

Company Number 3030758

S & D Chemicals Limited
Directors' Report and Financial Statements
for the year ended 31st May 2001



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S & D Chemicals Limited

Company Information

Directors	P F Straus R Dalton C R Burnell M W H Cohn D Norris A Mitchell R J Curnow
Secretary	Brodia Services Limited
Company Number	3030758
Registered Office	Cunningham House Westfield Lane Harrow Middlesex HA3 9ED
Auditors	MPDV Ltd Alick's Hill House High Street Billingshurst West Sussex RH14 9EP
Business Address	Cunningham House Westfield Lane Harrow Middlesex HA3 9ED
Bankers	Barclays Bank plc London Customer Service Centre P. O. Box 544 54 Lombard street London EC3V 9EX

S & D Chemicals Limited

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S & D Chemicals Limited

Directors' Report for the year ended 31st May 2001

The directors present their report and the financial statements for the year ended 31st May 2001.

Principal Activity and Review of the Business

The principal activity of the company continued to be that of agents and distributors of chemicals and pharmaceuticals and their intermediates.

Results And Dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a final dividend.

Directors and their Interests

The directors who served during the year were as follows:

P F Straus	
R Dalton	
C R Burnell	
M W H Cohn	
D Norris	- appointed 1st June 2000
A Mitchell	- appointed 1st June 2000
R J Curnow	- appointed 1st October 2000

None of the directors had any interest in the share capital of the company at the beginning or end of the year.

Charitable and Political Contributions

During the year the company contributed £3,350 to charities.

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 year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

S & D Chemicals Limited

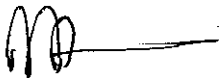
**Directors' Report
for the year ended 31st May 2001**

..... continued

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that MPDV Ltd be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 17th September 2001 and signed on its behalf by



**Brodia Services Limited
Secretary**

S & D Chemicals Limited

Auditors' Report to the Shareholders of S & D Chemicals Limited

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1 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

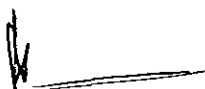
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 31st May 2001 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MPDV Ltd

**Chartered Accountants and
Registered Auditors**

**Alick's Hill House
High Street
Billingshurst
West Sussex RH14 9EP**

24th September 2001

S & D Chemicals Limited

**Profit and Loss Account
for the year ended 31st May 2001**

		Continuing operations	
		2001	2000
	Notes	£	£
Turnover	2	36,436,484	38,818,785
Cost of sales		(32,244,158)	(34,178,990)
Gross profit		<u>4,192,326</u>	<u>4,639,795</u>
Administrative expenses		(3,441,855)	(3,406,864)
Other operating income		50,000	45,000
Operating profit	3	<u>800,471</u>	<u>1,277,931</u>
Interest receivable and similar income	4	45,940	4,636
Interest payable and similar charges	5	<u>(502,776)</u>	<u>(471,272)</u>
Profit before taxation and amortisation		343,635	811,295
Amortisation of goodwill		-	(200,000)
Profit on ordinary activities before taxation		<u>343,635</u>	<u>611,295</u>
Tax on profit on ordinary activities	8	(116,743)	(272,458)
Retained profit for the year		<u>226,892</u>	<u>338,837</u>
Retained profit brought forward		1,333,473	994,636
Retained profit carried forward		<u><u>1,560,365</u></u>	<u><u>1,333,473</u></u>

There are no recognised gains or losses other than the profit for the above two financial years.

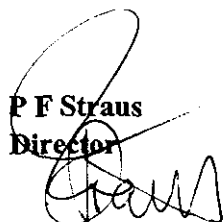
The notes on pages 7 to 15 form an integral part of these financial statements.

S & D Chemicals Limited

**Balance Sheet
as at 31st May 2001**

	Notes	2001		2000	
		£	£	£	£
Fixed Assets					
Tangible assets	10		102,702		102,134
Investments	11		16,407		16,407
			<u>119,109</u>		<u>118,541</u>
Current Assets					
Stocks	12	3,525,670		4,274,720	
Debtors	13	11,305,003		10,300,440	
Cash at bank and in hand		53,309		36,583	
		<u>14,883,982</u>		<u>14,611,743</u>	
Creditors: amounts falling due within one year	14	<u>(12,122,756)</u>		<u>(12,076,841)</u>	
Net Current Assets			<u>2,761,226</u>		<u>2,534,902</u>
Total Assets Less Current Liabilities			<u>2,880,335</u>		<u>2,653,443</u>
Capital and Reserves					
Called up share capital	15		1,293,000		1,293,000
Share premium account	16		26,970		26,970
Profit and loss account	16		1,560,365		1,333,473
Equity Shareholders' Funds	17		<u>2,880,335</u>		<u>2,653,443</u>

The financial statements were approved by the Board on 17th September 2001 and signed on its behalf by


P F Straus
Director

The notes on pages 7 to 15 form an integral part of these financial statements.

S & D Chemicals Limited

**Cash Flow Statement
for the year ended 31st May 2001**

	Notes	2001 £	2000 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		800,471	1,277,931
Depreciation		48,187	73,512
Decrease in stocks		749,050	1,137,311
(Increase) in debtors		(1,004,563)	265,761
(Decrease) in creditors		(424,571)	(61,430)
Net cash inflow from operating activities		<u>168,574</u>	<u>2,693,085</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		168,574	2,693,085
Returns on investments and servicing of finance	21	(456,836)	(466,636)
Taxation	21	(277,218)	(209,710)
Capital expenditure	21	(48,755)	(29,776)
Decrease in cash in the year		<u>(614,235)</u>	<u>1,986,963</u>

Reconciliation of net cash flow to movement in net borrowings (Note 22)

Decrease in cash in the year	(614,235)	1,986,963
Net borrowings at 1st June 2000	<u>(3,509,779)</u>	<u>(5,496,742)</u>
Net borrowings at 31st May 2001	<u>(4,124,014)</u>	<u>(3,509,779)</u>

The notes on pages 7 to 15 form an integral part of these financial statements.

S & D Chemicals Limited

Notes to the Financial Statements for the year ended 31st May 2001

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful economic life, as follows:

Fixtures, fittings and equipment -	25% Straight Line
Motor vehicles -	25% Straight Line

1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Investments

Fixed asset investments are stated at cost less any provision for a permanent diminution in value.

1.6. Stock

Stock is valued at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolescent, slow moving and damaged stock.

1.7. Pensions

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 the contributions payable by the company to the fund during the year.

1.8. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

1.9. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated at the rates prevailing on the dates of the transactions. Exchange differences are taken to the profit and loss account.

S & D Chemicals Limited

Notes to the Financial Statements for the year ended 31st May 2001

..... continued

2. Turnover

	2001 £	2000 £
Geographical market		
UK	10,098,903	11,745,313
Europe	19,963,600	21,885,860
Rest of the World	6,373,981	5,187,612
	<u>36,436,484</u>	<u>38,818,785</u>

3. Operating profit

	2001 £	2000 £
Operating profit is stated after charging (crediting):		
Depreciation of tangible assets	47,924	81,398
Loss (profit) on disposal of tangible fixed assets	263	(7,886)
Operating lease rentals		
- Land and buildings	67,375	67,375
Auditors' remuneration	7,788	7,692
Auditors' remuneration from non-audit work	8,200	9,290
	<u>133,470</u>	<u>158,879</u>

4. Interest receivable and similar income

	2001 £	2000 £
On group loans	23,537	616
Other interest	22,403	4,020
	<u>45,940</u>	<u>4,636</u>

5. Interest payable and similar charges

	2001 £	2000 £
On group loans	129,124	110,331
On bank loans, overdrafts and other loans	373,652	358,517
Other interest	-	2,424
	<u>502,776</u>	<u>471,272</u>

S & D Chemicals Limited

**Notes to the Financial Statements
for the year ended 31st May 2001**

..... continued

6. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2001 Number	2000 Number
Selling and distribution	48	50
Administration	18	19
	<u>66</u>	<u>69</u>

Employment costs

	2001 £	2000 £
Wages and salaries	1,515,131	1,560,176
Social security costs	183,425	202,194
Other pension costs	103,023	99,761
	<u>1,801,579</u>	<u>1,862,131</u>

6.1. Directors' emoluments

	2001 £	2000 £
Remuneration and other emoluments	518,028	421,135
Pension contributions	60,002	72,883
	<u>578,030</u>	<u>494,018</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>6</u>	<u>3</u>

Highest Paid Director

Amounts included above:

	£	£
Emoluments and other benefits	141,360	154,645
Pension contributions	26,526	46,024
	<u>167,886</u>	<u>200,669</u>

S & D Chemicals Limited

Notes to the Financial Statements for the year ended 31st May 2001

..... continued

7. Pension costs

The pension costs charge represents contributions payable by the company during the year and amounted to £103,023 (2000 - £99,761).

8. Taxation

	2001	2000
	£	£
UK current year taxation		
UK Corporation Tax	111,038	263,972
Double Taxation Relief	(3,799)	(3,613)
Overseas taxation	9,504	10,214
	<u>116,743</u>	<u>270,573</u>
Prior years		
UK Corporation Tax	-	1,885
	<u>116,743</u>	<u>272,458</u>

9. Intangible fixed assets

	Goodwill	Total
	£	£
Cost		
At 1st June 2000 and At 31st May 2001	<u>1,000,000</u>	<u>1,000,000</u>
Provision for diminution in value		
At 1st June 2000 and At 31st May 2001	<u>1,000,000</u>	<u>1,000,000</u>
Net book values		
At 31st May 2001	-	-
At 31st May 2000	<u>-</u>	<u>-</u>

S & D Chemicals Limited

Notes to the Financial Statements for the year ended 31st May 2001

..... continued

10. Tangible fixed assets

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1st June 2000	229,415	192,816	422,231
Additions	23,337	31,018	54,355
Disposals	-	(31,631)	(31,631)
At 31st May 2001	<u>252,752</u>	<u>192,203</u>	<u>444,955</u>
Depreciation			
At 1st June 2000	188,235	131,862	320,097
On disposals	-	(25,768)	(25,768)
Charge for the year	17,532	30,392	47,924
At 31st May 2001	<u>205,767</u>	<u>136,486</u>	<u>342,253</u>
Net book values			
At 31st May 2001	<u>46,985</u>	<u>55,717</u>	<u>102,702</u>
At 31st May 2000	<u>41,180</u>	<u>60,954</u>	<u>102,134</u>

11. Fixed Asset Investments

	Subsidiary Undertakings Shares	Total
	£	£
Cost		
At 1st June 2000 and At 31st May 2001	<u>16,407</u>	<u>16,407</u>
Net book values		
At 31st May 2001	<u>16,407</u>	<u>16,407</u>
At 31st May 2000	<u>16,407</u>	<u>16,407</u>

S & D Chemicals Limited

Notes to the Financial Statements for the year ended 31st May 2001

..... continued

11.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertaking			
Colortecnica Trading SRL	Romania	Ordinary	65%
S & D Chemicals Romania SRL	Romania	Ordinary	100%

12. Stocks	2001 £	2000 £
Chemicals and pharmaceuticals for resale	<u>3,525,670</u>	<u>4,274,720</u>

13. Debtors	2001 £	2000 £
Trade debtors	7,901,236	9,182,847
Amounts owed by group undertakings	1,397,158	493,181
Other debtors	1,890,493	559,618
Prepayments and accrued income	116,116	64,794
	<u>11,305,003</u>	<u>10,300,440</u>

S & D Chemicals Limited

Notes to the Financial Statements for the year ended 31st May 2001

..... continued

14. Creditors: amounts falling due within one year	2001	2000
	£	£
Bank overdraft	4,177,323	3,546,362
Trade creditors	4,651,182	4,290,580
Amounts owed to group undertakings	2,108,967	2,024,126
Corporation tax	28,239	191,359
Other taxes and social security costs	151,205	313,548
Directors' current accounts	297,334	362,164
Other creditors	269,300	825,731
Accruals and deferred income	439,206	522,971
	<u>12,122,756</u>	<u>12,076,841</u>
15. Share capital	2001	2000
	£	£
Authorised equity		
1,500,000 Ordinary Shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>
Allotted, called up and fully paid equity		
1,293,000 Ordinary Shares of £1 each	<u>1,293,000</u>	<u>1,293,000</u>
16. Equity Reserves		
	Share premium account	Profit and loss account
	£	£
At 1st June 2000	26,970	1,333,473
Retained profit for the year		226,892
At 31st May 2001	<u>26,970</u>	<u>1,560,365</u>
		<u>1,587,335</u>

S & D Chemicals Limited

Notes to the Financial Statements for the year ended 31st May 2001

..... continued

17. Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the year	226,892	338,837
Opening shareholders' funds	2,653,443	2,314,606
Closing shareholders' funds	<u>2,880,335</u>	<u>2,653,443</u>

18. Financial commitments

	2001 £	2000 £
Expiry date:		
Within one year	67,375	-
Between one and five years	-	67,375
	<u>67,375</u>	<u>67,375</u>

19. Related party transactions

During the year the company undertook transactions with other group undertakings. The company incurred management charges of £527,160 (2000 - £141,840) payable to S & D Group Limited and accrued management charges receivable from Twinstar Chemicals Limited of £30,000 (2000 - £30,000). In addition, the company paid rent of £67,375 (2000 - £67,375) to Silverlane Limited, a company also controlled by Mr P F Straus and Mr R Dalton. At 31st May 2001, the company owed Chesham Chemicals Limited £696,303 (2000 - £799,128), S & D Group Limited £500,390 (2000 - £1,095,351), Food Ingredient Technology Limited £131,580 (2000 - £51,870) and owed a net balance of £19,382 to Twinstar Chemicals Limited (2000 - £8,344 debtor). The company was also owed £701,439 (2000 - £87,867) by Silverlane Limited and £288,889 (2000 - £Nil) by S & D Chemical Processing Limited. All transactions were undertaken on an arm's length basis.

20. Ultimate parent undertaking

The company's ultimate parent undertaking is S & D Group Limited.

S & D Chemicals Limited

**Notes to the Financial Statements
for the year ended 31st May 2001**

..... continued

21. Gross Cash Flows

	2001	2000
	£	£
Returns on investments and servicing of finance		
Interest received	45,940	4,636
Interest paid	(502,776)	(471,272)
	<u>(456,836)</u>	<u>(466,636)</u>
Taxation		
Corporation tax paid	(277,218)	(209,710)
Capital expenditure		
Payments to acquire tangible assets	(54,355)	(37,663)
Receipts from sales of tangible assets	5,600	7,887
	<u>(48,755)</u>	<u>(29,776)</u>

22. Analysis of changes in net borrowings

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	36,583	16,726	53,309
Overdrafts	(3,546,362)	(630,961)	(4,177,323)
	<u>(3,509,779)</u>	<u>(614,235)</u>	<u>(4,124,014)</u>
Net borrowings	<u>(3,509,779)</u>	<u>(614,235)</u>	<u>(4,124,014)</u>