

**AIREDALE CHEMICAL COMPANY LIMITED**

**FINANCIAL STATEMENTS**

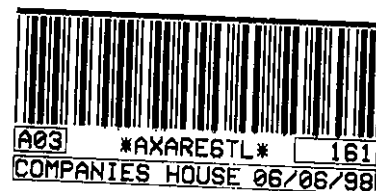
**31ST DECEMBER 1997**

**Company number: 1149113**

**HORWATH CLARK WHITEHILL**

**CHARTERED ACCOUNTANTS**

**Keighley**



**AIREDALE CHEMICAL COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**for the period ended 31st December 1997**

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**AIREDALE CHEMICAL COMPANY LIMITED****COMPANY INFORMATION****31st December 1997**

<b>Company number</b>	1149113
<b>Directors</b>	C Chadwick B Chadwick B M Hall J W Chadwick D M Chadwick R P Chadwick M P Cawthera
<b>Registered Office</b>	Airedale Mills Skipton Road Cross Hills Keighley BD20 7BX
<b>Auditors</b>	Horwath Clark Whitehill Chartered Accountants Holly House Spring Gardens Lane Keighley BD20 6LE

## AIREDALE CHEMICAL COMPANY LIMITED

## DIRECTORS' REPORT

31st December 1997

The directors present their report and the audited financial statements for the 13 months ended 31st December 1997.

**Principal activity**

The principal activity of the company is that of the manufacture and supply of dyestuffs and chemicals.

**Business review**

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £138,683.

**Results and dividends**

The results for the period are shown in the profit and loss account on page 5. An ordinary dividend amounting to £108,199 was paid during the period.

**Directors**

The directors of the company during the period and their interests in the shares of the company as recorded in the register of directors' interests were as follows


	31st December 1997	30th November 1996
	Ordinary shares	Ordinary shares
C Chadwick	1,101	1,101
B Chadwick	3,420	3,420
B M Hall	1,100	1,100
J W Chadwick	896	1,793
D M Chadwick	897	1,793
R P Chadwick	1,793	1,793
M P Cawthera	-	-

**Auditors**

During the year Paul T Spivey resigned as auditor and Horwath Clark Whitehill were appointed in his place.

Horwath Clark Whitehill have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board



C. Chadwick  
Director/

SECRETARY

Airedale Mills  
Skipton Road  
Cross Hills  
Keighley  
BD20 7BX

22nd April 1998

**AIREDALE CHEMICAL COMPANY LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The purpose of this statement is to distinguish the directors' responsibilities for the accounts from those of the auditors as stated in their report.

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AIREDALE CHEMICAL COMPANY LIMITED****AUDITORS' REPORT****Auditors' report to the members of****Airedale Chemical Company Limited**

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**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 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 error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Unqualified opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Keighley

Date:

18/5/98

**Horwath Clark Whitehill**  
Registered Auditors  
Chartered Accountants

## AIREDALE CHEMICAL COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

for the period ended 31st December 1997

	Note	13 months ended 31st December 1997 £	Year ended 30th November 1996 £
<b>Turnover</b>	2	3,679,528	3,350,925
Cost of sales		(2,485,825)	(2,256,416)
<b>Gross profit</b>		<u>1,193,703</u>	<u>1,094,509</u>
<b>Net operating expenses</b>			
Distribution costs		(105,467)	(103,624)
Administrative expenses		(756,569)	(809,779)
<b>Operating profit</b>	3	<u>331,667</u>	<u>181,106</u>
Interest payable	5	(63,174)	(61,513)
<b>Profit on ordinary activities before taxation</b>		<u>268,493</u>	<u>119,593</u>
Taxation	6	(63,562)	(33,720)
<b>Profit on ordinary activities after taxation</b>		<u>204,931</u>	<u>85,873</u>
Dividends	7	(108,199)	(108,199)
<b>Retained profit/(loss) for the period</b>	17	<u><u>96,732</u></u>	<u><u>(22,326)</u></u>

Movements in reserves are shown in note 17.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1997 or 1996 other than the profit/(loss) for the period.

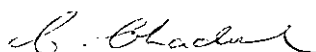
## AIREDALE CHEMICAL COMPANY LIMITED

## BALANCE SHEET

at 31st December 1997

	Note	31st December 1997 £	30th November 1996 £
<b>Fixed assets</b>			
Tangible assets	8	269,142	275,915
<b>Current assets</b>			
Stocks	9	583,060	389,840
Debtors	10	777,611	854,547
Cash at bank and in hand		-	262
		<u>1,360,671</u>	<u>1,244,649</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,367,427)</u>	<u>(1,356,643)</u>
<b>Net current liabilities</b>		<u>(6,756)</u>	<u>(111,994)</u>
<b>Total assets less current liabilities</b>		<u>262,386</u>	<u>163,921</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(110,091)</u>	<u>(109,791)</u>
<b>Provision for liabilities and charges</b>	13	<u>(13,612)</u>	<u>(12,179)</u>
		<u>138,683</u>	<u>41,951</u>
<b>Capital and reserves</b>			
Called up share capital	16	11,000	11,000
Profit and loss account	17	127,683	30,951
<b>Total shareholders' funds</b>	15	<u>138,683</u>	<u>41,951</u>

The financial statements on pages 5 to 17 were approved by the board of directors on 22nd April 1998 and signed on its behalf by:



C Chadwick  
Director



## AIREDALE CHEMICAL COMPANY LIMITED

## CASH FLOW STATEMENT

for the period ended 31st December 1997

		13 months ended 31st December 1997	Year ended 30th November 1996
	Note	£	£
<b>Net cash inflow from operating activities</b>	19	352,720	89,653
<b>Returns on investments and servicing of finance</b>			
Interest paid		(63,174)	(61,513)
<b>Taxation</b>			
Corporation tax paid		(37,997)	(22,343)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(70,603)	(85,331)
Sale of tangible fixed assets		14,500	28,775
		<u>(56,103)</u>	<u>(56,556)</u>
		195,446	(50,759)
<b>Equity dividends paid</b>		<u>(108,199)</u>	<u>(108,199)</u>
		87,247	(158,958)
<b>Financing</b>			
Debt due within one year:			
Other loans		(33,887)	195,742
Finance leases		959	(13,985)
Debt due beyond one year:			
Finance leases		-	9,793
		<u>(32,928)</u>	<u>191,550</u>
<b>Increase in cash</b>		<u>54,319</u>	<u>32,592</u>

**AIREDALE CHEMICAL COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31st December 1997****1 Accounting policies****Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

**Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

**Depreciation**

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Motor vehicles	25% reducing balance
Plant and machinery	20% reducing balance
Leasehold property improvements	20% straight line

**Leases and hire purchase contracts**

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

**Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Pensions**

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

## NOTES TO THE FINANCIAL STATEMENTS

## 2 Turnover

### 3 Operating profit

	13 months ended 31st December 1997 £	Year ended 30th November 1996 £
United Kingdom	3,144,931	2,842,578
Other EU countries	185,904	189,155
Australia / New Zealand	340,795	244,761
Rest of World	9,402	74,431
	<u>3,681,032</u>	<u>3,350,925</u>
<b>Operating profit</b>		
	13 months ended 31st December 1997 £	Year ended 30th November 1996 £
Operating profit is stated after crediting		
Profit on sale of assets	<u>1,169</u>	<u>-</u>
and after charging		
Staff costs (note 4)	378,959	417,723
Auditors' remuneration	2,000	4,500
Operating leases		
Hire of assets - plant & machinery	9,199	14,335
- other	<u>86,404</u>	<u>93,178</u>
Depreciation of tangible fixed assets (note 8)		
owned assets	50,623	67,480
leased assets	<u>13,422</u>	<u>12,311</u>
	<u>64,045</u>	<u>79,791</u>

## AIREDALE CHEMICAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1997

## 4 Directors and employees

	13 months ended 31st December 1997 £	Year ended 30th November 1996 £
<b>Staff costs including directors' emoluments</b>		
Wages and salaries	303,517	331,779
Social security costs	35,889	33,894
Pension costs	39,553	52,050
	<u>378,959</u>	<u>417,723</u>
 Average monthly number employed including executive directors:	<b>Number</b>	<b>Number</b>
Management and administration	7	11
Sales and distribution staff	9	13
Technical staff	4	4
	<u>20</u>	<u>28</u>
 <b>Directors</b>	<b>£</b>	<b>£</b>
Emoluments	119,933	118,651
Company contributions to money purchase pension schemes	33,300	44,900
	<u>153,233</u>	<u>163,551</u>
 During the period the following number of directors:	<b>Number</b>	<b>Number</b>
Accrued retirement benefits under:		
Money purchase pension schemes	<u>5</u>	<u>5</u>

**Defined contribution pension scheme**

The company operates a defined contribution 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 £39,553 (1996 £52,050).

## 5 Interest payable

	13 months ended 31st December 1997 £	Year ended 30th November 1996 £
Bank overdraft interest	12,966	22,606
Loan interest	46,572	37,107
Hire purchase interest	3,274	1,800
Interest on overdue taxes	362	-
	<u>63,174</u>	<u>61,513</u>

## AIREDALE CHEMICAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1997

## 6 Taxation

	13 months ended 31st December 1997 £	Year ended 30th November 1996 £
Corporation tax on profit on ordinary activities at 21% (1996 24%)	62,129	39,331
Deferred taxation	1,433	(4,898)
	<u>63,562</u>	<u>34,433</u>
Over provision in earlier years	-	(713)
	<u>63,562</u>	<u>33,720</u>

## 7 Dividends

	13 months ended 31st December 1997 £	Year ended 30th November 1996 £
Interim dividends paid	<u>108,199</u>	<u>108,199</u>

Dividends paid of £16.70 per share (1996 £16.70)

## 8 Tangible fixed assets

Cost	Motor Vehicles £	Plant and Machinery £	Leasehold Property Improvements £	Total £
1st December 1996	159,623	328,556	22,700	510,879
Additions	24,240	46,363	-	70,603
Disposals	(26,250)	-	-	(26,250)
31st December 1997	<u>157,613</u>	<u>374,919</u>	<u>22,700</u>	<u>555,232</u>
Depreciation				
1st December 1996	75,023	155,401	4,540	234,964
Charge for period	19,451	39,676	4,918	64,045
Disposals	(12,919)	-	-	(12,919)
31st December 1997	<u>81,555</u>	<u>195,077</u>	<u>9,458</u>	<u>286,090</u>
Net book amount				
31st December 1997	<u>76,058</u>	<u>179,842</u>	<u>13,242</u>	<u>269,142</u>
30th November 1996	<u>84,600</u>	<u>173,155</u>	<u>18,160</u>	<u>275,915</u>

Included within motor vehicles and plant and machinery are assets with net book values of £38,171 and £13,709 respectively which are subject to hire purchase contracts.

## AIREDALE CHEMICAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1997

## 9 Stocks

	31st December 1997 £	30th November 1996 £
Raw materials and consumables	9,058	12,065
Finished goods and goods for resale	574,002	377,775
	<u>583,060</u>	<u>389,840</u>

## 10 Debtors

	31st December 1997 £	30th November 1996 £
<b>Amounts falling due within one year</b>		
Trade debtors	761,938	831,854
Prepayments and accrued income	15,673	22,693
	<u>777,611</u>	<u>854,547</u>

## 11 Creditors: amounts falling due within one year

	31st December 1997 £	30th November 1996 £
Bank overdrafts	171,807	226,388
Trade creditors	558,967	475,322
Other loans	409,198	443,085
Corporation tax	62,129	37,997
Other taxation and social security	145,993	119,034
Accruals and deferred income	6,971	43,114
Obligations under finance leases and hire purchase contracts - note 12	12,362	11,703
	<u>1,367,427</u>	<u>1,356,643</u>

The bank overdrafts are secured by a mortgage debenture on all the fixed and current assets of the company.

The hire purchase creditors are secured on the assets to which they relate.

## AIREDALE CHEMICAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1997

## 12 Creditors: amounts falling due after more than one year

	31st December 1997 £	30th November 1996 £
Other loans	99,998	99,998
Obligations under finance leases	10,093	9,793
	<u>110,091</u>	<u>109,791</u>

## Maturity of debt

In one year or less, or on demand

- see note 11

Between two and five years

409,198	443,085
99,998	99,998

## Obligations under finance leases and hire purchase contracts

These are repayable over varying periods by monthly instalments as follows:

In the next year - see note 11

In the second to fifth years

12,362	11,703
10,093	9,793
<u>22,455</u>	<u>21,496</u>

## 13 Provision for liabilities and charges

	30th November 1996 £	Profit and loss account £	31st December 1997 £
Deferred taxation (notes 6 and 14)	<u>12,179</u>	<u>1,433</u>	<u>13,612</u>

## 14 Deferred taxation

	31st December 1997		30th November 1996	
	Potential liability £	Provision made £	Potential liability £	Provision made £
Corporation tax deferred by				
Accelerated capital allowances	<u>13,612</u>	<u>13,612</u>	<u>12,179</u>	<u>12,179</u>
	<u>13,612</u>	<u>13,612</u>	<u>12,179</u>	<u>12,179</u>

The potential liability and provision are based on a corporation tax rate of 21% (1996 24%).

## AIREDALE CHEMICAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1997

## 15 Reconciliation of movements in shareholders' funds

	13 months ended 31st December 1997 £	Year ended 30th November 1996 £
Profit for the financial period	204,931	85,873
Dividends	(108,199)	(108,199)
Net addition to/(subtraction from) shareholders' funds	96,732	(22,326)
Opening shareholders' funds	41,951	64,277
Closing shareholders' funds	138,683	41,951

## 16 Called up share capital

	31st December 1997		30th November 1996	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	20,000	20,000	20,000	20,000
Allotted called up and fully paid				
Ordinary shares of £1 each	11,000	11,000	11,000	11,000

## 17 Profit and loss account

	13 months ended 31st December 1997 £
1st December 1996	30,951
Retained profit for the period	96,732
31st December 1997	127,683



## AIREDALE CHEMICAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1997

## 18 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st December 1998:

	31st December 1997 Land and Buildings £	31st December 1997 Plant & Other £	30th November 1996 Land and Buildings £	30th November 1996 Plant & Other £
Expiring				
Within one year	-	-	93,178	-
Within two to five years	-	4,673	-	2,920
After five years	75,000	-	-	-
	<u>75,000</u>	<u>4,673</u>	<u>93,178</u>	<u>2,920</u>

## 19 Notes to the cash flow statement

Reconciliation of operating profit  
to operating cash flows

	13 months ended 31st December 1997 £	Year ended 30th November 1996 £
Operating profit	331,667	181,106
Depreciation charges	64,045	79,791
Profit on sale of fixed assets	(1,169)	-
(Increase)/decrease in stocks	(193,220)	36,522
Decrease/(increase) in debtors	76,936	(113,811)
Increase/(decrease) in creditors	74,461	(93,955)
<b>Net cash inflow from operating activities</b>	<u><u>352,720</u></u>	<u><u>89,653</u></u>

## AIREDALE CHEMICAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1997

## 19 Notes to the cash flow statement (continued)

## Analysis of changes in net debt

	At start of year £	Cash flows £	At end of year £
Cash in hand, at bank	262	(262)	-
Overdrafts	(226,388)	54,581	(171,807)
		<u>54,319</u>	
Debt due within 1 year	(443,085)	33,887	(409,198)
Debt due after 1 year	(99,998)	-	(99,998)
Finance leases	(21,496)	(959)	(22,455)
		<u>32,928</u>	
<b>Total</b>	<u>(790,705)</u>	<u>87,247</u>	<u>(703,458)</u>

## Reconciliation of net cash flow to movement in net debt

	13 months ended 31st December 1997 £	Year ended 30th November 1996 £
<b>Increase in cash in the period</b>	<b>54,319</b>	<b>32,592</b>
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	<u>32,928</u>	<u>(317,236)</u>
<b>Change in net debt resulting from cash flows</b>	<b>87,247</b>	<b>(284,644)</b>
<b>Net debt at 1st December 1996</b>	<u><b>(790,705)</b></u>	<u><b>(506,061)</b></u>
<b>Net debt at 31st December 1997</b>	<u><u><b>(703,458)</b></u></u>	<u><u><b>(790,705)</b></u></u>

## AIREDALE CHEMICAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1997

**20 Related parties**

The company has received loans from the directors, other than M P Cawthera, from members of the directors' families and from the Self Administered Pension Scheme. The directors with beneficial interests in the Self Administered Pension Scheme are C Chadwick, D M Chadwick, J W Chadwick and R P Chadwick.

The company pays a commercial rate of interest of 2% over bank base rate on the loans to the company from directors and related parties.

During the period the company paid interest on loans to:

	<b>13 months ended 31st December 1997 £</b>	<b>Year ended 30th November 1996 £</b>
Directors and their families	39,989	32,982
Pension scheme	6,583	4,125
	<u>46,572</u>	<u>37,107</u>