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Clydebridge Chemicals Limited

Report and Financial Statements

Year Ended

31 December 2003



BDO

BDO Stoy Hayward
Chartered Accountants

Clydebridge Chemicals Limited

Annual report and financial statements for the year ended 31 December 2003

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Directors

M I Farmer
P V Pisacane
M W Walker

Secretary and registered office

M I Farmer, Arc House, Terrace Road South, Binfield, Bracknell, Berks, RG42 4PZ

Company number

1972114

Auditors

BDO Stoy Hayward LLP, Connaught House, Alexandra Terrace
Guildford, Surrey, GU1 3DA

Clydebridge Chemicals Limited

Report of the directors for the year ended 31 December 2003

The directors present their report together with the audited financial statements for the year ended 31 December 2003.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

Interim dividends of £10.00(2002 - £12.00) per share were paid to ordinary shareholders during the year. The directors do not recommend the payment of a final dividend.

Principal activities, review of business and future developments

The principal activity of the company throughout the year has been the manufacture of chemical products.

The company continued to trade successfully and maintained a sound financial position at the year end.

The company will continue to develop its business in line with current activities.

Charitable and political contributions

During the year the company made charitable contributions of £NIL. There were no political contributions.

Directors

The directors of the company during the year were:

M I Farmer
P V Pisacane
M W Walker

No director had any direct beneficial interest in the share capital of the company. Their interests in the share capital of the ultimate parent undertaking are shown in the financial statements of that company.

Clydebridge Chemicals Limited

Report of the directors for the year ended 31 December 2003 (*Continued*)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

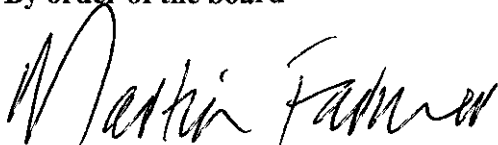
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

By order of the board



Secretary

M I FARMER

Date: 16 June 2004

Clydebridge Chemicals Limited

Report of the independent auditors

To the shareholders of Clydebridge Chemicals Limited

We have audited the financial statements of Clydebridge Chemicals Limited for the year ended 31 December 2003 on pages 5 to 15 which have been prepared under the accounting policies set out on pages 7 to 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

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 misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Clydebridge Chemicals Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Guildford

Date: 30 June 2004

Clydebridge Chemicals Limited

Profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	2	1,884,634	2,019,006
Increase in stocks of finished goods and work in progress		(4,000)	(21,000)
		<hr/>	<hr/>
		1,880,634	1,998,006
Raw materials and consumables		1,088,701	1,148,902
Other external charges		34,651	40,769
Staff costs	3	290,045	281,534
Depreciation and other amounts written off fixed assets		43,078	53,892
Other operating charges		223,653	200,757
		<hr/>	<hr/>
Operating profit	5	200,506	272,152
Other interest receivable and similar income		13,060	10,790
		<hr/>	<hr/>
Profit on ordinary activities before taxation		213,566	282,942
Taxation on profit on ordinary activities	6	66,341	68,964
		<hr/>	<hr/>
Profit on ordinary activities after taxation		147,225	213,978
Dividends	7	100,000	120,000
		<hr/>	<hr/>
Retained profit		47,225	93,978
Retained profit brought forward		1,051,368	957,390
		<hr/>	<hr/>
Retained profit carried forward		1,098,593	1,051,368
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

The notes on pages 7 to 15 form part of these financial statements.

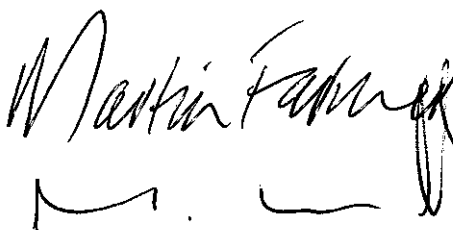
Clydebridge Chemicals Limited

Balance sheet at 31 December 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Intangible assets	8		-		31,168
Tangible assets	9		11,276		22,957
			<u>11,276</u>		<u>54,125</u>
Current assets					
Stocks	10	83,890		87,890	
Debtors-due within one year	11	259,757		226,136	
Debtors-due after more than one year	11	580,500		580,500	
		<u>840,257</u>		<u>806,636</u>	
Cash at bank and in hand		397,367		348,622	
		<u>1,321,514</u>		<u>1,243,148</u>	
Creditors: amounts falling due within one year	12	224,197		235,905	
		<u>1,097,317</u>		<u>1,007,243</u>	
Net current assets			<u>1,097,317</u>		<u>1,007,243</u>
Total assets less current liabilities			<u>1,108,593</u>		<u>1,061,368</u>
Capital and reserves					
Called up share capital	14	10,000		10,000	
Profit and loss account		1,098,593		1,051,368	
		<u>1,108,593</u>		<u>1,061,368</u>	
Equity shareholders' funds			<u>1,108,593</u>		<u>1,061,368</u>

The financial statements were approved by the Board on 16 June 2004

Director



M I FARMER

M W WALKER

The notes on pages 7 to 15 form part of these financial statements.

1 Accounting policies

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

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Classicvale Limited and the company is included in consolidated financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery, fittings and equipment	- 2% on a straight line basis per month
Motor vehicles	- 2.5% on a straight line basis per month

Intangible fixed assets

The cost of intangible fixed assets is their purchase cost excluding any incidental expenses of acquisition.

Amortisation is provided on all intangible fixed assets at 20% on a straight line basis per annum to write off cost, less any residual values, of each asset over its expected useful economic life.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Clydebridge Chemicals Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

1 Accounting policies (*continued*)

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

2 Turnover

	2003 £	2002 £
Analysis by geographical market:		
United Kingdom	1,677,685	1,807,840
Europe	110,298	115,180
Middle East	2,760	13,566
Far East	90,720	79,640
Africa	-	1,292
Rest of the World	3,171	1,488
	<hr/>	<hr/>
	1,884,634	2,019,006
	<hr/>	<hr/>

Turnover is wholly attributable to the principal activity of the company.

Clydebridge Chemicals Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

3 Employees

Staff costs (including directors) consist of:

	2003 £	2002 £
Wages and salaries	253,423	248,254
Social security costs	27,373	25,668
Other pension costs	9,249	7,612
	<u>290,045</u>	<u>281,534</u>

The average number of employees (including directors) during the year was as follows:

	2003 Number	2002 Number
Administration	1	1
Trading and manufacturing	6	7
	<u>7</u>	<u>8</u>

4 Directors' remuneration

	2003 £	2002 £
Directors' emoluments	108,111	108,309
Company contributions to money purchase pension schemes	4,800	2,800
	<u>112,911</u>	<u>111,109</u>

There was 1 director in the company's defined contribution pension schemes during the year (2002 - 1).

Clydebridge Chemicals Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

5 Operating profit

	2003 £	2002 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	11,910	19,890
Amortisation of positive goodwill	31,168	34,002
Audit services	3,650	3,650
Non-audit services	795	423
Exchange differences	714	(195)
	<u> </u>	<u> </u>

6 Taxation on profit on ordinary activities

	2003 £	2003 £	2002 £	2002 £
<i>UK Corporation tax</i>				
Current tax on profits of the year	66,343		69,310	
Adjustment in respect of previous periods	(2)		(346)	
	<u> </u>		<u> </u>	
Total current tax		66,341		68,964
		<u> </u>		<u> </u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	213,566	282,942
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2002 - 30%)	64,070	84,883
Effect of:		
Expenses not deductible for tax purposes	9,466	10,370
Capital allowances for period in excess of depreciation	(167)	1,003
Utilisation of group losses	-	(20,310)
Adjustment to tax charge in respect of previous periods	(2)	(346)
Marginal relief	(7,026)	(6,636)
	<u> </u>	<u> </u>
Current tax charge for period	66,341	68,964
	<u> </u>	<u> </u>

Clydebridge Chemicals Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

7 Dividends

	2003 £	2002 £
<i>Equity shares</i>		
Ordinary shares		
Interim dividend £10.00 (2002 - £12.00) per share	100,000	120,000
	<u> </u>	<u> </u>

8 Intangible assets

	Goodwill £
<i>Cost or valuation</i>	
At 1 January 2003 and 31 December 2003	170,000
	<u> </u>
<i>Amortisation</i>	
At 1 January 2003	138,832
Provided for the year	31,168
	<u> </u>
At 31 December 2003	170,000
	<u> </u>
<i>Net book value</i>	
At 31 December 2003	-
	<u> </u>
At 31 December 2002	31,168
	<u> </u>

Clydebridge Chemicals Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

9 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
<i>Cost</i>			
At 1 January 2003	343,798	69,986	413,784
Additions	-	228	228
	<hr/>	<hr/>	<hr/>
At 31 December 2003	343,798	70,214	414,012
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2003	339,884	50,943	390,827
Provided for the year	2,873	9,036	11,909
	<hr/>	<hr/>	<hr/>
At 31 December 2003	342,757	59,979	402,736
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2003	1,041	10,235	11,276
	<hr/>	<hr/>	<hr/>
At 31 December 2002	3,914	19,043	22,957
	<hr/>	<hr/>	<hr/>

10 Stocks

	2003 £	2002 £
Raw materials and consumables	67,985	75,251
Finished goods and goods for resale	15,905	12,639
	<hr/>	<hr/>
	83,890	87,890
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above.

Clydebridge Chemicals Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

11 Debtors

	2003 £	2002 £
Amounts receivable within one year		
Trade debtors	133,647	105,667
Amounts owed by group undertakings	112,486	106,787
Amounts owed by joint ventures and associated undertakings	660	625
Other debtors	12,964	13,057
	<u>259,757</u>	<u>226,136</u>
Amounts receivable after more than one year		
Amounts owed by group undertakings	580,500	580,500
	<u>840,257</u>	<u>806,636</u>

12 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	77,118	66,543
Corporation tax	66,343	69,310
Other taxation and social security	10,085	6,895
Accruals and deferred income	70,651	93,157
	<u>224,197</u>	<u>235,905</u>

13 Pensions

The company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £9,249 (2002 - £7,612). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Clydebridge Chemicals Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

14 Share capital

	2003 £	2002 £
<i>Authorised</i>		
<i>Equity share capital</i>		
50,000 Ordinary shares of £1 each	50,000	50,000
	<hr/>	<hr/>
	2003 £	2002 £
<i>Allotted, called up and fully paid</i>		
<i>Equity share capital</i>		
10,000 Ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>

15 Contingent liabilities

The company has guaranteed bank borrowings of its fellow group members. At the year end liabilities covered by these guarantees totalled £Nil (2002 - £604,574).

16 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Classicvale Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

Related party transactions and balances

	Sales to related party £	Amounts owed by associated company £
Related party		
2003		
Gattefosse (UK) Limited	-	660
	<hr/>	<hr/>
2002		
Gattefosse (UK) Limited	8,944	625
	<hr/>	<hr/>

Gattefosse (UK) Limited is an associated company.

16 Related party disclosures (*continued*)

Loans and transactions concerning directors and officers of the company

During the year the company made a loan of £30,000 to P. Pisacane, a director. This represented the maximum amount outstanding during the year; there were no amounts outstanding at 31 December 2003 (31 December 2002 - £nil).

17 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Alfa Technical Industries Limited, a company incorporated in England. The ultimate parent undertaking is Classicvale Limited, a company incorporated in England.

The largest and smallest group in which the results of the company are consolidated is that headed by Classicvale Limited. The consolidated accounts of this company are available to the public at
The Registrar of Companies
Companies House
3 Crown Way
Cardiff
CF4 3UZ

No other group accounts include the results of the company.