

Company Registration Number 3438255

**Deloitte  
& Touche**

**MAYBRIDGE CHEMICAL HOLDINGS LIMITED**

**Report and Consolidated Financial Statements**

**31 December 2001**



**Deloitte & Touche  
Queen Anne House  
69-71 Queen Square  
Bristol  
BS1 4JP**

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2001**

**CONTENTS**

	<b>Page</b>
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes to the accounts	10

**MAYBRIDGE CHEMICAL HOLDINGS LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

ID MacRitchie (Chairman)  
L Eastlake  
Dr N A Kerton  
R H Lawson  
Dr R F Newton

**SECRETARY**

L Eastlake

**REGISTERED OFFICE**

Trevillet  
Tintagel  
Cornwall  
PL34 0HW

**BANKERS**

The Royal Bank of Scotland plc  
Belgravia Branch  
24 Grosvenor Place  
London  
SW1X 7HP

**SOLICITORS**

Nicholson Graham & Jones  
110 Cannon Street  
London  
EC4N 6AR

**AUDITORS**

Deloitte & Touche  
Queen Anne House  
69-71 Queen Square  
Bristol  
BS1 4JP

**DIRECTORS' REPORT**

The directors present their annual report and audited consolidated financial statements for the year ended 31 December 2001.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the company is that of a holding company.

The main subsidiary company is Maybridge plc. Its principal activity consists of the research, development and marketing of organic chemical compounds in two main areas: high throughput screening samples and reactive chemical intermediates, and custom research work.

The other subsidiaries, Maybridge Chemical Company Limited and Maybridge Trustees Limited are dormant companies.

**RESULTS, DIVIDENDS AND FUTURE PROSPECTS**

The loss for the year after taxation amounted to £892,422 (2000: £988,868). The directors do not recommend the payment of a dividend on the ordinary shares. Dividends have been paid and accrued on the preference shares in line with their dividend rights (note 18). Given a favourable trading climate, the directors are confident that the company will improve its performance in 2002.

**DIRECTORS AND THEIR INTERESTS**

The directors are shown on page 1. A J Nash resigned on 31 December 2001. The directors of the company, who were in office at the year end, had interests in the shares of the company, as recorded in the register of directors' interests, as follows:

	<b>£1 Ordinary shares</b>	
	<b>2001</b>	<b>2000</b>
L Eastlake	22,222	22,222
Dr N A Kerton	33,334	33,334
R H Lawson	-	-
I D MacRitchie (appointed 19 December 2001)	-	-
Dr R F Newton	88,889	88,889

**RESEARCH AND DEVELOPMENT**

The directors regard investment in this area as a prerequisite for success in the medium to long term future.

**PAYMENT POLICY**

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated the company endeavours to adhere to the suppliers' standard terms. As at 31 December 2001 the company had no trade creditors. For the group as at 31 December 2001, trade creditors as a proportion of amounts invoiced from suppliers for the year, represented 22 days (2000: 80) days.

**DIRECTORS' REPORT (continued)**

**EMPLOYEE BENEFIT TRUST (EBT)**

The company has set up an employee benefit trust to acquire the shares of the company for the benefit of the employees. To this effect Maybridge Chemical Holdings Limited has loaned the EBT £35,000 for the purchase of shares. The statutory power of appointing new and additional trustees of the plan is vested in the company and the company can direct the trustees to unconditionally transfer to any person any number of shares in return for the consideration price.

**AUDITORS**

A resolution to reappoint Deloitte & Touche as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



L Eastlake  
Secretary

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 the group as at the end of the financial year and of the profit or loss of the group for that period. 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;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
MAYBRIDGE CHEMICAL HOLDINGS LIMITED**

We have audited the financial statements of Maybridge Chemical Holdings Limited for the year ended 31 December 2001 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements, or material inconsistencies with the financial statements.

**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 circumstances of the company and the group, 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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and group as at 31 December 2001 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

**DELOITTE & TOUCHE**  
Chartered Accountants and  
Registered Auditors

*30 July 2002*  
**Deloitte  
Touche  
Tohmatsu**

Aberdeen, Belfast, Birmingham, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Edinburgh, Glasgow, Leeds, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available: Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Financial Services Authority in respect of regulated activities.

**MAYBRIDGE CHEMICAL HOLDINGS LIMITED**
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
**Year ended 31 December 2001**

	Note	2001 £	2000 £
<b>TURNOVER</b>	2	7,745,191	6,310,423
Cost of sales		(3,988,109)	(3,513,431)
<b>GROSS PROFIT</b>		3,757,082	2,796,992
Distribution costs		(106,656)	(80,994)
Administrative expenses (including exceptional redundancy costs in 2001 of £99,016)		(3,177,469)	(2,190,401)
Other operating income		68,033	4,789
<b>OPERATING PROFIT</b>	3	540,990	530,386
Interest receivable and similar income	5	6,009	25,378
Interest payable and similar charges	6	(1,667,021)	(1,530,233)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,120,022)	(974,469)
Tax credit/(charge) on loss on ordinary activities	7	227,600	(14,399)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(892,422)	(988,868)
Dividends - non-equity	8	(218,996)	(219,361)
Appropriation of profit to fund preference share redemption		(93,720)	(56,804)
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>		(1,205,138)	(1,265,033)

All of the operations of the group are derived from continuing activities.

There are no recognised gains or losses for the current financial year or the previous financial year other than as stated in the profit and loss account. Accordingly no statement of recognised gains and losses has been presented.



**MAYBRIDGE CHEMICAL HOLDINGS LIMITED**
**CONSOLIDATED BALANCE SHEET  
At 31 December 2001**

	Note	2001		2000	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	10		2,706,025		2,625,584
Investments	11		35,000		40,305
			<u>2,741,025</u>		<u>2,665,889</u>
<b>CURRENT ASSETS</b>					
Stocks	12	1,124,357		1,116,357	
Debtors	13	1,263,468		1,199,451	
Cash at bank and in hand		-		41,019	
			<u>2,387,825</u>		<u>2,356,827</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	(2,174,548)		(5,620,606)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>213,277</u>		<u>(3,263,779)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,954,302</u>		<u>(597,890)</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	15	(15,602,519)		(10,930,305)	
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	17	(137,400)		(365,000)	
<b>NET LIABILITIES</b>			<u>(12,785,617)</u>		<u>(11,893,195)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		241,000		241,000
Other reserve	19		919,291		606,575
Share premium account	19		3,397,023		3,473,832
Profit and loss account	19		(17,342,931)		(16,214,602)
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	20		<u>(12,785,617)</u>		<u>(11,893,195)</u>
Shareholders' funds are attributable to:					
Equity shareholders			(16,373,281)		(15,234,232)
Non-equity shareholders			3,587,664		3,341,037
			<u>(12,785,617)</u>		<u>(11,893,195)</u>

These financial statements were approved by the Board of Directors on

25 July 2002.

Signed on behalf of the Board of Directors



Dr N A Kerton  
Director

**MAYBRIDGE CHEMICAL HOLDINGS LIMITED**
**COMPANY BALANCE SHEET**  
**At 31 December 2001**

	Notes	2001		2000	
		£	£	£	£
<b>FIXED ASSETS</b>					
Investments	11		18,082,897		18,088,202
<b>CURRENT ASSETS</b>					
Debtors	13	2,922,951		1,997,114	
Cash at bank and in hand		304,176		-	
		<u>3,227,127</u>		<u>1,997,114</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	(1,548,944)		(4,736,752)	
<b>NET CURRENT LIABILITIES</b>			<u>1,678,183</u>		<u>(2,739,638)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			19,761,080		15,348,564
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	15		(15,602,519)		(10,902,141)
<b>NET ASSETS</b>			<u>4,158,561</u>		<u>4,446,423</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		241,000		241,000
Other reserve	19		919,291		606,575
Share premium account	19		3,397,023		3,473,832
Profit and loss account	19		(398,753)		125,016
<b>TOTAL SHAREHOLDERS' FUNDS</b>	20		<u>4,158,561</u>		<u>4,446,423</u>
Shareholders' funds are attributable to:					
Equity shareholders			570,897		1,105,386
Non-equity shareholders			3,587,664		3,341,037
			<u>4,158,561</u>		<u>4,446,423</u>

These financial statements were approved by the Board of Directors on

25 July 2002.

Signed on behalf of the Board of Directors



Dr N A Kerton  
Director

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 2001**

	Notes	2001		2000	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	21		497,504		1,295,932
<b>Returns on investments and servicing of finance</b>					
Interest received		6,009		25,378	
Interest paid		(749,220)		(1,228,377)	
Interest element of finance lease rental payments		(2,112)		(8,734)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(745,323)		(1,211,733)
<b>Taxation</b>					
Corporation tax paid			-		-
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(529,682)		(808,066)	
Receipts from disposal of tangible fixed assets		-		300	
Investment in own shares and EBT		5,305		(33,083)	
<b>Net cash outflow from capital expenditure and financial investment</b>			(524,377)		(840,849)
<b>Net cash outflow before financing</b>			(772,196)		(756,650)
<b>Financing</b>					
New borrowings		2,802,476		-	
Repayment of loan		(900,000)		(500,000)	
Capital element of finance lease rentals		(27,224)		(23,001)	
<b>Net cash inflow/(outflow) from financing</b>			1,875,252		(523,001)
<b>Increase/(decrease) in cash in the year</b>	23		1,103,056		(1,279,651)

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2001**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Basis of consolidation**

The consolidated accounts include the company and all its subsidiary companies. The results of subsidiary undertakings have been dealt with from the dates of acquisition using the principles of acquisition accounting.

Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

**Acquisitions and disposals**

Where a new company or business has been accounted for using the principles of acquisition accounting in the past, fair values are attributed to the group's share of the separable net assets acquired. Where the cost of acquisition exceeded the values attributable to such net assets, the difference was recognised as goodwill, and has been written off directly to reserves in the year of acquisition.

**Research and development**

Research expenditure is written off to the profit and loss account in the period in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit.

**Investments**

Investments in subsidiary undertakings and joint ventures are stated at cost less provision for any impairment in value.

**MAYBRIDGE CHEMICAL HOLDINGS LIMITED****NOTES TO THE ACCOUNTS****Year ended 31 December 2001****1. ACCOUNTING POLICIES (continued)****Depreciation**

Depreciation of fixed assets is calculated to write off their cost less any residual value over their estimated useful lives as follows:

Freehold buildings	5%
Motor vehicles	25%
Office equipment	25%
Plant and machinery	10% to 25%

**Stocks**

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

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

**Leases and 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 to give a reasonably consistent charge on the outstanding liability.

Rentals under operating leases are charged to the profit and loss account in equal annual amounts over the lease term.

**Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

**Pensions**

Contributions are made to the defined contribution scheme and are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**NOTES TO THE ACCOUNTS**  
Year ended 31 December 2001**2. TURNOVER**

Turnover comprises the invoice value of goods and services supplied by the group exclusive of VAT in respect of its principal activity. The analysis of turnover by geographical destination is as follows:

	2001 £	2000 £
United Kingdom	1,568,972	1,762,083
Rest of Europe	1,853,656	1,190,829
United States of America	3,334,024	2,240,545
Far East	950,225	984,480
Rest of World	38,314	132,486
	<u>7,745,191</u>	<u>6,310,423</u>

**3. OPERATING PROFIT**

	2001 £	2000 £
Operating profit is stated after charging/(crediting):		
Net rental income	1,163	341
Profit on foreign exchange	(66,670)	(3,324)
Staff costs (note 4)	3,859,643	3,323,372
Auditors' remuneration - audit services	30,500	29,000
Auditors' remuneration - other services	20,050	28,430
Rentals under operating leases - hire of plant and machinery	17,327	29,336
Loss on sale of fixed assets	-	1,139
Depreciation of tangible fixed assets:		
- owned assets	425,356	337,399
- leased assets	23,885	23,525
	<u>425,356</u>	<u>337,399</u>

The charge for audit services to Maybridge Chemical Holdings Limited is borne by Maybridge plc.

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2001 £	2000 £
Staff costs including directors' emoluments:		
Wages and salaries	3,410,893	2,939,360
Social security costs	295,853	267,323
Pension costs	152,897	116,689
	<u>3,859,643</u>	<u>3,323,372</u>

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2001 No.	2000 No.
Average monthly number employed including executive directors:		
Office and management	33	29
Research and development staff	131	116
	<u>164</u>	<u>145</u>
Directors:	£	£
Emoluments (excluding pension contributions)	298,195	294,636
Fees	61,000	56,000
	<u>359,195</u>	<u>350,636</u>
Highest paid director:	£	£
Emoluments	111,579	100,617
Pension contributions	4,851	4,500
	<u>No.</u>	<u>No.</u>
Number of directors who are members of a defined contribution pension scheme	<u>2</u>	<u>2</u>

During the year the group paid pension contributions of £8,714 (2000: £8,250) under a defined contribution pension scheme on behalf of the directors.

## 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2001 £	2000 £
Bank interest	<u>6,009</u>	<u>25,378</u>

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

6.	INTEREST PAYABLE AND SIMILAR CHARGES	2001 £	2000 £
	Bank overdraft interest	42,533	3,736
	Bank loans	911,062	955,750
	Other loans	516,950	368,606
	Loan note interest	55,966	-
	Finance leases and hire purchase contracts repayable within five years	2,112	6,335
	Other finance charges	138,398	195,806
		<u>1,667,021</u>	<u>1,530,233</u>
7.	TAX (CREDIT)/CHARGE ON LOSS ON ORDINARY ACTIVITIES	2001 £	2000 £
	UK current period taxation		
	United Kingdom corporation tax at 30% (2000: 30%)	-	-
	Deferred taxation	(227,600)	29,857
	Adjustments in respect of prior periods		
	Corporation tax	-	(35,601)
	Deferred taxation	-	20,143
		<u>(227,600)</u>	<u>14,399</u>
8.	DIVIDENDS	2001 £	2000 £
	Non-equity		
	Proposed cumulative preference dividend 7p (2000: 7p) per share	224,778	224,778
	Release of FRS 4 accrual	(5,782)	(5,417)
		<u>218,996</u>	<u>219,361</u>
9.	LOSS ATTRIBUTABLE TO THE MEMBERS OF THE COMPANY		

As permitted by Section 230 of the Companies Act, the profit and loss of the parent company is not presented as part of these accounts. The parent company's loss for the financial year amounted to £287,862 (2000: £211,922).



## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 10. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £	Motor vehicles £	Office equipment £	Plant and machinery £	Total £
<b>Cost</b>					
At 1 January 2001	1,782,492	30,000	874,530	1,894,784	4,581,806
Additions	98,872	4,000	75,547	351,263	529,682
At 31 December 2001	1,881,364	34,000	950,077	2,246,047	5,111,488
<b>Depreciation</b>					
At 1 January 2001	388,395	30,000	525,680	1,012,147	1,956,222
Charge for the year	99,847	750	113,507	235,137	449,241
At 31 December 2001	488,242	30,750	639,187	1,247,284	2,405,463
<b>Net book value</b>					
At 31 December 2001	1,393,122	3,250	310,890	998,763	2,706,025
At 31 December 2000	1,394,097	-	348,850	882,637	2,625,584

The net book value of plant and machinery includes an amount of £19,745 (2000: £43,630) in respect of assets held under finance leases or hire purchase contracts, the depreciation of which is shown in note 3.

## 11. FIXED ASSET INVESTMENTS

Group	Loan to Employee Benefit Trust £	Investment in own shares £	Total £
<b>Cost</b>			
At 1 January 2001	7,222	33,083	40,305
Additions	(5,305)	-	(5,305)
At 31 December 2001	1,917	33,083	35,000

**MAYBRIDGE CHEMICAL HOLDINGS LIMITED**
**NOTES TO THE ACCOUNTS**
**Year ended 31 December 2001**
**11. FIXED ASSET INVESTMENTS (continued)**

<b>Company</b>	<b>Loan to Employee Benefit Trust £</b>	<b>Investment in own shares £</b>	<b>Shares in group undertakings £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2001	7,222	33,083	18,047,898	18,088,203
Additions	(5,305)	-	-	(5,305)
<b>At 31 December 2001</b>	<b>1,917</b>	<b>33,083</b>	<b>18,047,898</b>	<b>18,082,898</b>
<b>Provisions</b>				
At 1 January 2001 and 31 December 2001	-	-	1	1
<b>Net book value</b>				
<b>At 31 December 2001</b>	<b>1,917</b>	<b>33,083</b>	<b>18,047,898</b>	<b>18,082,897</b>
At 31 December 2000	7,222	33,083	18,047,897	18,088,202

**Subsidiary undertakings**

The subsidiary undertakings at 31 December 2001, which are incorporated in England and Wales, are as follows:

<b>Company</b>	<b>Trade</b>	<b>Proportion of nominal value of ordinary £1 shares held by company</b>
Maybridge plc	Chemical supplier	100%
Maybridge Chemical Company Limited	Non-trading	100%
Maybridge Trustees Limited	Non-trading	100%

**Investment in own shares**

The shares in the company ("own shares") are held by an independently managed employee benefit trust which was formed to purchase shares to be used to benefit employees. The group retains full benefit of the shares until such time as the shares are vested unconditionally in employees. The number and class of unissued shares retained by the trust at 31 December 2001 was Ordinary shares 33,083 (2000: 33,083), 'A' ordinary nil (2000: nil), 'B' ordinary nil (2000: nil) and redeemable Preference nil (2000: nil) and the cost of such shares amounted to £33,083 (2000: £33,083).

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 12. STOCKS

Group	2001 £	2000 £
Raw materials and consumables	91,377	99,331
Finished goods - catalogue	771,764	722,761
Finished goods - screening	261,216	294,265
	<u>1,124,357</u>	<u>1,116,357</u>

## 13. DEBTORS

Group	2001 £	2000 £
Trade debtors	956,116	820,786
Other debtors	84,593	88,436
Corporation tax recoverable	222,759	202,176
Prepayments and accrued income	-	88,053
	<u>1,263,468</u>	<u>1,199,451</u>
Company	£	£
Amounts owed by group undertakings	2,922,076	1,996,673
Other debtors	875	441
	<u>2,922,951</u>	<u>1,997,114</u>

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group	2001 £	2000 £
Bank loans and overdraft	1,025,724	3,777,719
Obligations under finance leases and hire purchase contracts	26,891	25,951
Trade creditors	102,395	449,937
Other taxes and social security costs	-	183,483
Other creditors	-	19,890
Accruals and deferred income	1,019,538	1,163,626
	<u>2,174,548</u>	<u>5,620,606</u>

**NOTES TO THE ACCOUNTS**  
Year ended 31 December 2001**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)**

<b>Company</b>	<b>2001 £</b>	<b>2000 £</b>
Bank loans and overdraft	1,022,068	3,777,719
Amounts owed to group undertakings	35,100	35,100
Accruals and deferred income	491,776	923,933
	<u>1,548,944</u>	<u>4,736,752</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

<b>Group</b>	<b>2001 £</b>	<b>2000 £</b>
Bank loans	14,528,503	10,902,141
Secured loan notes	1,074,016	-
Obligations under finance leases and hire purchase contracts due in two to five years	-	28,164
	<u>15,602,519</u>	<u>10,930,305</u>
<b>Company</b>	<b>£</b>	<b>£</b>
Bank loans	14,528,503	10,902,141
Secured loan notes	1,074,016	-
	<u>15,602,519</u>	<u>10,902,141</u>

**16. BORROWINGS****Group and Company**

<b>Analysis of loan repayments</b>	<b>2001 £</b>	<b>2000 £</b>
Bank loans:		
- within one year	1,022,068	2,629,988
- between one and two years	1,722,068	1,929,988
- between two and five years	10,325,043	5,259,365
- after more than five years	2,481,392	3,712,788
	<u>15,550,571</u>	<u>13,532,129</u>

The bank loans and overdraft are secured by fixed and floating charges on the assets of the group. The term loan, initially of £8,200,000, is repayable according to the repayment schedule in the loan agreement by six monthly instalments until 28 June 2005 and interest accrues at 2.5% above the LIBOR rate.

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 16. BORROWINGS (continued)

## Group and Company (continued)

There are further loans of £2,080,324 which are repayable on 30 June 2004 and on which interest accrues at 6% above LIBOR, of £5,000,000 which is repayable by four equal annual instalments commencing on 31 December 2005 and on which interest is payable at 7% and of £2,650,000 which is repayable by two equal six monthly instalments commencing 30 June 2006 and on which interest is payable at 10%. Both are secured by secondary fixed and floating charges on the assets of the group

£172,382 of the Secured Loan Notes are Fixed Rate Secured PIK Notes 2001 to 2006. Interest is payable at 10% per annum and the loan notes are repayable in two equal six monthly instalments on 30 June 2006 and 31 December 2006. £901,634 of the Secured Loan Notes are Fixed Rate Secured PIK Notes 2001 to 2008. Interest is payable at 7% per annum and the loan notes are repayable in four annual instalments from 31 December 2005.

Group	2001 £	2000 £
Obligations under finance leases and hire purchase contracts are analysed as amounts falling due:		
- within one year	26,891	25,951
- within one to two years	-	28,164
	<u>26,891</u>	<u>54,115</u>

The finance leases and hire purchase contracts are secured on the related assets.

## 17. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax	£
Balance at 1 January 2001	365,000
Charged to the profit and loss account during the year	(227,600)
<b>Balance at 31 December 2001</b>	<u><b>137,400</b></u>

The amounts provided in the accounts and the amounts not provided are as follows:

Group	Provided £	2001 Unprovided £	Provided £	2000 Unprovided £
Accelerated capital allowances	146,200	-	370,272	-
Other timing differences	(8,800)	-	(5,272)	-
	<u>137,400</u>	<u>-</u>	<u>365,000</u>	<u>-</u>

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 18. CALLED UP SHARE CAPITAL

	2001		2000	
	No.	£	No.	£
<b>Authorised</b>				
Ordinary shares of £1 each	200,000	200,000	200,000	200,000
'A' ordinary shares of £0.01 each	888,889	8,889	888,889	8,889
'B' ordinary shares of £0.01 each	22,222	222	22,222	222
Preference shares of £0.01 each	3,211,111	32,111	3,211,111	32,111
		<u>241,222</u>		<u>241,222</u>
	No.	£	No.	£
<b>Allotted and fully paid</b>				
Ordinary shares of £1 each	200,000	200,000	200,000	200,000
'A' ordinary shares of £0.01 each	888,889	8,889	888,889	8,889
Preference shares of £0.01 each	3,211,111	32,111	3,211,111	32,111
		<u>241,000</u>		<u>241,000</u>

A warrant was granted on 26 September 1997 over the 22,222 £0.01 'B' ordinary shares, which entitles the holder to subscribe at par for these shares on receipt of an exit notification, under certain circumstances.

**Rights attached to shares***Dividend rights*

The 'A' ordinary shares, as a class, are entitled to receive a sum equal to 10% of the net profit, accruing from 1 January 2001, which is available for distribution, as a dividend.

The preference shares entitle the holder to a dividend of 5p per share per annum up to 31 December 2000. From 1 January 2000 the entitlement per share has been set at 7p per share.

For any other dividends paid to ordinary, 'A' ordinary and 'B' ordinary shares, the shares rank pari passu as if they were of the same class of share.

**NOTES TO THE ACCOUNTS**

Year ended 31 December 2001

**18. CALLED UP SHARE CAPITAL (continued)***Redemption rights*

The preference shares shall be redeemed in the proportions and on the dates set out below:

Redemption date	Number of shares redeemable
31 December 2005, 2006 and 2007	802,777
31 December 2008	802,780

Any shares not redeemed upon the due dates shall be redeemed forthwith upon redemption becoming permissible under the Companies Act 1985. The company shall pay the sum of £1 on each of the preference shares redeemed.

Provided there are no arrears of dividends on the 'A' ordinary shares or preference shares the company may redeem all or (in instalments of not less than 500,000 shares) some of the preference shares in advance of their due date for redemption.

All preference shares shall (unless the holders of 75% of the preference shares give notice in writing to the company to the contrary) be redeemed immediately upon the occurrence of certain events.

*Voting rights*

Each of the ordinary shares, 'A' ordinary shares and 'B' ordinary shares entitle the holder to one vote per share.

The preference shares have no vote except where cumulative dividends fall more than six months in arrears, when they are entitled to the same voting rights as the holders of the other shares.

*Rights on winding up*

The assets of the company remaining after the payment of its liabilities shall be applied in the following order of priority.

- £1 per share to the holders of the preference shares together with any arrears or accruals of the preference dividend.
- £1 per share to the holders of the 'A' ordinary shares together with any arrears or accruals of the dividends on the 'A' ordinary shares.
- £0.01 per share to the holders of the 'B' ordinary shares.
- £1 per share to the holders of the ordinary shares.
- The balance to be distributed amongst the holders of the 'A' ordinary shares, 'B' ordinary shares and ordinary shares which rank *pari passu*, as if they are of the same class of share.

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 19. RESERVES

	Other reserve		Share premium account		Profit and loss account	
	Group	Company	Group	Company	Group	Company
	£	£	£	£	£	£
At 1 January 2001	606,575	606,575	3,473,832	3,473,832	(16,214,602)	125,016
Loss for the year	-	-	-	-	(892,422)	(287,862)
Dividends	-	-	-	-	(218,996)	(218,996)
Other finance charges in respect of non-equity shares	93,720	93,720	-	-	(93,720)	(93,720)
Share issue costs amortised	-	-	(76,809)	(76,809)	76,809	76,809
Accumulated dividend not paid transferred to reserves	218,996	218,996	-	-	-	-
<b>At 31 December 2001</b>	<b>919,291</b>	<b>919,291</b>	<b>3,397,023</b>	<b>3,397,023</b>	<b>(17,342,931)</b>	<b>(398,753)</b>

Cumulative goodwill of £15,343,754 has been eliminated against the group profit and loss account, in accordance with the accounting policy. This goodwill would be charged in the calculation of profit on a subsequent disposal of the related business.

## 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001		2000	
	Group	Company	Group	Company
	£	£	£	£
Loss for the year	(892,422)	(287,862)	(988,868)	(211,922)
Dividends	(312,716)	(312,716)	(275,112)	-
Issue of shares	-	-	5,305	5,305
Accumulated non equity dividend	312,716	312,716	275,112	275,112
Net reduction in shareholders' funds	(892,422)	(287,862)	(983,563)	68,495
Opening shareholders' funds	(11,893,195)	4,446,423	(10,909,632)	4,377,928
<b>Closing shareholders' funds</b>	<b>(12,785,617)</b>	<b>4,158,561</b>	<b>(11,893,195)</b>	<b>4,446,423</b>



NOTES TO THE ACCOUNTS  
Year ended 31 December 200121. RECONCILIATION OF OPERATING PROFIT TO NET CASH  
INFLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating profit	540,990	530,386
Depreciation	449,241	360,924
Loss on disposal of fixed assets	-	1,139
Increase in stock	(8,000)	(74,058)
Increase/(decrease) in debtors	(64,016)	25,531
(Decrease)/increase in creditors	(420,711)	452,010
<b>Net cash inflow from operating activities</b>	<b>497,504</b>	<b>1,295,932</b>

## 22. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2001 £	Cash flows £	Other non-cash changes £	At 31 December 2001 £
Cash at bank and in hand	41,019	(41,019)	-	-
Bank overdraft	(1,147,731)	1,144,075	-	(3,656)
	(1,106,712)	1,103,056	-	(3,656)
Debt due after one year	(10,902,141)	(2,802,476)	(1,897,902)	(15,602,519)
Debt due within one year	(2,629,988)	900,000	707,920	(1,022,068)
Finance leases	(54,115)	27,224	-	(26,891)
<b>Net debt</b>	<b>(14,692,956)</b>	<b>(772,196)</b>	<b>(1,189,982)</b>	<b>(16,655,134)</b>

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
IN NET DEBT

	2001 £	2000 £
Increase/(decrease) in cash in the year	1,103,056	(1,279,651)
Cash (inflow)/outflow from debt and lease financing	(1,875,252)	523,001
Change in net debt from cash flows	(772,196)	(756,650)
Amortisation of loan issue costs	(84,729)	(76,809)
Interest added to loan balance	(31,237)	(20,507)
Issue of loan notes	(1,074,016)	-
Movement in net debt in the year	(1,962,178)	(853,966)
Net debt at start of year	(14,692,956)	(13,838,990)
<b>Net debt at end of year</b>	<b>(16,655,134)</b>	<b>(14,692,956)</b>

During the year the company issued £172,382 of 2001 to 2006 loan notes and £901,634 of 2001 to 2008 loan notes in satisfaction of accrued interest (see note 16).

**MAYBRIDGE CHEMICAL HOLDINGS LIMITED****NOTES TO THE ACCOUNTS****Year ended 31 December 2001****24. FINANCIAL COMMITMENTS****Operating leases**

At 31 December 2001 neither the group nor the company had commitments, under non-cancellable operating leases, which would result in payments falling due in the next year.

<b>25. CAPITAL COMMITMENTS</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Authorised and contracted	82,648	77,000

**26. CONTINGENT LIABILITIES**

At 31 December 2001 the company has given guarantees covering banking facilities made available to its subsidiary undertakings. At 31 December 2001 these amounted to £16,628,153 (2000: £14,679,860).

**27. PENSIONS**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £152,897 (2000: £116,689).

Contributions totalling £218 (2000: £583) were payable to the fund at 31 December 2001.

**28. RELATED PARTY TRANSACTIONS**

Advantage has been taken of the exemption contained in Financial Reporting Standard No. 8 which does not require the company to disclose transactions with other group companies.