

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2006
FOR
FLD CHEMICALS LIMITED**



FLD CHEMICALS LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 31 July 2006

| | Page |
|--|-------------|
| Company Information | 1 |
| Report of the Directors | 2 |
| Profit and Loss Account | 3 |
| Balance Sheet | 4 |
| Notes to the Financial Statements | 6 |
| Report of the Accountants | 11 |
| Trading and Profit and Loss Account | 12 |

FLD CHEMICALS LIMITED

COMPANY INFORMATION
for the Year Ended 31 July 2006

DIRECTORS:

M Laird
A J Laird

SECRETARY:

P A T Lacey

REGISTERED OFFICE:

35 Paul Street
London
EC2A 4UQ

REGISTERED NUMBER:

01815750 (England and Wales)

ACCOUNTANTS:

Everett & Son
35 Paul Street
London
EC2A 4UQ

FLD CHEMICALS LIMITED

**REPORT OF THE DIRECTORS
for the Year Ended 31 July 2006**

The directors present their report with the financial statements of the company for the year ended 31 July 2006

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the importation, exportation and distribution of chemical products

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements

DIVIDENDS

The total distribution of dividends for the year ended 31 July 2006 will be £17,350

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 August 2005 to the date of this report

The beneficial interests of the directors holding office at 31 July 2006 in the shares of the company, according to the register of directors' interests, were as follows

| | 31 7 06 | 1 8 05 |
|----------------------------|---------|--------|
| Ordinary shares of £1 each | | |
| M Laird | 99 | 99 |
| A J Laird | 1 | 1 |

These directors did not hold any non-beneficial interests in the shares of the company

ON BEHALF OF THE BOARD:



P A T Lacey - Secretary

14 May 2007

FLD CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 July 2006

| | Notes | 31.7.06 £ | £ | 31 7 05 £ | £ |
|---|-------|--------------|----------|--------------|-----------|
| TURNOVER | | | 855,811 | | 1,310,187 |
| Cost of sales | | | 593,574 | | 994,003 |
| GROSS PROFIT | | | 262,237 | | 316,184 |
| Distribution costs | | 68,257 | | 77,635 | |
| Administrative expenses | | 220,037 | | 195,496 | |
| | | | 288,294 | | 273,131 |
| OPERATING (LOSS)/PROFIT | 2 | | (26,057) | | 43,053 |
| Interest receivable and similar income | | | 494 | | - |
| | | | (25,563) | | 43,053 |
| Interest payable and similar charges | 3 | | - | | 3,040 |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | (25,563) | | 40,013 |
| Tax on (loss)/profit on ordinary activities | 4 | | (4,807) | | 8,325 |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | | (20,756) | | 31,688 |

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year

The notes form part of these financial statements

FLD CHEMICALS LIMITED

BALANCE SHEET

31 July 2006

| | Notes | 31.7.06 £ | £ | 31.7.05 £ | £ |
|--|-------|----------------|---------------|----------------|---------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 6 | | 8,049 | | 9,657 |
| CURRENT ASSETS | | | | | |
| Stocks | | 37,311 | | 18,077 | |
| Debtors | 7 | 80,325 | | 107,687 | |
| Cash at bank | | 94,603 | | 161,720 | |
| | | <u>212,239</u> | | <u>287,484</u> | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 8 | <u>176,442</u> | | <u>215,189</u> | |
| NET CURRENT ASSETS | | | <u>35,797</u> | | <u>72,295</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>43,846</u> | | <u>81,952</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 10 | | 100 | | 100 |
| Other reserves | 11 | | (98) | | (98) |
| Profit and loss account | 11 | | 43,844 | | 81,950 |
| SHAREHOLDERS' FUNDS | 13 | | <u>43,846</u> | | <u>81,952</u> |

The notes form part of these financial statements

FLD CHEMICALS LIMITED

BALANCE SHEET - continued
31 July 2006

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 July 2006

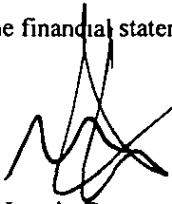
The members have not required the company to obtain an audit of its financial statements for the year ended 31 July 2006 in accordance with Section 249B(2) of the Companies Act 1985

The directors acknowledge their responsibilities for

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company

These financial statements 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 of Directors on 14 May 2007 and were signed on its behalf by

A handwritten signature in black ink, appearing to be 'M Laird', written over a horizontal line.

M Laird - Director

The notes form part of these financial statements

FLD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2006

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

| | |
|-----------------------|---------------------------|
| Motor Vehicles | - 25% on reducing balance |
| Equipment | - 25% on reducing balance |
| Fixtures and Fittings | - 20% on reducing balance |

All fixed assets are initially recorded at cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

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. Contributions payable for the year are charged in the profit and loss account

2 OPERATING (LOSS)/PROFIT

The operating loss (2005 - operating profit) is stated after charging

| | | |
|--|-------------------|-------------------|
| | 31.7.06 | 31.7.05 |
| | £ | £ |
| Depreciation - owned assets | 2,346 | 2,858 |
| Foreign exchange differences | 7,651 | 4,880 |
| | <u> </u> | <u> </u> |
| Directors' emoluments and other benefits etc | 95,933 | 104,777 |
| | <u> </u> | <u> </u> |

FLD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2006

3 INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges includes the following

| | 31.7.06 | 31 7 05 |
|------------------------------|---------|---------|
| | £ | £ |
| HP and finance lease charges | - | 316 |

4 TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows

| | 31.7.06 | 31 7 05 |
|---|---------|---------|
| | £ | £ |
| Current tax | | |
| UK corporation tax | (4,807) | 8,325 |
| Tax on (loss)/profit on ordinary activities | (4,807) | 8,325 |

Factors affecting the tax (credit)/charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

| | 31.7.06 | 31 7 05 |
|---|----------|---------|
| | £ | £ |
| (Loss)/profit on ordinary activities before tax | (25,563) | 40,013 |
| (Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2005 - 19%) | (4,857) | 7,602 |
| Effects of | | |
| Expenses disallowed for tax | 403 | 613 |
| Capital allowances (in excess)/less than depreciation | 206 | 284 |
| Marginal relief | - | (196) |
| Prior period tax charge | - | 22 |
| Losses carried back | 4,248 | - |
| Reduction in tax liability | (4,807) | - |
| Current tax (credit)/charge | (4,807) | 8,325 |

5 DIVIDENDS

| | 31.7.06 | 31 7 05 |
|-------|---------|---------|
| | £ | £ |
| Final | 17,350 | 9,500 |

FLD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2006

6 TANGIBLE FIXED ASSETS

| | Fixtures and fittings £ | Motor vehicles £ | Computer equipment £ | Totals £ |
|-----------------------|----------------------------------|------------------------|----------------------------|-------------|
| COST | | | | |
| At 1 August 2005 | 3,755 | 16,850 | 5,854 | 26,459 |
| Additions | - | - | 738 | 738 |
| At 31 July 2006 | 3,755 | 16,850 | 6,592 | 27,197 |
| DEPRECIATION | | | | |
| At 1 August 2005 | 1,351 | 11,519 | 3,932 | 16,802 |
| Charge for year | 481 | 1,333 | 532 | 2,346 |
| At 31 July 2006 | 1,832 | 12,852 | 4,464 | 19,148 |
| NET BOOK VALUE | | | | |
| At 31 July 2006 | 1,923 | 3,998 | 2,128 | 8,049 |
| At 31 July 2005 | 2,404 | 5,331 | 1,922 | 9,657 |

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|--------------------------------|---------------|----------------|
| | 31.7.06 £ | 31 7 05 £ |
| Trade debtors | 68,617 | 99,393 |
| Other debtors | - | 2,024 |
| Tax | 4,807 | - |
| Wages overpaid | 105 | 100 |
| VAT | 2,514 | 5,450 |
| Prepayments and accrued income | 4,282 | 720 |
| | <u>80,325</u> | <u>107,687</u> |

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|--|----------------|----------------|
| | 31 7.06 £ | 31 7 05 £ |
| Bank loans and overdrafts (see note 9) | 38,348 | 20,206 |
| Payments on account | - | 138,533 |
| Trade creditors | 123,874 | 40,619 |
| Corporation tax | 8,302 | 8,302 |
| Social security and other taxes | 3,692 | 3,641 |
| Directors' current account | 726 | 726 |
| Accruals and deferred income | 1,500 | 3,162 |
| | <u>176,442</u> | <u>215,189</u> |

FLD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2006

9 LOANS

An analysis of the maturity of loans is given below

| | 31.7.06 £ | 31 7 05 £ |
|--|---------------|---------------|
| Amounts falling due within one year or on demand | | |
| Bank overdrafts | <u>38,348</u> | <u>20,206</u> |

10 CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid

| Number | Class | Nominal value £1 | 31.7.06 £ | 31 7 05 £ |
|--------|----------|------------------------|--------------|--------------|
| 100 | Ordinary | | <u>100</u> | <u>100</u> |

11 RESERVES

| | Profit and loss account £ | Other reserves £ | Totals £ |
|----------------------|------------------------------------|------------------------|---------------|
| At 1 August 2005 | 81,950 | (98) | 81,852 |
| Deficit for the year | (20,756) | | (20,756) |
| Dividends | (17,350) | | (17,350) |
| At 31 July 2006 | <u>43,844</u> | <u>(98)</u> | <u>43,746</u> |

12 RELATED PARTY DISCLOSURES

The ultimate controlling party throughout the year was Mr M Laird who owns 99% of the company's issued share capital

There were no related party transactions undertaken during the financial year that require disclosure under the provisions of Financial Reporting Standard 8

FLD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2006

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | | |
|---|------------------------|----------------------|
| | 31.7.06 | 31.7.05 |
| | £ | £ |
| (Loss)/Profit for the financial year | (20,756) | 31,688 |
| Dividends | (17,350) | (9,500) |
| | <u>(38,106)</u> | <u>22,188</u> |
| Net (reduction)/addition to shareholders' funds | (38,106) | 22,188 |
| Opening shareholders' funds | 81,952 | 59,764 |
| | <u>43,846</u> | <u>81,952</u> |
| Closing shareholders' funds | 43,846 | 81,952 |
| | <u>43,846</u> | <u>81,952</u> |
| Equity interests | 43,846 | 81,952 |
| | <u>43,846</u> | <u>81,952</u> |