,992	51,074
At 31 December 2003	57,803	20,992	78,795
DEPRECIATION			
At 1 January 2003	4,158	-	4,158
Charge for year	7,272	5,248	12,520
At 31 December 2003	11,430	5,248	16,678
NET BOOK VALUE			
At 31 December 2003	46,373	15,744	62,117
At 31 December 2002	23,563	-	23,563

9. STOCKS

	2003 £	2002 £
Finished goods	430,548	436,588

CHEMIQUE ADHESIVES & SEALANTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2003****10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2003	2002
	£	£
Trade debtors	1,051,651	1,015,757
Deferred tax asset	8,693	4,275
Prepayments and accrued income	15,437	16,362
	<u>1,075,781</u>	<u>1,036,394</u>

11. CURRENT ASSET INVESTMENTS

	2003	2002
	£	£
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.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
	£	£
Bank loans and overdrafts (see note 14)	461,254	348,509
Hire purchase contracts (see note 15)	23,223	9,295
Trade creditors	764,627	826,794
Tax	39,391	42,750
Social security and other taxes	60,820	39,595
VAT	85,226	64,107
Other creditors	46,518	23,806
Wages control	12,946	-
Directors' current accounts	41,141	82,134
Accruals and deferred income	33,675	107,976
	<u>1,568,821</u>	<u>1,544,966</u>

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

	2003	2002
	£	£
Bank loans (see note 14)	335,465	89,779
Hire purchase contracts (see note 15)	29,738	16,266
	<u>365,203</u>	<u>106,045</u>

CHEMIQUE ADHESIVES & SEALANTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2003**

14. LOANS

An analysis of the maturity of loans is given below:

	2003 £	2002 £
Amounts falling due within one year or on demand:		
Bank overdrafts	407,687	332,403
Bank loans - less than 1 yr	53,567	16,106
	<u>461,254</u>	<u>348,509</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	64,531	17,435
Amounts falling due between two and five years:		
Bank loans - 2-5 years	205,569	61,419
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	65,365	10,925

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	2003 £	Hire purchase contracts 2002 £
Net obligations repayable:		
Within one year	23,223	9,295
Between one and five years	29,738	16,266
	<u>52,961</u>	<u>25,561</u>

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

	Operating leases			
	Land and buildings		Other	
	2003 £	2002 £	2003 £	2002 £
Expiring:				
Within one year	-	-	19,765	33,217
Between one and five years	-	-	44,178	69,974
In more than five years	36,000	36,600	-	-
	<u>36,000</u>	<u>36,600</u>	<u>63,943</u>	<u>103,191</u>

CHEMIQUE ADHESIVES & SEALANTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2003****16. SECURED DEBTS**

The following secured debts are included within creditors:

	2003	2002
	£	£
Bank overdraft	407,687	332,403
Bank loans	389,032	105,885
Hire purchase contracts	52,961	25,561
	<u>849,680</u>	<u>463,849</u>

The bank and other 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. ACCRUALS AND DEFERRED INCOME

	2003	2002
	£	£
Deferred government grants	<u>41,520</u>	<u>-</u>

18. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2003	2002
		£1	£	£
50,000	Ordinary shares		<u>50,000</u>	<u>50,000</u>

Allotted and issued:

Number:	Class:	Nominal value:	2003	2002
		£1	£	£
50,000	Ordinary shares		<u>50,000</u>	<u>50,000</u>

19. RESERVES

	Profit and loss account
	£
At 1 January 2003	616,964
Retained profit for the year	<u>38,567</u>
At 31 December 2003	<u>655,531</u>

CHEMIQUE ADHESIVES & SEALANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2003

20. 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 (2002 - £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 £41,141 (2002 - £82,134) which is included in creditors due within one year.

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit/(Loss) for the financial year	62,567	(9,166)
Dividends	(24,000)	(28,000)
Net addition/(reduction) to shareholders' funds	38,567	(37,166)
Opening shareholders' funds	666,964	704,130
Closing shareholders' funds	705,531	666,964
Equity interests	705,531	666,964