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REGISTERED NUMBER. 2726106 (England and Wales)

**REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008
FOR
FINE & PERFORMANCE CHEMICALS LIMITED**

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FINE & PERFORMANCE CHEMICALS LIMITED

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FINE & PERFORMANCE CHEMICALS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2008**

DIRECTOR.

Mr S R S Lines

SECRETARY:

Mr J Lawson

REGISTERED OFFICE:

1 Ellerbeck Way
Stokesley Business Park
Stokesley
North Yorkshire
TS9 5JZ

REGISTERED NUMBER:

2726106 (England and Wales)

AUDITORS:

Grant Thornton UK LLP
Chartered Accountants and Registered
Auditors
No 1 Whitehall Riverside
Leeds
LS1 4BN

FINE & PERFORMANCE CHEMICALS LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 31 MAY 2008

The director presents his report with the financial statements of the company for the year ended 31 May 2008

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the advancement of technology and subsequent marketing of fine chemicals

REVIEW OF BUSINESS

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

The directors report that the company's positive results achieved in recent years have continued. There was a profit after taxation of £358,047 for the year (2007 £351,325)

The director is confident that these positive results will continue and new products will be coming on stream following further development. Also the production of ink will be running for the whole of the next financial year

Principal risks and uncertainties

The management of the business and the nature of the group's/company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

The directors are of the opinion that a risk management process is adopted which involves the review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

High proportion of fixed overheads and variable revenues

A large proportion of the group's/company's overheads are fixed. There is the risk that any significant changes in revenue may lead to the inability to cover such costs.

Management closely monitor fixed overheads against budget on a monthly basis and cost saving exercises are implemented when there is an anticipated decline in revenues.

Competition

The market in which the group/company operates is highly competitive. As a result there is constant downwards pressure on margins and the additional risk of being unable to meet customers expectations. Policies of constant price monitoring and ongoing market research are in place to mitigate such risks.

Fluctuations in currency exchange rates

Approximately 21% of our group turnover relates to overseas operations. As a group/company, we are therefore exposed to foreign currency fluctuations.

The group/company manages its foreign exchange exposure on a net basis, and if required uses forward foreign exchange contracts and other derivatives/financial instruments to reduce the exposure.

If the hedging activity does not mitigate the exposure, then the results and the financial condition of the group/company may be adversely impacted by foreign currency fluctuations.

Interest rates

The group's/company's borrowings are charged interest calculated with reference to a percentage over base rate. The group is therefore exposed to the risk of interest rate fluctuation. The group has entered into a base rate swap agreement which maximizes the level of base rate at 6 13% for £2m of borrowings.

DIVIDENDS

No dividends will be distributed for the year ended 31 May 2008

FIXED ASSETS

In the opinion of the director, no assets have a significant difference between book value reported and market value.

RESEARCH AND DEVELOPMENT

Research and development work into new products has continued at a similar level to that of recent years.

FINE & PERFORMANCE CHEMICALS LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 31 MAY 2008

DIRECTORS

The directors who served the company during the year were as follows

Mr N P Newson (Resigned 1 June 2007)

Mr S R S Lines

During the financial year, a qualifying third party indemnity provision for the benefit of the directors and officers was in force

RESULTS AND DIVIDENDS

Turnover decreased from £8,334,322 to £5,203,498. However, gross profit margin increased from 16.6% to 19.8% reflecting the large amount of monies invested in developing processes of chemicals for the advanced pharmaceutical intermediaries market.

KEY PERFORMANCE INDICATORS

	Year ended 31/05/2008	Year ended 31/05/2007
Turnover (£'000)	5,203	8,334
Gross Margin %	19.8%	16.6%
Operating Profit (£'000)	414	414
Operating Profit %	7.96%	4.97%

FINE & PERFORMANCE CHEMICALS LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 31 MAY 2008

FINANCIAL RISK

The company uses various financial instruments. These include loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. In order to manage the company's exposure to those risks, in particular the company's exposure to interest rate risk and currency risk the company enters into a number of derivative transactions including, but not limited to, variable to fixed rate interest rate swaps and forward foreign currency contracts.

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The director reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

MARKET RISK

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. The company's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

CURRENCY RISK

The company is exposed to translation and transaction foreign exchange risk. In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting for these financial statements.

About 90% of the company's sales are to customers in continental Europe. These sales are priced in sterling but invoiced in dollars to the customers involved. All material purchases are made in dollars thus providing a natural hedge for all but the margin. The company policy is to try to match the timing of the settling of these sales and purchase invoices so as to eliminate, as far as possible, currency exposures. Where there is a material residual exposure the company uses forward currency contracts to minimise the risk associated with that exposure.

The tables below show the extent to which the company has residual financial assets and liabilities, after taking account of forward currency contracts, in currencies other than sterling. Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account of the company.

Functional currency of operation	Net foreign currency monetary asset/(liability)		
	Euro £'000	US Dollar £'000	Total £'000
2008			
Sterling	-	-	-
2007			
Sterling	19	(246)	(227)

LIQUIDITY RISK

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Short-term flexibility is achieved by overdraft facilities and invoice discounting.

FINE & PERFORMANCE CHEMICALS LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 31 MAY 2008

INTEREST RATE RISK

The company finances its operations through a mixture of retained profits, bank borrowings and preference shares. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both zero and floating facilities. It is the company's policy to keep between 60% and 80% of its borrowings at floating rates of interest. At the year-end 75% of the borrowings were at floating rates, this percentage is calculated without reference to the financial liabilities on which no interest is charged.

The interest rate exposure of the financial assets and liabilities of the company as at 31 May 2008 is shown in the table below. The table includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk.

	Fixed £'000	Interest rate Floating £'000	Zero £'000	Total £'000
Financial assets				
Cash	-	-	12	12
Trade debtors	-	-	2,010	2,010
	-	-	2,022	2,022
Financial liabilities				
Overdrafts	-	336	-	336
Bank loans	-	762	-	762
Trade creditors	-	-	613	613
	-	1,098	613	1,711

CREDIT RISK

The principal credit risk arises from trade debtors.

In order to manage credit risk the director sets limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

In 2008 there were no concentrations of credit risk, with exposure being spread over a number of customers.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the director is required to

- select suitable accounting policies and applicable accounting standards 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 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.

FINE & PERFORMANCE CHEMICALS LIMITED

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 MAY 2008**

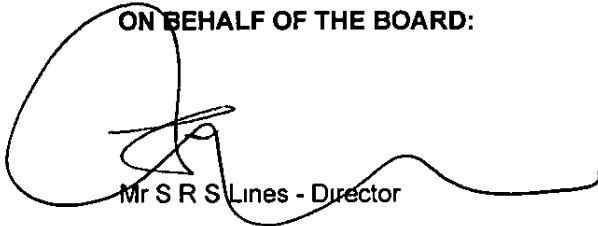
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is 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 he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

Grant Thornton UK LLP have offered themselves for re-appointment as auditors

ON BEHALF OF THE BOARD:

A large, stylized handwritten signature in black ink, consisting of a large loop at the start followed by several fluid, connected strokes.

Mr S R S Lines - Director

Date 7 October 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF FINE & PERFORMANCE CHEMICALS LIMITED

We have audited the financial statements of Fine & Performance Chemicals Limited for the year ended 31 May 2008 on pages eight to nineteen. These financial statements have been prepared under the historical cost convention and 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 director and auditors

The director's responsibilities for preparing Report of the Director and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in statement of director's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Report of the Director is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 director's remuneration and other transactions is not disclosed.

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

Basis of audit opinion

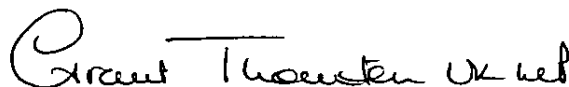
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Director is consistent with the financial statements.



Grant Thornton UK LLP
Chartered Accountants and Registered
Auditors
No 1 Whitehall Riverside
Leeds
LS1 4BN

Date 7 October 2008

FINE & PERFORMANCE CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2008

	Notes	2008 £	2007 £
TURNOVER	2	5,203,498	8,334,322
Cost of sales		<u>4,171,518</u>	<u>6,947,108</u>
GROSS PROFIT		1,031,980	1,387,214
Administrative expenses		<u>617,909</u>	<u>973,464</u>
		414,071	413,750
Other operating income		<u>399</u>	<u>-</u>
OPERATING PROFIT	4	414,470	413,750
Interest receivable and similar income		<u>-</u>	<u>1,969</u>
		414,470	415,719
Interest payable and similar charges	5	<u>50,743</u>	<u>75,212</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		363,727	340,507
Tax on profit on ordinary activities	6	<u>5,680</u>	<u>(10,818)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>358,047</u>	<u>351,325</u>

CONTINUING OPERATIONS

All of the activities of the company were classed as continuing

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

FINE & PERFORMANCE CHEMICALS LIMITED

BALANCE SHEET 31 MAY 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Tangible assets	8	146,769	77,681
CURRENT ASSETS			
Stocks	9	600,911	331,941
Debtors	10	2,474,244	1,845,062
Cash at bank		<u>12,537</u>	<u>1,075,866</u>
		3,087,692	3,252,869
CREDITORS			
Amounts falling due within one year	11	<u>2,074,999</u>	<u>2,534,815</u>
NET CURRENT ASSETS		<u>1,012,693</u>	<u>718,054</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,159,462	795,735
PROVISIONS FOR LIABILITIES	14	<u>8,002</u>	<u>2,322</u>
NET ASSETS		<u>1,151,460</u>	<u>793,413</u>
CAPITAL AND RESERVES			
Called up share capital	15	100,000	100,000
Capital redemption reserve	16	230,000	230,000
Profit and loss account	16	<u>821,460</u>	<u>463,413</u>
SHAREHOLDERS' FUNDS	20	<u>1,151,460</u>	<u>793,413</u>

The financial statements were approved by the director on

7 October 2008 and were signed by


Mr S B S Lines - Director

The notes form part of these financial statements

FINE & PERFORMANCE CHEMICALS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2008**

	Notes	2008	2007
		£	£
Net cash (outflow)/inflow from operating activities	1	(349,496)	851,289
Returns on investments and servicing of finance	2	(50,743)	(73,243)
Taxation		-	(74,221)
Capital expenditure	2	(95,336)	(43,395)
Equity dividends paid		-	(300,000)
		(495,575)	360,430
Financing	2	(731,960)	16,164
(Decrease)/Increase in cash in the period		(1,227,535)	376,594
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
(Decrease)/Increase in cash in the period		(1,227,535)	376,594
Cash outflow/(inflow) from decrease/(increase) in debt		731,960	(16,164)
Change in net debt resulting from cash flows		(495,575)	360,430
Movement in net debt in the period		(495,575)	360,430
Net debt at 1 June		(593,320)	(953,750)
Net debt at 31 May		(1,088,895)	(593,320)

The notes form part of these financial statements

FINE & PERFORMANCE CHEMICALS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2008

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	414,470	413,750
Depreciation charges	26,248	17,808
Loss on disposal of fixed assets	-	449
(Increase)/Decrease in stocks	(268,970)	102,317
(Increase)/Decrease in debtors	(629,182)	2,790,590
Increase/(Decrease) in creditors	<u>107,938</u>	<u>(2,473,625)</u>
Net cash (outflow)/inflow from operating activities	<u>(349,496)</u>	<u>851,289</u>

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

	2008 £	2007 £
Returns on investments and servicing of finance		
Interest received	-	1,969
Interest paid	<u>(50,743)</u>	<u>(75,212)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(50,743)</u>	<u>(73,243)</u>
 Capital expenditure		
Purchase of tangible fixed assets	(95,336)	(43,495)
Sale of tangible fixed assets	<u>-</u>	<u>100</u>
Net cash outflow for capital expenditure	<u>(95,336)</u>	<u>(43,395)</u>
 Financing		
Amounts owed to group undertakings	(302,266)	314,915
Amounts due re invoice discounting	<u>(429,694)</u>	<u>(298,751)</u>
Net cash (outflow)/inflow from financing	<u>(731,960)</u>	<u>16,164</u>

The notes form part of these financial statements

FINE & PERFORMANCE CHEMICALS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2008

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1/6/07 £	Cash flow £	At 31/5/08 £
Net cash			
Cash at bank	1,075,866	(1,063,329)	12,537
Bank overdraft	<u>(175,466)</u>	<u>(164,206)</u>	<u>(339,672)</u>
	<u>900,400</u>	<u>(1,227,535)</u>	<u>(327,135)</u>
 Debt			
Debts falling due within one year	<u>(1,493,720)</u>	<u>731,960</u>	<u>(761,760)</u>
	<u>(1,493,720)</u>	<u>731,960</u>	<u>(761,760)</u>
 Total	<u><u>(593,320)</u></u>	<u><u>(495,575)</u></u>	<u><u>(1,088,895)</u></u>

The notes form part of these financial statements

FINE & PERFORMANCE CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

1 ACCOUNTING POLICIES

Accounting convention

The finance statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Turnover

Turnover is the revenue arising from the sales of goods and services. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product being ready for delivery, based on specific contract terms

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 where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Research and development

Research and development expenditure is charged to the profit and loss account 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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Office equipment - 20% straight line

Plant and machinery - 20% straight line

FINE & PERFORMANCE CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2008

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

	2008 £	2007 £
United Kingdom	896,382	584,604
Europe	3,926,805	7,395,821
Rest of the world	<u>380,311</u>	<u>353,897</u>
	<u>5,203,498</u>	<u>8,334,322</u>

3 STAFF COSTS

	2008 £	2007 £
Wages and salaries	155,641	96,192
Social security costs	13,417	10,283
Other pension costs	<u>6,173</u>	<u>4,830</u>
	<u>175,231</u>	<u>111,305</u>

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

	2008	2007
Administrative staff	<u>5</u>	<u>3</u>

4 OPERATING PROFIT

The operating profit is stated after charging

	2008 £	2007 £
Depreciation - owned assets	26,248	17,808
Loss on disposal of fixed assets	-	449
Auditor's remuneration – audit of the financial statements	8,496	8,999
Foreign exchange differences	<u>1,237</u>	<u>64,609</u>
Directors' emoluments	-	-
Compensation for loss of office	<u>30,000</u>	<u>-</u>

Remuneration paid by the holding company is disclosed in that company's financial statements

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Bank interest payable	<u>50,743</u>	<u>75,212</u>

FINE & PERFORMANCE CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2008

6 TAXATION

Analysis of the tax charge/(credit)

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

	2008 £	2007 £
Current tax		
Over provision in prior year	-	(3,935)
Deferred tax	<u>5,680</u>	<u>(6,883)</u>
Tax on profit on ordinary activities	<u><u>5,680</u></u>	<u><u>(10,818)</u></u>

Factors affecting the tax charge/(credit)

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

	2008 £	2007 £
Profit on ordinary activities before tax	<u>363,727</u>	<u>340,507</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007 - 30%)	109,118	102,152
Effects of		
Expenses not deductible for tax purposes	1,659	542
Depreciation charges in excess of capital allowances	(1,343)	(3,740)
Research and development enhanced expenditure	-	(30,020)
Utilisation of group tax loss	(109,315)	(68,934)
Income disallowed	(119)	-
Over provision of tax in prior year	<u>-</u>	<u>(3,935)</u>
Current tax charge/(credit)	<u><u>-</u></u>	<u><u>(3,935)</u></u>

Factors that may affect future tax charges

Based on current plans, the company expects to continue to be able to claim the enhanced research and development allowance in future years

7 DIVIDENDS

	2008 £	2007 £
Ordinary shares of £1 each		
Interim	<u>-</u>	<u>300,000</u>

FINE & PERFORMANCE CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2008

8 TANGIBLE FIXED ASSETS

	Plant and machinery £	Office equipment £	Totals £
COST			
At 1 June 2007	72,818	47,632	120,450
Additions	<u>88,675</u>	<u>6,661</u>	<u>95,336</u>
At 31 May 2008	<u>161,493</u>	<u>54,293</u>	<u>215,786</u>
DEPRECIATION			
At 1 June 2007	35,914	6,855	42,769
Charge for year	<u>16,074</u>	<u>10,174</u>	<u>26,248</u>
At 31 May 2008	<u>51,988</u>	<u>17,029</u>	<u>69,017</u>
NET BOOK VALUE			
At 31 May 2008	<u>109,505</u>	<u>37,264</u>	<u>146,769</u>
At 31 May 2007	<u>36,904</u>	<u>40,777</u>	<u>77,681</u>

9 STOCKS

	2008 £	2007 £
Raw materials	<u>600,911</u>	<u>331,941</u>

10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade debtors	1,986,078	1,742,418
Other debtors	300	2,726
Amounts due from group companies	422,470	-
VAT	-	36,352
Prepayments and accrued income	<u>65,396</u>	<u>63,566</u>
	<u>2,474,244</u>	<u>1,845,062</u>

Included within trade debtors is £1,235,288 (2007 £ 1,516,041) assigned to an invoice discounting company

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Bank overdrafts (see note 12)	339,672	175,466
Other loans (see note 12)	761,760	1,493,720
Trade creditors	596,693	681,095
Amounts owed to group undertakings	16,948	-
Social security and other taxes	15,366	3,487
Accruals and deferred income	<u>344,560</u>	<u>181,047</u>
	<u>2,074,999</u>	<u>2,534,815</u>

FINE & PERFORMANCE CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 MAY 2008**

12 LOANS

An analysis of the maturity of loans is given below

	2008	2007
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	339,672	175,466
Amounts due re invoice discounting	743,468	1,173,162
Amounts owed to group companies	<u>18,292</u>	<u>320,558</u>
	<u>1,101,432</u>	<u>1,669,186</u>

13 SECURED DEBTS

The following secured debts are included within creditors

	2008	2007
	£	£
Bank overdraft	339,672	-
Amounts due re invoice discounting	<u>743,468</u>	<u>1,173,162</u>
	<u>1,083,140</u>	<u>1,173,162</u>

Bank overdrafts are secured by a group cross-guarantee

"Amounts due re invoice discounting" is secured on the debtor balances to which it relates

14 PROVISIONS FOR LIABILITIES

	2008	2007
	£	£
Deferred tax		
Accelerated capital allowances	<u>8,002</u>	<u>2,322</u>
		Deferred
		tax
		£
Balance at 1 June 2007		2,322
Charge for the year		<u>5,680</u>
Balance at 31 May 2008		<u>8,002</u>

FINE & PERFORMANCE CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2008

15 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2008 £	2007 £
200,000	Ordinary	£1	200,000	200,000
300,000	Cumulative redeemable 5% preference shares	£1	<u>300,000</u>	<u>300,000</u>
			<u>500,000</u>	<u>500,000</u>

Allotted, issued and fully paid Number	Class	Nominal value	2008 £	2007 £
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

16 RESERVES

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 June 2007	463,413	230,000	693,413
Profit for the year	<u>358,047</u>	<u>-</u>	<u>358,047</u>
At 31 May 2008	<u>821,460</u>	<u>230,000</u>	<u>1,051,460</u>

17 PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £6,173 (2007 £4,830).

18 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of FPCI plc, a company incorporated in England and Wales.

The parent company, FPCI plc, as defined under the Financial Reporting Standard 8, is under the control of Mr R S Lines, a director of FPCI plc, and members of his family including Mr S R S Lines, a director of this company.

19 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in Financial Reporting Standard 8 and not disclosed the related party transactions in these financial statements. The relevant transactions have been disclosed in the parent company financial statements.

FINE & PERFORMANCE CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 MAY 2008**

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Profit for the financial year	358,047	351,325
Dividends	<u>-</u>	<u>(300,000)</u>
Net addition to shareholders' funds	358,047	51,325
Opening shareholders' funds	<u>793,413</u>	<u>742,088</u>
Closing shareholders' funds	<u>1,151,460</u>	<u>793,413</u>

21 CROSS-GUARANTEE

A mortgage and general charge over all the company's assets is held by Bank of Scotland plc with a second charge held by LloydsTSB plc as security for an unlimited cross-guarantee with the parent company, FPCI plc, and the fellow subsidiary, Burdon Limited, whereby each company is jointly and severally liable to the bank for each other's indebtedness. The total amount at 31 May 2008 was £6,712,984 (2007 £4,894,379).