

**Company Number 3030758**

**S & D Chemicals Limited**  
**Directors' Report and Financial Statements**  
**for the year ended 31st May 2008**

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## **S & D Chemicals Limited**

### **Company information**

<b>Directors</b>	P F Straus D Norris M H Dickman A G Lea B D I Laffrenz
<b>Secretary</b>	S & D Secretaries Limited
<b>Company number</b>	3030758
<b>Registered office</b>	Cunningham House Westfield Lane Harrow Middlesex HA3 9ED
<b>Auditors</b>	Morris Palmer Limited Bartelot Court Bartelot Road Horsham West Sussex RH12 1DQ
<b>Business address</b>	Cunningham House Westfield Lane Harrow Middlesex HA3 9ED
<b>Principal bankers</b>	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 2008**

The directors present their report and the financial statements for the year ended 31st May 2008.

#### **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. The company operates through branches in India, Russia, the Czech Republic, Poland, Bulgaria, Romania, Ukraine, Hungary, China and Slovakia.

The company's turnover has increased to £35,169,406 (2007 - £32,587,660), an increase of 7.9% and profit before taxation was similar at £31,831 (2007 - £35,927). The gross profit margin was 13.9% (2007 - 13.7%) and at the balance sheet date net assets were £3,930,499 (2007 - £3,986,595). The directors are satisfied with these results and have every confidence in the company's future prospects.

The company recognises its environmental and social responsibilities, and understands the importance of the contribution that the company can make. The company has implemented policies and designed environmental targets for itself in order to monitor its impact on the environment and reduce any damage that might be caused by the company's activities.

The company aims to ensure that its employees are safe, healthy and fulfilled. Details of the number of employees and related costs can be found in Note 9 to the financial statements.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £56,096.

The directors do not recommend payment of a final dividend.

#### **Financial risk management objectives and policies**

The company's principal financial instruments comprise cash at bank, bank loan, receivables, payables and forward foreign exchange contracts and the main purpose of these instruments is to finance the company's operations. The policy of the company is to ensure that credit risk, cash flow risk and currency risk are minimised. Credit and cash flow risk is mitigated by proactive credit management policies of all receivables. Liquidity risk in respect of payables is managed by ensuring sufficient funds are available to meet amounts due. The company operates internationally and ensures that there is no significant currency risk by hedging transactions in foreign currencies using forward foreign exchange contracts where considered necessary. As a result of these objectives and policies, the directors consider that the company's overall exposure to financial risk is low.

#### **Research and development**

Investment in research and development drives future performance and is a measure of the company's commitment to the future organic growth of the company.

## **S & D Chemicals Limited**

### **Directors' Report for the year ended 31st May 2008**

..... continued

#### **Directors**

The directors who served during the year were as follows:

P F Straus

C R Burnell - resigned 29th July 2008

D Norris

M H Dickman - appointed 1st June 2007

B D I Lafrenz - appointed 1st June 2007

A G Lea - appointed 1st June 2007

#### **Charitable and Political Contributions**

During the year the company contributed £442 to charities.

#### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 year. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

**S & D Chemicals Limited**

**Directors' Report  
for the year ended 31st May 2008**

..... continued

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

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

This report was approved by the Board on 5th December 2008 and signed on its behalf by



**S & D Secretaries Limited**  
**Secretary**

## **S & D Chemicals Limited**

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

We have audited the financial statements of S & D Chemicals Limited for the year ended 31st May 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Directors' Report 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 directors' remuneration and other transactions is not disclosed.

We read the Directors' Report 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 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 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.

**S & D Chemicals Limited**

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

**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 31st May 2008 and of its loss and cash flows 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 Directors' Report is consistent with the financial statements.



**Morris Palmer Limited  
Chartered Accountants  
Registered Auditor**

**9th December 2008**

**Barttelot Court  
Barttelot Road  
Horsham  
West Sussex  
RH12 1DQ**



**S & D Chemicals Limited**  
**Profit and Loss Account**  
**for the year ended 31st May 2008**

		<b>Continuing operations</b>	
		<b>2008</b>	<b>2007</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	35,169,406	32,587,660
Cost of sales		(30,282,785)	(28,117,405)
<b>Gross profit</b>		4,886,621	4,470,255
Administrative expenses		(4,423,175)	(4,219,971)
Exceptional administrative expenses		(181,051)	(115,359)
Other operating income		39,000	38,000
<b>Operating profit</b>	<b>3</b>	321,395	172,925
Income from group undertakings	<b>5</b>	195,683	207,410
Interest receivable and similar income	<b>7</b>	86,765	51,979
Amount written off investments	<b>6</b>	-	(1)
Interest payable and similar charges	<b>8</b>	(572,012)	(396,386)
<b>Profit on ordinary activities before taxation</b>		31,831	35,927
Tax on profit on ordinary activities	<b>11</b>	(87,927)	(10,733)
<b>(Loss)/profit for the financial year</b>	<b>18</b>	(56,096)	25,194
Retained profit brought forward		2,666,625	2,641,431
<b>Retained profit carried forward</b>		2,610,529	2,666,625

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

The notes on pages 9 to 19 form an integral part of these financial statements.

**S & D Chemicals Limited**

**Balance Sheet  
as at 31st May 2008**

		2008		2007	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		126,385		123,426
<b>Current assets</b>					
Stocks	13	3,806,048		3,174,399	
Debtors	14	15,538,766		14,069,141	
Cash at bank and in hand		56,884		58,170	
		<u>19,401,698</u>		<u>17,301,710</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(15,597,584)</u>		<u>(13,438,541)</u>	
<b>Net current assets</b>			<u>3,804,114</u>		<u>3,863,169</u>
<b>Net assets</b>			<u>3,930,499</u>		<u>3,986,595</u>
<b>Capital and reserves</b>					
Called up share capital	17		1,293,000		1,293,000
Share premium account	18		26,970		26,970
Profit and loss account	18		2,610,529		2,666,625
<b>Equity shareholders' funds</b>	19		<u>3,930,499</u>		<u>3,986,595</u>

The financial statements were approved by the Board on 5th December 2008 and signed on its behalf by

  
**P F Straus**  
**Director**

The notes on pages 9 to 19 form an integral part of these financial statements.

**S & D Chemicals Limited**

**Cash Flow Statement  
for the year ended 31st May 2008**

	Notes	2008 £	2007 £
<b>Reconciliation of operating profit to net cash outflow from operating activities</b>			
Operating profit		321,395	172,925
Depreciation		36,197	40,808
(Increase) in stocks		(631,649)	100,647
(Increase) in debtors		(1,522,611)	(1,014,554)
(Decrease) in creditors		(624,441)	1,390,272
<b>Net cash outflow from operating activities</b>		<u>(2,421,109)</u>	<u>690,098</u>
<b>Cash flow statement</b>			
Net cash outflow from operating activities		(2,421,109)	690,098
Returns on investments and servicing of finance	25	(289,564)	(136,997)
Taxation	25	45,501	(29,797)
Capital expenditure	25	(39,156)	(73,893)
Acquisitions and disposals	25	-	1
<b>Decrease in cash in the year</b>		<u>(2,704,328)</u>	<u>449,412</u>
<b>Reconciliation of net cash flow to movement in net borrowings (Note 26)</b>			
<b>Decrease in cash in the year</b>		(2,704,328)	449,412
<b>Net borrowings at 1st June 2007</b>		<u>(3,534,476)</u>	<u>(3,983,888)</u>
<b>Net borrowings at 31st May 2008</b>		<u>(6,238,804)</u>	<u>(3,534,476)</u>

## **S & D Chemicals Limited**

### **Notes to the Financial Statements for the year ended 31st May 2008**

#### **1. Accounting policies**

##### **1.1. Accounting convention**

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

The company has consistently applied all relevant accounting standards.

##### **1.2. Turnover**

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

##### **1.3. Research and development**

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

##### **1.4. 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:

Computer equipment	-	25% straight line
Fixtures, fittings and equipment	-	25% straight line
Motor vehicles	-	25% straight line
Leasehold improvements	-	25% straight line

##### **1.5. Leasing**

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

##### **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.

## **S & D Chemicals Limited**

### **Notes to the Financial Statements for the year ended 31st May 2008**

..... continued

#### **1.8. Deferred taxation**

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for timing differences arising on revaluations of fixed assets which are not intended to be sold, gains on disposals of fixed assets which will be rolled over into replacement assets and earnings of overseas subsidiaries that are not intended to be remitted to the UK. No provision is made for taxation on permanent differences. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

#### **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.

#### **1.10. Financial instruments**

Financial instruments are classified and accounted for, according to the substance of contractual arrangement, as either financial assets, financial liabilities or equity instruments, as defined in FRS 25, Financial Instruments: Disclosure and Presentation. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **2. Turnover**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Geographical market</b>		
UK	5,719,039	1,868,692
Europe	23,327,764	24,262,572
Rest of the World	6,122,603	6,456,396
	<u>35,169,406</u>	<u>32,587,660</u>

**S & D Chemicals Limited**

**Notes to the Financial Statements  
for the year ended 31st May 2008**

..... continued

<b>3. Operating profit</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	60,039	50,558
Research and development		
- expenditure in current year	23,798	5,566
Operating lease rentals		
- Land and buildings	86,550	73,220
Auditors' remuneration	11,100	10,260
Auditors' remuneration from non-audit work	7,920	6,760
Exceptional items		
- Loan to trader written off	181,051	-
- Subsidiary debt written off	-	115,359
	<u>          </u>	<u>          </u>
and after crediting:		
Profit on disposal of tangible fixed assets	23,842	9,750
	<u>          </u>	<u>          </u>
 <b>4. Auditors' remuneration</b>	 <b>2008</b>	 <b>2007</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration - audit of the financial statements	11,100	10,260
	<u>          </u>	<u>          </u>
Auditors' remuneration - other fees:		
- accountancy services including preparation of the financial statements	7,420	6,260
- taxation services	500	500
	<u>          </u>	<u>          </u>
	7,920	6,760
	<u>          </u>	<u>          </u>
 <b>5. Income from group undertakings</b>	 <b>2008</b>	 <b>2007</b>
	<b>£</b>	<b>£</b>
Group interest receivable	195,683	207,410
	<u>          </u>	<u>          </u>
 <b>6. Amounts written off investments</b>	 <b>2008</b>	 <b>2007</b>
	<b>£</b>	<b>£</b>
Amounts written off fixed asset investments:		
- permanent diminution in value	-	1
	<u>          </u>	<u>          </u>

**S & D Chemicals Limited**

**Notes to the Financial Statements  
for the year ended 31st May 2008**

..... continued

<b>7. Interest receivable and similar income</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank interest	392	210
Other interest	86,373	51,769
	<u>86,765</u>	<u>51,979</u>
<b>8. Interest payable and similar charges</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Group interest payable	261,415	172,702
On bank loans and overdrafts	288,918	198,035
On other loans	21,679	25,649
	<u>572,012</u>	<u>396,386</u>
<b>9. Employees</b>		
<b>Number of employees</b>	<b>2008</b>	<b>2007</b>
The average monthly numbers of employees (including the directors) during the year were:	<b>Number</b>	<b>Number</b>
Selling and distribution	42	43
Administration	16	17
	<u>58</u>	<u>60</u>
<b>Employment costs</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,057,093	2,124,843
Social security costs	300,210	264,259
Pension costs	86,293	80,710
	<u>2,443,596</u>	<u>2,469,812</u>

**S & D Chemicals Limited**

**Notes to the Financial Statements  
for the year ended 31st May 2008**

..... continued

<b>9.1. Directors' emoluments</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	751,499	758,757
Pension contributions paid	56,373	47,897
Compensation for loss of office	-	148,253
	<u>807,872</u>	<u>954,907</u>
	<b>Number</b>	<b>Number</b>
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>6</u>	<u>4</u>
<b>Highest paid director</b>	<b>£</b>	<b>£</b>
Amounts included above:		
Emoluments and other benefits	<u>250,000</u>	<u>306,917</u>

**10. Pension costs**

The pension costs charge represents contributions payable by the company during the year and amounted to £86,293 (2007 - £80,710).



**S & D Chemicals Limited**

**Notes to the Financial Statements  
for the year ended 31st May 2008**

..... continued

**11. Tax on profit on ordinary activities**

<b>Analysis of charge in period</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax	68,225	18,961
Adjustments in respect of previous periods	-	(6,147)
Overseas taxation	16,378	1,826
Double Taxation Relief	(4,163)	(8,262)
<b>Total current tax charge</b>	<b>80,440</b>	<b>6,378</b>
<b>Deferred tax</b>		
Timing differences, origination and reversal	7,487	4,355
<b>Total deferred tax</b>	<b>7,487</b>	<b>4,355</b>
<b>Tax on profit on ordinary activities</b>	<b>87,927</b>	<b>10,733</b>

**Factors affecting tax charge for period**

The tax assessed for the period is higher than the standard (composite) rate of corporation tax in the UK (29.67%). The differences are explained below:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	31,831	35,927
Profit on ordinary activities multiplied by standard (composite) rate of corporation tax in the UK of 29.67% (31st May 2007 : 30.00%)	9,443	10,778
<b>Effects of:</b>		
Expenses not deductible for tax purposes	13,920	10,892
Depreciation for period in excess of capital allowances	(5,818)	(2,709)
Utilisation of tax losses - Group Relief	(3,032)	-
Non-trade loans written off	53,712	-
Adjustments to tax charge in respect of previous periods	-	(6,147)
Double Taxation Relief	(4,163)	(8,262)
Overseas taxation	16,378	1,826
<b>Current tax charge for period</b>	<b>80,440</b>	<b>6,378</b>

**S & D Chemicals Limited**

**Notes to the Financial Statements  
for the year ended 31st May 2008**

..... continued

12. Tangible fixed assets	Computer equipment £	Fixtures, fittings and equipment £	Motor vehicles £	Leasehold improvements £	Total £
<b>Cost</b>					
At 1st June 2007	129,285	116,105	209,227	50,858	505,475
Additions	11,337	1,570	63,543	-	76,450
Disposals	(12,784)	-	(110,464)	-	(123,248)
At 31st May 2008	<u>127,838</u>	<u>117,675</u>	<u>162,306</u>	<u>50,858</u>	<u>458,677</u>
<b>Depreciation</b>					
At 1st June 2007	67,225	102,760	162,956	49,108	382,049
On disposals	(2,858)	-	(106,938)	-	(109,796)
Charge for the year	19,394	4,627	34,331	1,687	60,039
At 31st May 2008	<u>83,761</u>	<u>107,387</u>	<u>90,349</u>	<u>50,795</u>	<u>332,292</u>
<b>Net book values</b>					
At 31st May 2008	<u>44,077</u>	<u>10,288</u>	<u>71,957</u>	<u>63</u>	<u>126,385</u>
At 31st May 2007	<u>62,060</u>	<u>13,345</u>	<u>46,271</u>	<u>1,750</u>	<u>123,426</u>

13. Stocks	2008 £	2007 £
Chemical stocks for resale	<u>3,806,048</u>	<u>3,174,399</u>

14. Debtors	2008 £	2007 £
Trade debtors	10,491,129	8,983,826
Amounts owed by group undertakings	4,233,328	3,365,330
Other debtors	692,198	1,530,325
Prepayments and accrued income	110,964	171,026
Deferred tax (Note 16)	11,147	18,634
	<u>15,538,766</u>	<u>14,069,141</u>

**S & D Chemicals Limited**

**Notes to the Financial Statements  
for the year ended 31st May 2008**

..... continued

Amounts falling due after more than one year and included in debtors are:

Deferred tax (Note 16)	<u>11,147</u>	<u>18,634</u>
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<b>15. Creditors: amounts falling due within one year</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	6,295,688	3,592,646
Trade creditors	4,688,522	4,692,416
Amounts owed to group undertakings	3,126,694	3,181,116
Corporation tax	64,064	-
Other taxes and social security costs	120,308	65,323
Directors' current accounts	-	317,267
Other creditors	429,291	626,626
Accruals and deferred income	873,017	963,147
	<u>15,597,584</u>	<u>13,438,541</u>

The bank loans and overdrafts are secured by guarantees from S & D Group Limited.

<b>16. Provision for deferred taxation</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Capital allowances timing differences	<u>(11,147)</u>	<u>(18,634)</u>
Provision at 1st June 2007	(18,634)	
Deferred tax charge in profit and loss account	<u>7,487</u>	
Provision at 31st May 2008	<u>(11,147)</u>	

**S & D Chemicals Limited**

**Notes to the Financial Statements  
for the year ended 31st May 2008**

..... continued

<b>17. Share capital</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Authorised equity</b>		
1,500,000 Ordinary Shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>
<b>Allotted, called up and fully paid equity</b>		
1,293,000 Ordinary Shares of £1 each	<u>1,293,000</u>	<u>1,293,000</u>
<b>Equity Shares</b>		
1,293,000 Ordinary Shares of £1 each	<u>1,293,000</u>	<u>1,293,000</u>
<b>18. Equity Reserves</b>	<b>Share premium account</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
<b>At 1st June 2007</b>	26,970	2,666,625
(Loss)/retained profit for the year		(56,096)
<b>At 31st May 2008</b>	<u>26,970</u>	<u>2,610,529</u>
<b>19. Reconciliation of movements in shareholders' funds</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the year	(56,096)	25,194
Opening shareholders' funds	<u>3,986,595</u>	<u>3,961,401</u>
Closing shareholders' funds	<u>3,930,499</u>	<u>3,986,595</u>

## S & D Chemicals Limited

### Notes to the Financial Statements for the year ended 31st May 2008

..... continued

#### 20. Financial commitments

At 31st May 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2008	2007	2008	2007
	£	£	£	£
<b>Expiry date:</b>				
Between one and five years	-	-	13,680	-
In over five years	86,550	73,220	-	-
	<u>86,550</u>	<u>73,220</u>	<u>13,680</u>	<u>-</u>

#### 21. Contingent liabilities

The company has issued various bank guarantees in the ordinary course of business in respect of certain fellow overseas group undertakings. Although contingent liabilities have arisen, none are expected to lead to a financial loss.

#### 22. Related party transactions

During the year, the company undertook transactions with connected companies. The company incurred rent of £86,550 (2007 - £73,220) payable to Silverlane Limited, a company controlled by Mr P F Straus. Trade sales of goods to fellow overseas connected companies amounted to £2,897,000 (2007 - £1,025,000) during the year. All transactions between related parties were undertaken at arm's length. As 31st May 2008, the company owed Chesham Speciality Ingredients Limited £698,051 (2007 - £821,562) and Food Ingredient Technology Limited £151,067 (2007 - £634 debtor). The company owed £25,223 (2007 - £205,712 debtor) to S & D Chemical Processing Limited and £434,465 (2007 - £1,241,016) was owed to the company by Silverlane Limited. A net balance of £1,399,975 (2007 - £44,728 creditor) was owed by fellow overseas subsidiaries. The company has taken advantage of the FRS8 exemption to disclose certain other inter-group transactions and balances.

#### 23. 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 2008**

..... continued

**24. Controlling interest**

The company is controlled by Mr P F Straus who owns 100% of the equity voting shares of parent company S & D Group Limited.

**25. Gross cash flows**

	2008 £	2007 £
<b>Returns on investments and servicing of finance</b>		
Interest received	282,448	259,389
Interest paid	(572,012)	(396,386)
	<u>(289,564)</u>	<u>(136,997)</u>
<b>Taxation</b>		
Corporation tax paid	(53,437)	(76,199)
Corporation tax repaid	98,938	46,402
	<u>45,501</u>	<u>(29,797)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(76,450)	(83,947)
Receipts from sales of tangible assets	37,294	10,054
	<u>(39,156)</u>	<u>(73,893)</u>
<b>Acquisitions and disposals</b>		
Receipts on disposal of group interests	<u>-</u>	<u>1</u>

**26. Analysis of changes in net borrowings**

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	58,170	(1,286)	56,884
Bank overdrafts	(3,592,646)	(2,703,042)	(6,295,688)
<b>Net borrowings</b>	<u>(3,534,476)</u>	<u>(2,704,328)</u>	<u>(6,238,804)</u>