

**A.V. Pound  
& Co.  
Limited**

**Annual Report and Accounts**

31 December 2004



Company Registration Number  
438249 (England and Wales)

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The following pages do not form  
part of the statutory accounts:

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## Notice of Meeting

Notice is hereby given that the Annual General Meeting of the company will be held at 5.00 pm on 31 May 2005 at the registered office.

1. To receive and adopt the directors' report and financial statements for the year ended 31 December 2004.
2. To re-appoint Buzzacott as auditors and to authorise the directors to fix their remuneration.

Registered office:

By order of the board

5 East Lane  
West Horsley  
Surrey

G D V Pound  
Company Secretary

### Notes:

- a. A shareholder entitled to attend the vote at the meeting may appoint one or more proxies to attend and, on a poll, vote on his behalf. A proxy need not be a member of the company.
- b. A form of proxy is enclosed with this notice for your use in respect of the business set out above. To be effective, the form of proxy together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified or an office copy of such power of authority) must be lodged at the company's registered office at least forty-eight hours before the time appointed for the meeting.

## Directors' report 31 December 2004

The directors present their report with the accounts of the company for the year ended 31 December 2004.

### Principal activity

The principal activity of the company in the year under review was global trading in rosin and terpene products, including the importation and distribution of synthetic resin, rosin and terpene chemicals and their derivatives in the UK.

### 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 accounts.

The directors have not recommended a dividend.

### The directors and their interests in shares of the company

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

	Class of share	31 December 2004	1 January 2004
F V Pound	Ordinary	38,679	48,679
	Preference	500	500
G D V Pound	Ordinary	22,500	12,500
	Preference	—	—
S A Pound	Ordinary	689	689
	Preference	—	—

The above amounts for F V Pound include 12,713 ordinary shares as a trustee.

### Donations

During the year the company made no political contributions and various charitable donations of £402.

**Directors' responsibilities**

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, the directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- ◆ prepare the accounts 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 accounts 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**

The auditors, Buzzacott, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed by order of the board of directors:



Secretary

Approved by the board on

28/4/05

**Independent auditors' report to the shareholders of A.V. Pound & Co. Limited**

We have audited the accounts on pages 6 to 16 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 8 and 9.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and independent auditors**

As described on page 3, the company's directors are responsible for the preparation of accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the accounts 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 accounts, 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.

**Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

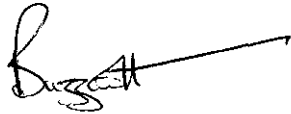
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.



**Independent auditors' report** 31 December 2004

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Buzzacott  
Chartered Accountants and Registered Auditors  
12 New Fetter Lane  
London  
EC4A 1AG

4 May 2005



**Profit and loss account** Year to 31 December 2004

	Notes	2004 £	2003 £
<b>Turnover</b>	1	<b>5,619,518</b>	5,566,611
Cost of sales		<b>(4,999,626)</b>	4,891,049
<b>Gross profit</b>		<b>619,892</b>	675,562
Administrative expenses		<b>(501,934)</b>	(457,222)
<b>Operating profit</b>	2	<b>117,958</b>	218,340
Interest receivable	5	<b>110</b>	—
Interest payable and similar charges	6	<b>(33,708)</b>	(45,460)
<b>Profit on ordinary activities before taxation</b>		<b>84,360</b>	172,880
<b>Taxation</b>	7	<b>—</b>	—
<b>Retained profit for the financial year</b>	23	<b>84,360</b>	172,880

The company has no recognised gains or losses other than the results for the year as set out above.  
All of the activities of the company are classed as continuing.

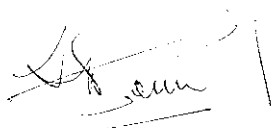
# **Balance sheet** 31 December 2004

	Notes	2004 £	2004 £	2003 £	2003 £
<b>Fixed assets</b>					
Tangible assets	8		<u>176,989</u>		<u>189,930</u>
			<b>176,989</b>		<b>189,930</b>
<b>Current assets</b>					
Stocks	9	<b>204,587</b>		214,571	
Debtors	10	<b>1,039,973</b>		913,127	
Cash at bank and in hand		<b>101</b>		65	
		<u><b>1,244,661</b></u>		<u>1,127,763</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u><b>1,174,725</b></u>		<u>(1,112,082)</u>	
<b>Net current assets</b>			<u><b>69,936</b></u>		<u>15,681</u>
<b>Total assets less current liabilities</b>			<u><b>246,925</b></u>		<u><b>205,611</b></u>
<b>Creditors: amounts falling due after more than one year</b>	12		<b>196,374</b>		241,420
<b>Capital and reserves</b>					
Called up share capital	20	<b>76,072</b>		76,072	
Other reserves	21	<b>24,928</b>		24,928	
Profit and loss account	22	<u><b>(52,449)</b></u>		<u>(136,809)</u>	
<b>Shareholders' funds/(deficit) (including non-equity interests)</b>	23		<u><b>48,551</b></u>		<u>(35,809)</u>
			<u><b>246,925</b></u>		<u><b>205,611</b></u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board of directors by:

Director



Approved by the board on

28/4/05

## **Principal accounting policies** 31 December 2004

### **Basis of accounting**

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

### **Cash flow**

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'.

### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

- |                         |                        |
|-------------------------|------------------------|
| ◆ Leasehold property    | 2½% straight line      |
| ◆ Fixtures and fittings | 10 - 20% straight line |
| ◆ Motor vehicles        | 10 - 25% straight line |

### **Stocks**

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

### **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.

## **Principal accounting policies** 31 December 2004

### **Deferred taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### **Foreign currencies**

Monetary 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.

### **Future commitments**

At the period end the company had entered into material forward purchase and sales contracts, deliveries of which had not been fully completed. It is the company's policy not to take profit on these contracts until deliveries have been completed, but to provide for any losses.

## Notes to the accounts 31 December 2004

### 1 Turnover

An analysis of turnover by geographical market has not been disclosed as, in the opinion of the directors, disclosure of this information would be seriously prejudicial to the interests of the company.

### 2 Operating profit

This is stated after charging (crediting):

	2004 £	2003 £
Depreciation	13,775	18,061
Profit on disposal of fixed assets	(4,800)	—
Auditors' remuneration	14,500	14,000
Operating lease costs:		
Plant and equipment	2,724	2,678
Land and buildings	14,250	13,000

### 3 Particulars of employees

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

	2004	2003
Management and administration	8	8

The aggregate payroll costs of the above were:

	2004 £	2003 £
Wages and salaries	208,705	201,471
Social security costs	21,605	21,488
Other pension costs	7,082	7,000
	237,392	229,959

**Notes to the accounts** 31 December 2004

**4 Directors' remuneration**

The directors' aggregate emoluments in respect of qualifying services were:

	2004 £	2003 £
Emoluments receivable	125,684	125,692
Value of company pension contributions to money purchase schemes	2,500	2,500
	<b>128,184</b>	<b>128,192</b>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2004 No.	2003 No.
Defined contribution schemes	1	1

**5 Interest receivable**

	2004 £	2003 £
Bank interest receivable	110	—

**6 Interest payable**

	2004 £	2003 £
Interest payable on bank borrowing	25,451	35,308
Other interest payable	8,257	10,152
	<b>33,708</b>	<b>45,460</b>

## 7 Taxation

No provision for corporation tax has been made due to the existence of tax losses.

### Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (19%) (2003 – 19%). The differences are explained below:

	2004 £	2003 £
Profit for the year before taxation	<b>84,360</b>	172,880
Surplus for the year multiplied by standard rate of corporation tax in the UK of 19% (2003 – 19%)	<b>16,028</b>	32,847
Effects of:		
Expenses not deductible for tax purposes	<b>3,050</b>	1,290
Timing difference on fixed assets	<b>942</b>	3,432
Movement in losses available	<b>20,047</b>	(37,569)
Other differences	<b>27</b>	—
Current tax charge for the period	<b>—</b>	—

### Factors affecting future tax charge

At 31 December 2004 deferred tax assets of approximately £42,000 in respect of tax losses and £19,000 in respect of surplus ACT have not been recognised by the company as the directors consider there is insufficient evidence that these assets will be recoverable in the near future.

## 8 Tangible fixed assets

	Leasehold property £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2004	174,336	46,559	15,632	<b>236,527</b>
Additions	—	834	—	<b>834</b>
Disposals	—	—	(15,632)	<b>(15,632)</b>
At 31 December 2004	<b>174,336</b>	<b>47,393</b>	<b>—</b>	<b>221,729</b>
<b>Depreciation</b>				
At 1 January 2004	8,716	22,249	15,632	<b>46,597</b>
Charge for year	4,358	9,417	—	<b>13,775</b>
On disposals	—	—	(15,632)	<b>(15,632)</b>
At 31 December 2004	<b>13,074</b>	<b>31,666</b>	<b>—</b>	<b>44,740</b>
<b>Net book values</b>				
At 31 December 2004	<b>161,262</b>	<b>15,727</b>	<b>—</b>	<b>176,989</b>
At 31 December 2003	<b>165,620</b>	<b>24,310</b>	<b>—</b>	<b>189,930</b>

## Notes to the accounts 31 December 2004

### 9 Stocks

	2004 £	2003 £
Finished goods	204,587	214,571

### 10 Debtors

	2004 £	2003 £
Trade debtors	1,025,114	883,641
Other debtors	300	13,848
Prepayments and accrued income	14,559	15,638
	1,039,973	913,127

### 11 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	98,233	277,909
Bank mortgage (note 13)	11,710	10,606
Trade creditors	945,978	716,165
PAYE and social security	12,408	12,310
VAT	45,398	42,265
Other creditors	33,838	25,269
Accruals and deferred income	27,160	27,558
	1,174,725	1,112,082

The bank borrowings are secured by a fixed and floating charge on the company's assets.

The bank has also provided guarantees totalling £20,000, in favour of third parties, where recourse is to the company.

### 12 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Bank mortgage	105,374	118,420
Other creditors	93,000	123,000
	198,374	241,420

On 31 December 1999, the company commenced repayment of the A V Pound & Co Executive Pension Scheme loan (included above in other creditors) by annual instalments of £20,000 over a ten year period with a final payment of £33,000. Interest of 8% is charged on the loan and is payable annually.

The company has a bank mortgage, secured on its leasehold property. This is repayable in monthly instalments of £1,815 over 10 years. The mortgage is a repayment mortgage with interest charged at 0.75% above the base rate.



### 13 Commitments

	Bank mortgage £	Pension fund £	Total 2004 £	Total 2003 £
Falling due:				
Within one year	11,710	20,000	31,710	30,606
Between one and five years	61,848	53,000	114,848	128,102
Over five years	43,526	—	43,526	63,318
	117,084	73,000	190,084	222,026

### 14 Pensions

The company operates defined contribution pension schemes for all the directors and certain employees. The assets are administered by trustees and maintained independently of the company's finances. Contributions of £7,082 were made in 2004 (2003 - £7,000).

### 15 Commitments under operating leases

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings		Assets other than land and buildings	
	2004 £	2003 £	2004 £	2003 £
Operating leases which expire				
Within 1 year	—	—	15,274	4,007
Within 2 to five years	14,250	—	4,797	11,121
Over five years	—	13,000	—	—
	14,250	13,000	20,071	15,128

### 16 Transactions with the directors

Throughout the year, the A V Pound & Co Executive Pension Scheme provided a loan of which £20,000 was repaid during the year leaving £73,000 payable at 31 December 2004 (2003 - £113,000). Interest of £7,462 (2003 - £9,066) was charged and paid. The directors have an interest in the scheme.

F V Pound provides a loan to the company. The total amount payable at 31 December 2004 was £50,000 (2003 - £53,600) and has no fixed repayment date. However, repayment of the long term element (£40,000) will not be requested for a period of at least one year from the date of signing the accounts. Interest of £nil (2003 - £nil) was charged and paid.

### 17 Related party transactions

During the year, rent of £14,250 (2003 - £13,000) was paid to the A V Pound & Co Executive Pension Scheme for use of 5 East Lane.

The company holds a £1 investment in its dormant subsidiary A V Pound (Asia) Limited, registered in England and Wales.

## Notes to the accounts 31 December 2004

### 18 Ultimate controlling party

Throughout the two years ended 31 December 2004 the company was controlled by Mr F V Pound.

### 19 Deferred taxation

The amounts provided and unprovided for deferred taxation, calculated at 19% (2003 – 19%), were as follows:

	2004 Amount provided £	2004 Amount unprovided £	2003 Amount provided £	2003 Amount unprovided £
Losses and other deductions (asset)	—	(42,124)	—	(61,064)
Accelerated capital allowances	—	(1,313)	—	(1,439)
Surplus ACT	—	(19,195)	—	(19,195)
	—	(62,632)	—	(81,698)

The deferred tax asset, disclosed above, has not been recognised in the financial statements as the asset will take a number of years to be realised and is relatively uncertain.

### 20 Share capital

	Authorised		Allotted, called up and fully paid	
	2004 £	2003 £	2004 £	2003 £
Ordinary shares	100,000	100,000	75,572	75,572
Preference shares	1,000	1,000	500	500
	101,000	101,000	76,072	76,072

The Preference shares carry a right to fixed cumulative preferential dividends at the rate of 5% p.a. This has not been provided for due to the losses incurred in previous years.

In addition they confer a right to priority in the return of capital upon a winding up. They have no further rights to participate in profits or assets.

### 21 Other reserves

	2004 £	2003 £
Capital redemption reserve	24,928	24,928

### 22 Profit and loss account

	2004 £	2003 £
Balance brought forward	(136,809)	(309,689)
Retained profit for the financial year	84,360	172,880
Balance carried forward	(52,449)	(136,809)

**Notes to the accounts** 31 December 2004

**23 Reconciliation of movements in shareholders' funds**

	2004 £	2003 £
<b>Equity shareholders' funds</b>		
Profit for the financial year	84,360	172,880
Equity shareholders' funds at 1 January 2004	<u>(36,309)</u>	<u>(209,189)</u>
Equity shareholders' funds at 31 December 2004	<u>48,051</u>	<u>(36,309)</u>
<b>Non-equity shareholders' funds</b>		
Opening and closing shareholders' non-equity funds	<u>500</u>	<u>500</u>
<b>Total shareholders' funds</b>	<u>48,551</u>	<u>(35,809)</u>