

Company Registration No. 1485996 (England and Wales)

LEKTRACHEM LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2002



LEKTRACHEM LIMITED

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LEKTRACHEM LIMITED

INDEPENDENT AUDITORS' REPORT TO LEKTRACHEM LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 5, together with the financial statements of the company for the year ended 31 December 2002 prepared under section 226 of the Companies Act 1985.

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 auditor's 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 directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

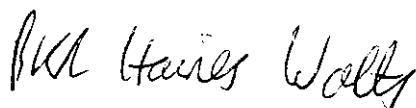
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

Other information

On 1 April 2003 we reported, as auditors of Lektrachem Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31 December 2002, and our audit report included the following paragraph:

"Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty as to the continuation and renewal of the company's bank overdraft facility and the ongoing support provided by the parent company. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect."



B K R Haines Watts

Chartered Accountants
Registered Auditor

1 April 2003

Sterling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF

LEKTRACHEM LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	2	125,191	218,129
Current assets			
Stocks		334,123	498,144
Debtors		271,031	481,816
Cash at bank and in hand		-	180
		<u>605,154</u>	<u>980,140</u>
Creditors: amounts falling due within one year	3	<u>(1,272,174)</u>	<u>(1,428,640)</u>
Net current liabilities		<u>(667,020)</u>	<u>(448,500)</u>
Total assets less current liabilities		<u>(541,829)</u>	<u>(230,371)</u>
Creditors: amounts falling due after more than one year	4	<u>(310,254)</u>	<u>(203,616)</u>
		<u>(852,083)</u>	<u>(433,987)</u>
Capital and reserves			
Called up share capital	5	2	2
Profit and loss account		<u>(852,085)</u>	<u>(433,989)</u>
Shareholders' funds - equity interests		<u>(852,083)</u>	<u>(433,987)</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 1 April 2003



G Pemberton
Director

LEKTRACHEM LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand. The directors consider that the company will continue to operate within the facility currently agreed and within that which they expect will be agreed on 31st March, when the company's bankers are due to consider renewing the facility for a further year. These views are based on the company's plans and on the successful outcome of discussions with the company's bankers. On this basis, and on the basis of continued support from the company's ultimate parent, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the overdraft facility by the company's bankers or withdrawal of the continued support of the parent company.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold property improvements	16.67% Straight line
Plant and machinery	15% Reducing balance
Fixtures, fittings & equipment	15% Reducing balance and 33% straight line
Motor vehicles	25% Reducing balance

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

LEKTRACHEM LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

(continued)

1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future. The adoption of the standard has not required a prior period adjustment.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Fixed assets

	Tangible assets £
Cost	
At 1 January 2002	488,486
Additions	30,837
Disposals	(299,381)
At 31 December 2002	<u>219,942</u>
Depreciation	
At 1 January 2002	270,357
On disposals	(210,654)
Charge for the year	35,048
At 31 December 2002	<u>94,751</u>
Net book value	
At 31 December 2002	<u>125,191</u>
At 31 December 2001	<u><u>218,129</u></u>

3 Creditors: amounts falling due within one year

The aggregate amount of creditors for which security has been given amounted to £908,271 (2001 - £914,895).

LEKTRACHEM LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

4 Creditors: amounts falling due after more than one year

The aggregate amount of creditors for which security has been given amounted to £6,854 (2001 - £16,237).

5 Share capital	2002 £	2001 £
Authorised		
100 Ordinary shares of £ 1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
2 Ordinary shares of £ 1 each	2	2
	<u> </u>	<u> </u>

6 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding		Maximum
	2002	2001	in year
	£	£	£
G Pemberton	-	819	819
	<u> </u>	<u> </u>	<u> </u>

7 Ultimate parent company

The immediate parent company is Precimet Inc., a company incorporated in the United States of America, and the ultimate parent company is Technic Inc., a company incorporated in the United States of America.