

Re. JWC/

Company Registration No. 1485996 (England and Wales)

LEKTRACHEM LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2003



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COMPANIES HOUSE

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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 2003 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 247B 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 19 March 2004 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 2003, 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 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.

Thorpe Puzey Haynes.

Thorpe Puzey Haynes

19 March 2004

Chartered Certified Accountants
Registered Auditors

Oakhurst House
26 Albert Road
Tamworth
Staffordshire
B79 7JS

LEKTRACHEM LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	2		142,854		125,191
Current assets					
Stocks		266,684		334,123	
Debtors		291,862		271,031	
Cash at bank and in hand		297		-	
		<u>558,843</u>		<u>605,154</u>	
Creditors: amounts falling due within one year	3	<u>(1,302,008)</u>		<u>(1,272,174)</u>	
Net current liabilities			(743,165)		(667,020)
Total assets less current liabilities			(600,311)		(541,829)
Creditors: amounts falling due after more than one year	4		(307,205)		(310,254)
			<u>(907,516)</u>		<u>(852,083)</u>
Capital and reserves					
Called up share capital	5		2		2
Profit and loss account			(907,518)		(852,085)
Shareholders' funds			<u>(907,516)</u>		<u>(852,083)</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 19 March 2004



G Pemberton
Director

LEKTRACHEM LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

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:

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

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 Deferred taxation

The accounting policy in respect of deferred tax reflects 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.

1.7 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.

LEKTRACHEM LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

(continued)

1.8 Going Concern

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 30th June 2004, 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 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.

2 Fixed assets

	Tangible assets £
Cost	
At 1 January 2003	219,942
Additions	67,177
Disposals	(35,676)
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At 31 December 2003	251,443
Depreciation	
At 1 January 2003	94,751
On disposals	(18,036)
Charge for the year	31,874
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At 31 December 2003	108,589
Net book value	
At 31 December 2003	142,854
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At 31 December 2002	125,191
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3 Creditors: amounts falling due within one year

The aggregate amount of creditors for which security has been given amounted to £957,895 (2002 - £908,271).

4 Creditors: amounts falling due after more than one year

The aggregate amount of creditors for which security has been given amounted to £- (2002 - £6,854).

LEKTRACHEM LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

5	Share capital	2003 £	2002 £
	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
	2003	2002	in year
	£	£	£
G Pemberton	3,000	-	3,000
	<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.