

CAYLEY CHEMICAL CORPORATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE, 1995

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COMPANY INFORMATION

COMPANY NUMBER 2116782

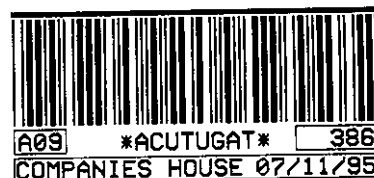
REGISTERED OFFICE 10 Manor Park
Mackenzie Way,
Cheltenham, Gloucestershire

DIRECTOR P.J. Mills, B.Sc.

SECRETARY B. Earl, M.A. (Cantab)

BANKERS Barclays Bank PLC
Mackenzie Way,
Cheltenham, Gloucestershire

AUDITORS N.B. Lancaster and Co.,
Chartered Accountants,
and Registered Auditor
5 Cecil Street,
Carlisle
CA1 1NL



CAYLEY CHEMICAL CORPORATION LIMITEDDIRECTORS REPORT

The Director presents his eighth Annual Report to the Members of the Company, together with the Audited Accounts for the year ended 30th June, 1995.

TRADING RESULTS

| | <u>Y.E. 30.6.1995</u> | <u>Y.E. 30.6.1994</u> |
|--|-----------------------|-----------------------|
| Profit on Ordinary Activities Before Taxation | 80,472 | 140,193 |
| Taxation | 19,660 | 35,470 |
| Profit on Ordinary Activities After Taxation | <u>60,812</u> | <u>104,723</u> |

STATE OF AFFAIRS

The Director considers that the Company's State of Affairs is satisfactory in the present economic climate and hopes that the Company will generate increased profits during the current year.

The Director voted a Dividend of £60,000 on 7th April, 1995. The Company's Holding Company, C.C.C. Trading Limited, waived its entitlement to the Dividend and the whole amount was paid to the remaining Shareholder, Mr. P.J. Mills.

PRINCIPAL ACTIVITIES

The Company's principal activity is acting as Dealers in Chemical Products.

FIXED ASSETS

The Company's movements in Fixed Assets are set out in Note 13 to the Accounts.

DIRECTORS AND THEIR INTERESTS

The Director serving during the year and his interest in the Company's Share Capital was as follows:-

| | <u>ORD. SHARES</u> <u>AT 30.6.1995</u> | <u>ORD. SHARES</u> <u>AT 30.6.1994</u> |
|-------------|---|---|
| P.J. Mills, | 9,402 (40%) | 9,402 (40%) |

Through Mr. Mills ownership and control of C.C.C. Trading Limited (who hold the remining 60% of Shares in the Company) he effectively controls 100% of the Shares in Cayley Chemical Corporation Limited.

CAYLEY CHEMICAL CORPORATION LIMITEDDIRECTORS REPORT (CONTD.)OTHER SUBSTANTIAL HOLDINGS (In Excess of 3% Issued Share Capital)ORD. SHARES
AT 30.6.1995

C.C.C. Trading Limited

14,100 (60%)

C.C.C. Trading Limited acquired the above holding on 23rd October, 1989 on which date Cayley Chemical Corporation Limited became a subsidiary of C.C.C. Trading Limited

The Company's Director, Mr. P.J. Mills, is sole Director of C.C.C. Trading Limited and he and his wife are the sole shareholders in C.C.C. Trading Limited.

CHARITABLE AND POLITICAL DONATIONS

| | |
|------------|-----------------------------|
| Charitable | £105 (Previous Year = £110) |
| Political | NIL (Previous Year = NIL) |

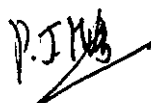
INCOME AND CORPORATION TAXES ACT

The Company is a "Close Company" within the meaning of the Act.

AUDITORS

Messrs. N.B. Lancaster and Co., Chartered Accountants have indicated their willingness to continue as Registered Auditor and a resolution reappointing them as Registered Auditor will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



P.J. MILLS,

DIRECTOR31st OCTOBER, 1995


CAYLEY CHEMICAL CORPORATION LIMITEDSTATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of the Company's affairs at the end of the financial year and of the profit and loss for that period.

It is also the Directors responsibility to maintain adequate accounting records, safeguard the assets of the company and prevent and detect fraud and other irregularities.

The Directors confirm that suitable Accounting Policies, consistently applied and supported by responsible and prudent judgement and estimates, have been used in the preparation of the Financial Statements and that applicable Accounting Standards have been followed.

BY ORDER OF THE BOARD



P. J. MILLS

DIRECTOR

31st OCTOBER, 1995

AUDITORS REPORT
TO THE MEMBERS OF
CAYLEY CHEMICAL CORPORATION LIMITED

We have audited the financial statements on pages 5 and 7 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 12.

Respective Responsibilities of Directors and Auditors

As described on page 3 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 the evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 explanation 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 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 30th June, 1995 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.




N.B. LANCASTER AND CO.,
CHARTERED ACCOUNTANTS
AND REGISTERED AUDITOR,
5 CECIL STREET,
CARLISLE.

31st OCTOBER, 1995

BALANCE SHEET AS AT 30th JUNE, 1995

As At 30.6.1994

| | | | | |
|--------|--------|---|---------|--------|
| | | <u>ASSETS EMPLOYED</u> | | |
| | | <u>FIXED ASSETS</u> | | |
| | 205255 | Tangible Assets (Note 13) | | 208291 |
| | | <u>CURRENT ASSETS</u> | | |
| 615925 | | Debtors (Note 7) | 472077 | |
| 302955 | | Cash at Bank and In Hand (Note 8) | 529469 | |
| | 918880 | | 1001546 | |
| | | <u>LESS CURRENT LIABILITIES</u> | | |
| 643568 | | Creditors Falling Due Within One Year (Note 9) | 690100 | |
| | 275312 | <u>NET CURRENT ASSETS</u> | | 311446 |
| | 480567 | <u>TOTAL ASSETS LESS CURRENT LIABILITIES</u> | | 519737 |
| | 16564 | <u>LESS CREDITORS FALLING DUE AFTER ONE YEAR</u> (Note 10) | | 54922 |
| | 464003 | <u>NET ASSETS</u> | | 464815 |
| | | <u>REPRESENTED BY:-</u> | | |
| | | <u>CAPITAL AND RESERVES</u> | | |
| | 23502 | Called Up Share Capital (Note 11) | | 23502 |
| | | <u>RESERVES:-</u> | | |
| 4371 | | Share Premium Account | 4371 | |
| 436130 | | Profit and Loss Account | 436942 | |
| | 440501 | | | 441313 |
| | 464003 | <u>CAPITAL EMPLOYED</u> | | 464815 |
| | | <u>APPROVED BY THE DIRECTOR ON 31st OCTOBER, 1995</u> | | |
| | | P.J. Mills  Director | | |

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE, 1995

Y.E. 30.6.1994

| | | |
|---------|--|---------|
| 3781306 | <u>TURNOVER</u> (Note 1(b)) | 2955401 |
| 3440824 | <u>Less</u> Cost of Sales | 2673534 |
| 340482 | <u>GROSS PROFIT</u> | 281867 |
| 204998 | <u>Less</u> Net Operating Expenses | 209090 |
| 135484 | <u>OPERATING PROFIT</u> | 72777 |
| 10101 | Add Interest Received (Note 2) | 10277 |
| - | Profit on Sale of Investments (Note 2) | 154 |
| 145585 | | 83208 |
| 5392 | <u>Less</u> Interest Payable (Note 3) | 2736 |
| 140193 | <u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</u> (Note 4) | 80472 |
| 35470 | <u>TAXATION</u> (Note 6) | 19660 |
| 104723 | <u>PROFIT ON ORDINARY ACTIVITIES AFTER TAX</u> | 60812 |
| | <u>APPROPRIATIONS</u> | |
| 70000 | - Dividends | 60000 |
| 34723 | <u>RETAINED PROFIT FOR FINANCIAL YEAR</u> | 812 |
| 401407 | Add Retained Earnings B/Fwd. | 436130 |
| 436130 | <u>RETAINED EARNINGS</u> | 436942 |

NOTES1. Continuing Operations

None of the Company's activities were acquired or discontinued during the above Financial Years.

2. Total Recognised Gains and Losses

The Company has no recognised gains or losses other than the Profit shown for each Financial Year.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30th JUNE, 1995

Y.E. 30.6.1994

| | | | |
|----------|----------|--|---------|
| | | <u>NET CASH INFLOW FROM OPERATING ACTIVITIES:-</u> | |
| | 135484 | Profit Before Tax and Interest | 72777 |
| 15198 | | Depreciation Provisions | 12316 |
| (118847) | | Changes in - Debtors | 143848 |
| 83667 | | - Creditors | 61636 |
| | (19982) | | 217800 |
| | 115502 | | 290577 |
| | | <u>RETURNS ON INVESTMENT AND SERVICING OF FINANCE:-</u> | |
| (10101) | | Interest Received | (10431) |
| 5392 | | Interest Paid | 2736 |
| 70000 | | Dividend Paid | 60000 |
| | | | 52305 |
| 65291 | | | |
| | | | |
| 32324 | | Taxation Paid | 35470 |
| | | | |
| | | <u>INVESTING ACTIVITIES</u> | |
| 40578 | | Purchases of Fixed Assets | 29602 |
| (9978) | | Sales of Fixed Assets | (14250) |
| | | | 15352 |
| 30600 | | | |
| | (128215) | | 103127 |
| | (12713) | <u>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</u> | 187450 |
| | | <u>FINANCING</u> | |
| - | | Increase in Directors Loan | (39475) |
| (13752) | | Increase/Decrease in Hire Purchase Loan | 261 |
| | (13752) | | (39214) |
| 1039 | | <u>INCREASE IN CASH RESOURCES:-</u> | 226664 |
| | (12713) | | 187450 |

CAYLEY CHEMICAL CORPORATION LIMITEDNOTES TO THE ACCOUNTS1. ACCOUNTING POLICIES(a) Basis of Preparation

The Accounts have been prepared under the Historical Cost Convention and comply with applicable Statements of Standard Accounting Practice.

(b) Turnover

Turnover represents the value of Invoiced Sales to customers less credits and provision for doubtful debts exclusive of Value Added Tax. Turnover attributable to Geographical Markets outside the U.K. amounted to 100% (1994 - 100%).

(c) Depreciation

Provision is made for Depreciation of Tangible Assets at the following rates computed by the reducing balance method in order to write off the cost of Assets over their estimated useful lives:-

Office Equipment, Fixtures and Fittings - 25% p.a. on Reducing Balance

Motor Vehicles - 25% p.a. on Reducing Balance

No provision is made for the Depreciation of Freehold Property as in the opinion of the Director the property is maintained to the highest standard and is worth at least the Book Value shown in the Accounts.

(d) Leasing Commitments

Assets acquired under Finance Leases are capitalised in the Accounts and the Finance Charge on Finance Leases are charged to the Profit and Loss Account over the period of the Lease.

Assets acquired under Operating Leases are not capitalised and the rentals are charged to Profit and Loss Account when incurred.

(e) Translation of Foreign Currencies

Assets and Liabilities in foreign currency are translated into Sterling at the Exchange rates ruling at the Balance Sheet date

Exchange differences on the translation of foreign currency are shown as a separate item in the financial statements (see Note 4).

NOTES TO THE ACCOUNTS

| | | |
|---|-------------|-------------|
| 2. <u>Interest Received</u> | <u>1995</u> | <u>1994</u> |
| Short Term Bank Interest Received | 10,277 | 10,101 |
| | ===== | ===== |
| <u>Profit on Sale of Short Term Investment</u> | 154 | Nil |
| | ===== | ===== |
| 3. <u>Interest Payable</u> | | |
| Short Term Bank Overdraft Interest | 16 | - |
| Hire Purchase Interest | 2,720 | 5,392 |
| | 2,736 | 5,392 |
| | ===== | ===== |
| 4. <u>Profit on Ordinary Activities Before Tax</u> | | |
| Is stated after charging the following items:- | | |
| Depreciation | 12,316 | 15,198 |
| Auditors Remuneration | 3,200 | 3,000 |
| Directors Remuneration (See Note 5) | 7,041 | 6,461 |
| Staff Costs (See Note 5) | 73,084 | 67,316 |
| Payments Under Operating Leases | 520 | 520 |
| Exchange (Gain)/Loss on Translation of Foreign Currencies | 36 | (8,990) |
| | ===== | ===== |
| 5. <u>Staff Costs</u> | | |
| Salaries (Excluding Directors Remuneration) | 64,069 | 58,782 |
| Social Security Costs | 5,441 | 5,265 |
| Pension Contributions | 3,574 | 3,269 |
| | 73,084 | 67,316 |
| | ===== | ===== |
| The Average Weekly number of employees during the year (excluding Directors) was as follows:- | | |
| Office Staff | 5 | 5 |
| | ===== | ===== |
| Directors Remuneration During the Year was as follows:- | | |
| Salary | 2,967 | 2,816 |
| Social Security Costs | - | - |
| Pension Contributions | 4,074 | 3,645 |
| | 7,041 | 6,461 |
| | ===== | ===== |
| The Emoluments of the Chairman (and Highest Paid Director) was £2,816. | | |
| The Analysis of Directors Remuneration was as follows:- | | |
| £0 - £5,000 | 1 | 1 |
| | ===== | ===== |

CAYLEY CHEMICAL CORPORATION LIMITEDNOTES TO THE ACCOUNTS

| | | | |
|----|--|----------------|----------------|
| 6. | <u>Taxation</u> | <u>1995</u> | <u>1994</u> |
| | Provision for Corporation Tax on Profits for Year | 19,602 | 35,412 |
| | Interest on Late Payment | 58 | 58 |
| | | <u>19,660</u> | <u>35,470</u> |
| | | ===== | ===== |
| 7. | <u>Debtors</u> | | |
| | Trade Debtors | 272,254 | 448,572 |
| | Other Debtors (V.A.T. Repayment Due) | - | 2,003 |
| | Amounts owed by Holding Company:- | | |
| | - C.C.C. Trading Limited | 199,823 | 165,350 |
| | | <u>472,077</u> | <u>615,925</u> |
| | | ===== | ===== |
| 8. | <u>Cash at Bank and In Hand</u> | | |
| | Balances at Barclays Bank P.L.C. | | |
| | - Sterling | 130,985 | 182,513 |
| | - Foreign Currencies | 398,484 | 120,442 |
| | | <u>529,469</u> | <u>302,955</u> |
| | | ===== | ===== |
| 9 | <u>Creditors Falling Due Within One Year</u> | | |
| | Trade Creditors | 646,222 | 582,800 |
| | Other Creditors (Including Taxation and Social Security) | 4,607 | 6,593 |
| | Accruals | 3,200 | 3,000 |
| | Corporation Tax Due | 19,602 | 35,412 |
| | Hire Purchase Creditors Repayable in Under 12 Months | 16,469 | 15,613 |
| | Bank Overdraft - Barclays Bank PLC | - | 150 |
| | | <u>690,100</u> | <u>643,568</u> |
| | | ===== | ===== |

CAYLEY CHEMICAL CORPORATION LIMITEDNOTES TO THE ACCOUNTS

| | <u>1995</u> | <u>1994</u> |
|---|---------------|---------------|
| 10. <u>Creditors Falling Due After One Year</u> | | |
| Hire Purchase Creditors Due for Repayment in Over 12 Months | 14,922 | 16,039 |
| Directors Loan Account (Interest Free; No Fixed Repayment Date) - Mr. P.J. Mills | 40,000 | 525 |
| | <u>54,922</u> | <u>16,564</u> |
| | ===== | ===== |
| 11 <u>Called Up Share Capital</u> | | |
| <u>Authorised</u> - 100,000 Ordinary Shares of £1 each | 100,000 | 100,000 |
| | ===== | ===== |
| <u>Issued</u> - 23,502 Ordinary Shares of £1 each, Fully Paid | 23,502 | 23,502 |
| | ===== | ===== |

12. Ultimate Holding Company

The Company's Ultimate Holding Company is C.C.C. Trading Limited (Registered in England) which owns 14,100 Ordinary Shares equivalent to 60% of the Issued Share Capital of Cayley Chemical Corporation Limited. 100% of the Share Capital of C.C.C. Trading Limited is owned by Mr. P.J. Mills and family. Mr. Mills is sole Director and remaining 40% shareholder in Cayley Chemical Corporation Limited.

CAYLEY CHEMICAL CORPORATION LIMITEDNOTES TO THE ACCOUNTS

| | <u>FREEHOLD PROPERTY</u> | <u>OFFICE EQUIPMENT AND FITTINGS</u> | <u>MOTOR VEHICLES</u> | <u>TOTAL</u> |
|---------------------------------------|------------------------------|--|---------------------------|----------------|
| 13 Cost as at 30.6.1994 | 161,047 | 13,396 | 66,215 | 240,658 |
| Additions | - | - | 29,602 | 29,602 |
| Disposals | - | - | (25,637) | (25,637) |
| Cost as at 30.6.1995 | <u>161,047</u> | <u>13,396</u> | <u>70,180</u> | <u>244,623</u> |
| Depreciation as at 30.6.1994 | - | 10,438 | 24,965 | 35,403 |
| Elimination Relating to Disposals | - | - | (14,821) | (14,821) |
| Provision for Depreciation | - | 740 | 15,010 | 15,750 |
| Depreciation as at 30.6.1995 | <u>-</u> | <u>11,178</u> | <u>25,154</u> | <u>36,332</u> |
| <u>Net Book Value As At 30.6.1994</u> | <u>161,047</u> | <u>2,958</u> | <u>41,250</u> | <u>205,255</u> |
| <u>Net Book Value As At 30.6.1995</u> | <u>161,047</u> | <u>2,218</u> | <u>45,026</u> | <u>208,291</u> |

No Depreciation is provided on the Company's Freehold property as in the opinion of the Director it will be maintained to the highest standard and is worth at least the amount of the purchase price at the Accounting Date.