

BASIC CHEMICALS LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st MARCH 2005

Company Registration Number 1888575



BASIC CHEMICALS LIMITED
UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2005

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BASIC CHEMICALS LIMITED
COMPANY INFORMATION

The board of directors

D J Roberts
S M Roberts

Company secretary

D J Roberts

Registered office

Hillbottom Road
Sands Industrial Estate
High Wycombe
Bucks
HP12 4HJ

Bankers

Barclays Bank PLC
South Chilterns Group
High Wycombe
Bucks

Nationwide Building Society
19 High Street
High Wycombe
Buckinghamshire
HP11 2BL

Halifax Plc
35A High Street
Bucks
HP11 2AG

BASIC CHEMICALS LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31st MARCH 2005

The directors have pleasure in presenting their report and the unaudited financial statements of the company for the year ended 31st March 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is distributing basic chemicals and allied products.

The directors are disappointed with the results for the year but are hopeful that the company will return to profitability in the forthcoming period.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached unaudited financial statements.

The directors have recommended the following dividends:

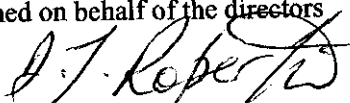
	2005 £	2004 £
Dividends paid on ordinary shares	<u>12,000</u>	<u>—</u>

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2005	At 1 April 2004
D J Roberts	25,000	25,000
S M Roberts	<u>5,000</u>	<u>5,000</u>

Signed on behalf of the directors



D J Roberts
Director

Approved by the directors on 6th July 2005

BASIC CHEMICALS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31st MARCH 2005

	Note	2005 £	2004 £
TURNOVER	2	1,638,340	1,915,326
Cost of sales		1,292,472	1,396,791
GROSS PROFIT		<u>345,868</u>	<u>518,535</u>
Administrative expenses		479,975	543,666
OPERATING LOSS	3	<u>(134,107)</u>	<u>(25,131)</u>
Interest receivable	5	566	8,286
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(133,541)</u>	<u>(16,845)</u>
Tax on loss on ordinary activities	6	(22,963)	(1,177)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(110,578)</u>	<u>(15,668)</u>
Dividends	7	12,000	—
LOSS FOR THE FINANCIAL YEAR		<u>(122,578)</u>	<u>(15,668)</u>
Balance brought forward		863,567	879,235
Balance carried forward		<u>740,989</u>	<u>863,567</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

BASIC CHEMICALS LIMITED**BALANCE SHEET****31st MARCH 2005**

	Note	2005 £	£	2004 £	£
FIXED ASSETS					
Tangible assets	8		298,092		311,126
CURRENT ASSETS					
Stocks	9	271,062		278,683	
Debtors	10	359,933		426,969	
Cash at bank and in hand		43,356		89,014	
		674,351		794,666	
CREDITORS: Amounts falling due within one year	12	201,454		208,734	
NET CURRENT ASSETS			472,897		585,932
TOTAL ASSETS LESS CURRENT LIABILITIES			770,989		897,058
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	11		—		3,491
			770,989		893,567

The Balance sheet continues on the following page.
The notes on pages 6 to 12 form part of these unaudited financial statements.

BASIC CHEMICALS LIMITED**BALANCE SHEET** *(continued)***31st MARCH 2005**

	Note	2005 £	2004 £
CAPITAL AND RESERVES			
Called-up equity share capital	16	30,000	30,000
Profit and loss account		740,989	863,567
SHAREHOLDERS' FUNDS	17	<u>770,989</u>	<u>893,567</u>

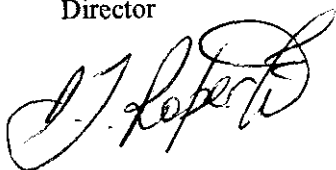
The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

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

These unaudited financial statements were approved by the directors on the 6th July 2005 and are signed on their behalf by:

D J Roberts
Director



BASIC CHEMICALS LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2005

1. ACCOUNTING POLICIES

Basis of accounting

The unaudited financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the unaudited financial statements on the grounds that the company is small.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 5% straight line
Fixtures & Fittings	- 15% reducing balance

Stocks

Stocks are stated 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.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

BASIC CHEMICALS LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2005

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

The turnover and operating profit for the year was derived from the company's principal activity and was carried out wholly in the UK.

3. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2005	2004
	£	£
Depreciation of owned fixed assets	16,143	16,827
Loss on disposal of fixed assets	318	—
Operating lease costs:		
Land and buildings	54,000	54,000
Net (profit)/loss on foreign currency translation	<u>(1,386)</u>	<u>899</u>

BASIC CHEMICALS LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2005

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2005	2004
	No	No
Number of production staff	5	6
Number of administrative staff	6	9
	<u>11</u>	<u>15</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	287,941	330,105
Social security costs	31,581	35,256
Other pension costs	17,628	20,490
	<u>337,150</u>	<u>385,851</u>

No director's emoluments were paid during the year (2004: £Nil).

5. INTEREST RECEIVABLE

	2005	2004
	£	£
Bank interest receivable	521	8,286
Interest receivable on Corporation Tax overpayment	45	—
	<u>566</u>	<u>8,286</u>

6. TAXATION ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	2005	2004
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2004 - 19%)	—	(1,926)
Total current tax	—	(1,926)
Deferred tax:		
Origination and reversal of timing differences	(22,963)	749
Tax on loss on ordinary activities	(22,963)	(1,177)

BASIC CHEMICALS LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2005

6. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2004 - 19%).

	2005 £	2004 £
Loss on ordinary activities before taxation	<u>(133,541)</u>	<u>(16,845)</u>
Profit/(loss) on ordinary activities by rate of tax	(25,373)	(3,201)
Expenses not deductible for taxation purposes	593	130
Depreciation for the year in excess of capital allowances	1,936	1,145
Losses carried forward	<u>22,844</u>	<u>—</u>
Total current tax (note 6(a))	<u>—</u>	<u>(1,926)</u>

(c) Factors that may affect future tax charges

The company has tax losses carried forward of £120,230.

7. DIVIDENDS

The following dividends have been paid in respect of the year:

	2005 £	2004 £
Dividend paid on ordinary shares	<u>12,000</u>	<u>—</u>

BASIC CHEMICALS LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2005

8. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Total £
COST			
At 1st April 2004	317,002	101,904	418,906
Additions	—	3,427	3,427
Disposals	—	(374)	(374)
At 31st March 2005	<u>317,002</u>	<u>104,957</u>	<u>421,959</u>
DEPRECIATION			
At 1st April 2004	44,655	63,125	107,780
Charge for the year	9,861	6,282	16,143
On disposals	—	(56)	(56)
At 31st March 2005	<u>54,516</u>	<u>69,351</u>	<u>123,867</u>
NET BOOK VALUE			
At 31st March 2005	<u>262,486</u>	<u>35,606</u>	<u>298,092</u>
At 31st March 2004	<u>272,347</u>	<u>38,779</u>	<u>311,126</u>

The freehold property is secured by a floating charge over the assets of the company.

9. STOCKS

	2005 £	2004 £
Finished goods	<u>271,062</u>	<u>278,683</u>

10. DEBTORS

	2005 £	2004 £
Trade debtors	253,301	334,600
Corporation tax repayable	—	1,926
Other debtors	72,334	75,034
Prepayments and accrued income	14,826	15,409
Deferred taxation (note 11)	19,472	—
	<u>359,933</u>	<u>426,969</u>

BASIC CHEMICALS LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2005

11. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2005 £	2004 £
Included in debtors (note 10)	19,472	—
Included in provisions	—	(3,491)
	<u>19,472</u>	<u>(3,491)</u>

The movement in the deferred taxation account during the year was:

	2005 £	2004 £
Balance brought forward	(3,491)	(2,742)
Profit and loss account movement arising during the year	22,963	(749)
Balance carried forward	<u>19,472</u>	<u>(3,491)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2005 £	2004 £
Excess of taxation allowances over depreciation on fixed assets	(3,372)	(3,491)
Tax losses available	22,844	—
	<u>19,472</u>	<u>(3,491)</u>

12. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	157,634	148,160
Other taxation and social security	29,370	37,916
Other creditors	6,950	1,408
Accruals and deferred income	7,500	21,250
	<u>201,454</u>	<u>208,734</u>

13. 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. The pension cost charge represents contributions payable by the company to the fund and amounted to £17,628 (2004: £20,490).

BASIC CHEMICALS LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
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14. COMMITMENTS UNDER OPERATING LEASES

At 31st March 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2005	2004
	£	£
Operating leases which expire:		
After more than 5 years	<u>54,000</u>	<u>54,000</u>

15. RELATED PARTY TRANSACTIONS

The company was controlled by D J Roberts, director, throughout the entire year.

Included within 'Other debtors' as at 31st March 2005 is a balance of £68,889 (2004: £73,483) due from Rye View Properties Limited, a company with common shareholders and directors. The total value of services purchased during the year from Rye View Properties Limited amounted to £195,600 (2004: £195,600) with all such transactions made at arms length.

16. SHARE CAPITAL**Authorised share capital:**

	2005	2004
	£	£
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

Allotted, called up and fully paid:

	2005	£	2004	£
	No		No	
Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£	£
Loss for the financial year	(110,578)	(15,668)
Dividends	(12,000)	—
	<u>(122,578)</u>	<u>(15,668)</u>
Opening shareholders' equity funds	893,567	909,235
Closing shareholders' equity funds	<u>770,989</u>	<u>893,567</u>