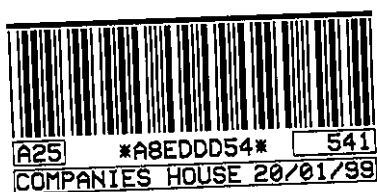


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CANNOCK CHEMICALS LIMITED
ABBREVIATED FINANCIAL STATEMENTS
30 SEPTEMBER 1998
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Registered Number: 1643201

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REPORT OF THE AUDITORS TO THE MEMBERS OF

CANNOCK CHEMICALS LIMITED

UNDER PARAGRAPH 24 OF SCHEDULE 8 OF THE COMPANIES ACT 1985

We have examined the abbreviated financial statements on pages 3 to 6 together with the full financial statements of Cannock Chemicals Limited for the year ended 30 September 1998. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 2 and that the abbreviated financial statements have been properly prepared from the full financial statements.

In our opinion the company is entitled under Sections 246 to 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 30 September 1998 and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with that schedule.

On 30 November 1998 we reported, as auditors of Cannock Chemicals Limited to the members on the full financial statements prepared under section 226 of the Companies Act 1985 for the year ended 30 September 1998 and our audit report was as follows:-

"We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2, 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.

REPORT OF THE AUDITORS TO THE MEMBERS OF
CANNOCK CHEMICALS LIMITED (Continued)

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 mis-statement, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies".


GARNER & CO
Registered Auditor
Chartered Accountants

30 November 1998

CANNOCK CHEMICALS LIMITED

ABBREVIATED BALANCE SHEET - 30 SEPTEMBER 1998

	<u>Notes</u>	£	<u>1998</u> £	£	<u>1997</u> £
FIXED ASSETS					
Tangible assets	2		85,240		77,790
CURRENT ASSETS					
Stocks		136,911		100,215	
Debtors		449,323		453,380	
Cash at bank		248,725		260,460	
		<u>834,959</u>		<u>814,055</u>	
CREDITORS: Amounts falling due within one year		<u>343,689</u>		<u>354,288</u>	
NET CURRENT ASSETS			491,270		459,767
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>576,510</u>		<u>537,557</u>
PROVISION FOR LIABILITIES AND CHARGES Deferred taxation			(7,500)		(3,000)
NET ASSETS			<u>569,010</u>		<u>534,557</u>
CAPITAL AND RESERVES					
Called up share capital	5		100		100
Profit and Loss account			568,910		534,457
SHAREHOLDERS' FUNDS			<u>569,010</u>		<u>534,557</u>

The directors have taken advantage in the preparation of these accounts of special exemptions provided by Part 1 of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company.

The directors have taken advantage of the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company.

The accounts were approved by the directors on 30th November 1998

.....
M W Malpass Director

The notes on pages 4-6 form an integral part of these accounts.

CANNOCK CHEMICALS LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS

YEAR ENDED - 30 SEPTEMBER 1998

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standards No: 1 on the grounds that it is entitled to exemptions available in Section 246 to 247 of the Companies Act 1985 for small companies.

Depreciation

Depreciation of fixed assets is calculated in order to write off the cost of tangible fixed assets on a reducing basis or straight line basis commencing with the year of acquisition over their estimated useful lives:

Plant and machinery	-	15% - reducing basis
Fixtures and fittings	-	15% - reducing basis
Motor vehicles	-	25% - reducing basis
Computer equipment	-	25% - straight line basis

The leasehold improvements are being written off by equal annual amounts over the remaining period of the lease.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation takes account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes using the liability method. The amount provided in the accounts is only that liability which is expected to crystallise within the foreseeable future.

CANNOCK CHEMICALS LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS

YEAR ENDED - 30 SEPTEMBER 1998 - (Continued)

Defined contributions scheme

Pension contributions are charged to the profit and loss account as they become payable in accordance with the rules of the Pension Scheme.

Lease & 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 reasonable constant charge on the outstanding liability.

2. TANGIBLE FIXED ASSETS

	<u>Total</u> £
<u>Cost</u>	
At 1 October 1997	159,238
Additions	51,564
Disposals	(51,880)
At 30 September 1998	<u>158,922</u>
 <u>Depreciation</u>	
At 1 October 1997	81,448
Charge for the year	23,222
Amortisation of lease	491
Elimination on disposal	(31,479)
At 30 September 1998	<u>73,682</u>
 <u>Net Book Value</u>	
At 1 October 1997	<u>77,790</u>
At 30 September 1998	<u>85,240</u>

The net book value of motor vehicles includes £24,274 (1997 NIL) in respect of assets held under hire purchase contracts.

CANNOCK CHEMICALS LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS

YEAR ENDED - 30 SEPTEMBER 1998 - (Continued)

Future Capital Commitments

	<u>1998 & 1997</u>
	£
Authorised and contracted for	NIL
Authorised and not contracted for	NIL
	<hr/>

3. CREDITORS

Included in creditors were hire purchase liabilities totalling £5,816 (1997 NIL) which were secured on assets to which the contract related.

4. DIRECTORS' INTERESTS

Mr M W Malpass is a director of Metal Finishing Supplies Limited, and Mr D G Bladgen is a director of Chalcon Plating Technology Limited. The companies trade on normal commercial terms. Sales and purchases for the year were respectively £35,028 and £14,447 (1997 £30,658 and £24,373) with Metal Finishing Supplies Limited. These were £295,354 and NIL (1997 £58,886 and NIL) with Chalcon Plating Technology Limited.

5. CALLED UP SHARE CAPITAL

	<u>1998 & 1997</u>	
	<u>Authorised</u>	<u>Allotted, issued</u>
	£	<u>and fully paid</u>
		£
Ordinary shares of 50p each (equity)	100	100
	<hr/>	<hr/>