

Company Number : 1384952

**G.W. CHEMICALS LIMITED
AND SUBSIDIARY COMPANIES**

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

29th FEBRUARY 2000



**BREBNER, ALLEN & TRAPP
CHARTERED ACCOUNTANTS
LONDON**

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

CONTENTS :

Page :

1. Notice of company annual general meeting
- 2-3. Directors' report
4. Consolidated profit and loss account
5. Consolidated balance sheet
6. Company balance sheet
7. Statement of total recognised gains and losses.
Reconciliation of movements in shareholders' funds
8. Consolidated cash-flow statement
9. Reconciliation of net cash-flow to movement in net debt
- 10-23 Notes to the consolidated accounts
24. Auditors' report

G.W. CHEMICALS LIMITED

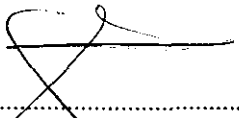
NOTICE OF AN ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the company will be held at Ainleys Industrial Estate, Elland, Calderdale, West Yorkshire on 4th August 2000 at 9:00 am in order to :-

1. Consider the accounts together with the directors' report and auditors' report for the year ended 29th February 2000;
2. Re-appoint Brebner, Allen & Trapp as auditors at a remuneration to be fixed by the directors.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf; such proxy need not be a member of the company.

By Order of the Board


.....
Stephen Heseltine
Secretary

Date : 7th July 2000

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 29th FEBRUARY 2000

The directors submit their report together with the audited accounts for the year ended 29th February 2000.

RESULTS & DIVIDENDS

The group's results are set out in the profit and loss account on page 4 and show a profit for the year before taxation of £222,069 (1999 : £120,177).

The directors do not recommend the payment of any dividends. The unappropriated reserves of £422,792 are carried forward.

REVIEW OF THE BUSINESS & FUTURE PROSPECTS

The principal activity of the group continues to be the manufacture and supply of chemicals.

The Board is pleased with the results of the year which showed maintenance of both turnover and gross margin. Reductions in staffing levels assisted towards an increased profit which it is hoped can be maintained in a competitive market.

FIXED ASSETS

The movements in fixed assets are set out in the notes to the accounts.

DIRECTORS & THEIR INTERESTS

The directors of the company during the year, and their interests in the capital of the company throughout the year were :-

Beneficial Holdings :	<u>Ordinary shares of £1 each</u>	
	2000	1999
A. Williams	17,804	17,804
S. Heseltine	-	-

S.J. Cryer of Brebner, Allen & Trapp is a joint trustee of a trust holding 1500 ordinary shares of £1 each in which he has no beneficial interest.

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT - Continued

FOR THE YEAR ENDED 29th FEBRUARY 2000

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 the affairs of the company and the group, and of the profit 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, subject to any material departures disclosed and explained in the financial statements;
- 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 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

YEAR 2000

There have been no year 2000 system problems.

AUDITORS

A resolution proposing the re-appointment of Brebner, Allen & Trapp as auditors of the company will be put to the members at the annual general meeting.

On behalf of the Board



.....
Andrew Williams
Chairman

Date : 7th July 2000

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 29th FEBRUARY 2000

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
Turnover	2	7,621,531	7,656,563
Changes in stocks of finished goods and work in progress		(90)	(35,807)
		7,621,441	7,620,756
Raw materials & consumables		(3,576,513)	(3,570,740)
		4,044,928	4,050,016
Staff costs	3	1,714,627	2,040,909
Depreciation and amortisation of intangible fixed assets		166,482	108,463
Other operating charges		<u>1,839,257</u>	<u>1,656,784</u>
		(3,720,366)	(3,806,156)
Operating profit	4	324,562	243,860
Interest payable	5	(102,493)	(123,683)
Profit on ordinary activities before taxation		222,069	120,177
Taxation	6.1	(82,751)	(15,454)
Profit on ordinary activities after taxation		<u>139,318</u>	<u>104,723</u>
Retained profit attributable to members of the holding company		139,318	104,723
Transfer from revaluation reserve		2,026	2,026
Purchase of own shares		-	(165,000)
Reserves brought forward		<u>281,448</u>	<u>339,699</u>
Reserves carried forward		£ <u>422,792</u>	£ <u>281,448</u>

All amounts relate to continuing activities.

The notes on pages 10 to 23 form part of these financial statements

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

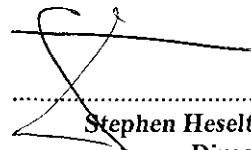
CONSOLIDATED BALANCE SHEET AT 29th FEBRUARY 2000

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
FIXED ASSETS			
Intangible assets			
Goodwill	9	44,998	40,509
Negative goodwill	9	<u>-</u>	<u>(8,467)</u>
		44,998	32,042
Tangible assets	10.1	<u>1,250,374</u>	<u>1,115,751</u>
		1,295,372	1,147,793
CURRENT ASSETS			
Stocks	12	606,994	635,464
Debtors	13	1,658,312	1,559,259
Cash at bank and in hand		<u>87,722</u>	<u>109,894</u>
		2,353,028	2,304,617
CREDITORS : Amounts falling due within one year	14	<u>(2,230,324)</u>	<u>(2,197,553)</u>
Net current assets		<u>122,704</u>	<u>107,064</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,418,076	1,254,857
CREDITORS : Amounts falling due after one year	15	<u>(639,089)</u>	<u>(657,292)</u>
		778,987	597,565
Provision for liabilities and charges :			
Deferred taxation	6.2	<u>(44,195)</u>	<u>(2,091)</u>
		<u>£ 734,792</u>	<u>£ 595,474</u>
CAPITAL & RESERVES			
Called-up equity share capital	23	19,304	19,304
Share premium	24	2,725	2,725
Capital redemption reserve	25	24,346	24,346
Revaluation reserve	26	265,625	267,651
Profit and loss account		<u>422,792</u>	<u>281,448</u>
Shareholders' funds – equity		<u>£ 734,792</u>	<u>£ 595,474</u>

These accounts were approved by the Board on 7th July 2000.



Andrew Williams
Chairman



Stephen Heseltine
Director


The notes on pages 10 to 23 form part of these financial statements

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

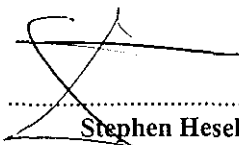
COMPANY BALANCE SHEET AT 29th FEBRUARY 2000

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
FIXED ASSETS			
Tangible assets	10.2	1,138,066	1,016,956
Investments	11.1	<u>404,723</u>	<u>380,493</u>
		1,542,789	1,397,449
CURRENT ASSETS			
Stocks	12	435,177	463,969
Debtors	13	1,711,931	1,929,904
Cash at bank and in hand		<u>901</u>	<u>713</u>
		2,148,009	2,394,586
CREDITORS : Amounts falling due within one year	14	<u>(2,146,529)</u>	<u>(2,448,404)</u>
Net current assets/(liabilities)		<u>1,480</u>	<u>(53,818)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,544,269	1,343,631
CREDITORS : Amounts falling due after one year	15	(637,360)	(650,865)
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	6.2	<u>(34,794)</u>	<u>-</u>
		£ <u>872,115</u>	£ <u>692,766</u>
CAPITAL & RESERVES			
Called-up equity share capital	23	19,304	19,304
Share premium reserve	24	2,725	2,725
Capital redemption reserve	25	24,346	24,346
Revaluation reserve	26	265,625	267,651
Profit and loss account		<u>560,115</u>	<u>378,740</u>
Shareholders' funds - equity		£ <u>872,115</u>	£ <u>692,766</u>

These accounts were approved by the Board on 7th July 2000



Andrew Williams
 Chairman



Stephen Heseltine
 Director

The notes on pages 10 to 23 form part of these financial statements

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

FOR THE YEAR ENDED 29th FEBRUARY 2000

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

	<u>2000</u>	<u>1999</u>
Profit for the financial year	139,318	104,723
Prior year adjustment	—	<u>36,048</u>
Total recognised gains and losses relating to the year	£ <u>139,318</u>	£ <u>140,771</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Reported profit on ordinary activities before taxation	222,069	120,177
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>2,026</u>	<u>2,026</u>
Historical cost profit on ordinary activities before taxation	£ <u>224,095</u>	£ <u>122,203</u>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	£ <u>141,344</u>	£ <u>106,749</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS
YEAR ENDED 29th FEBRUARY 2000

Profit for the financial year	139,318	104,723
Purchase of own shares	—	(165,000)
Net increase/(reduction) to shareholders' funds	139,318	(60,277)
Opening shareholders' funds	<u>595,474</u>	<u>655,751</u>
Closing shareholders' funds	£ <u>734,792</u>	£ <u>595,474</u>

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 29th FEBRUARY 2000

	<u>2000</u>	<u>1999</u>
CASHFLOW FROM OPERATING ACTIVITIES (Note 18)	546,328	347,322
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE (Note 19)	(104,018)	(120,607)
TAXATION	(59,172)	(48,367)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT (Note 20)	(230,186)	(124,504)
CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING	152,952	53,844
FINANCING (Note 21)	(133,923)	(54,424)
INCREASE/(DECREASE) IN CASH	£ <u>19,029</u>	£ (<u>580</u>)

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

FOR THE YEAR ENDED 29th FEBRUARY 2000

	<u>2000</u>	<u>1999</u>
INCREASE /(DECREASE) IN CASH IN THE YEAR	19,029	(580)
CASH INFLOW/(OUTFLOW) FROM DECREASE/ (INCREASE) IN DEBT AND LEASE FINANCING	<u>133,923</u>	(<u>170,576</u>)
CHANGES IN NET DEBT RESULTING FROM CASHFLOWS (NOTE 22)	152,952	(171,156)
NEW FINANCE LEASES	(<u>83,421</u>)	_____ -
MOVEMENT IN NET DEBT IN THE YEAR	69,531	(171,156)
NET DEBT AT 1ST MARCH 1999	(<u>1,108,193</u>)	(<u>937,037</u>)
NET DEBT AT 29th FEBRUARY 2000	£ (<u>1,038,662</u>)	£ (<u>1,108,193</u>)

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 29th FEBRUARY 2000

1. ACCOUNTING POLICIES

1.1 Accounting Convention

The accounts are prepared under the historical cost convention modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The consolidated accounts of the group include the accounts of the company and its subsidiaries made up to the 29th February 2000. Results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passes. Intra-group sales and profits are eliminated fully on consolidation. No profit and loss account of the holding company is presented as permitted by S.230(4) of the Companies Act 1985.

1.3 Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Positive purchased goodwill has been capitalised in accordance with FRS10 and is amortised over approximately 10 years. Negative goodwill has been recognised on the face of the balance sheet, again in accordance with FRS10. Negative goodwill is written back in the profit and loss account over the period expected to benefit from the negative goodwill.

1.4 Stocks

Stocks are valued at the lower of cost and net realisable value.

1.5 Depreciation

Land is not depreciated.

Depreciation is calculated to write down the cost, less estimated residual value, of all other tangible fixed assets over their expected useful lives. The rates generally applicable are :

Freehold buildings	-	2 % per annum straight line
Motor vehicles	-	25 % reducing balance
Fixtures and fittings	-	10-20 % reducing balance
Plant and injection equipment	-	10-48 % reducing balance

1.6 Taxation

Deferred taxation is provided on accelerated capital allowances and other timing differences at the anticipated rate of corporation tax at which it will become payable in the foreseeable future.

No provision has been made for the potential deferred taxation liability in respect of industrial building allowances or on net surpluses arising from the revaluation of properties as it is expected that these timing differences will continue in the foreseeable future.

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS - Continued

FOR THE YEAR ENDED 29th FEBRUARY 2000

1.7 Pension Costs

The group operates defined contribution pension schemes for certain of its employees. Contributions payable to the pension schemes in respect of the accounting period are charged against profits.

1.8 Leasing and hire purchase commitments

Assets held under finance leases are capitalised and included in tangible fixed assets at fair value. Each asset is depreciated over the shorter of the lease term or its useful life. The obligations relating to finance leases, net of finance charges in respect of future periods, are included as appropriate under creditors due within or creditors due after one year. The interest element of the rental obligation is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period.

Rentals under operating leases are charged to the profit and loss account as incurred.

2. TURNOVER

Turnover represents the aggregate of all amounts receivable for goods supplied and services rendered, excluding value added tax.

The analysis of turnover between customer areas is as follows :-

	<u>2000</u>	<u>1999</u>
United Kingdom	7,201,367	7,277,081
Rest of Europe	<u>420,164</u>	<u>379,482</u>
	£ <u>7,621,531</u>	£ <u>7,656,563</u>

3. STAFF COSTS

	<u>2000</u>	<u>1999</u>
Wages, salaries and benefits in kind	1,536,782	1,665,349
Social security costs	144,667	147,199
Pension costs	<u>33,178</u>	<u>228,361</u>
	£ <u>1,714,627</u>	£ <u>2,040,909</u>

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS - Continued

FOR THE YEAR ENDED 29th FEBRUARY 2000

3.	<u>STAFF COSTS - Continued</u>	<u>2000</u>	<u>1999</u>
	The average weekly number of employees during the year was 87 (1999 : 93) made up as follows :		
		<u>No</u>	<u>No</u>
	Production	40	44
	Administration	23	24
	Distribution	<u>24</u>	<u>25</u>
		<u>87</u>	<u>93</u>
	Directors' emoluments comprise :		
	Management remuneration	162,825	158,831
	Pension contributions	<u>3,272</u>	<u>3,140</u>
		£ <u>166,097</u>	£ <u>161,971</u>

One director is accruing benefits under a money purchase scheme.

4.	<u>OPERATING PROFIT</u>	<u>2000</u>	<u>1999</u>
	This is stated after charging :	£	£
	Directors' emoluments	166,097	161,971
	Depreciation on owned assets	134,279	75,160
	Depreciation on assets acquired under hire purchase contracts	20,929	29,297
	Amortisation of goodwill	11,274	4,006
	Auditors' remuneration	18,500	20,000
	Profit on sale of fixed assets	(453)	(3,592)
	Hire of plant and machinery	369,084	426,687
	Hire of other assets	<u>40,675</u>	<u>38,117</u>

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS - Continued

FOR THE YEAR ENDED 29th FEBRUARY 2000

5.	<u>INTEREST PAYABLE</u>	<u>2000</u>	<u>1999</u>
	On bank loans & overdrafts wholly repayable within five years by instalments	89,502	106,933
	On other loans repayable within five years	6,056	7,690
	On hire purchase contracts and finance leases	6,723	9,060
	On corporation tax	<u>212</u>	<u>-</u>
		£ <u>102,493</u>	£ <u>123,683</u>

6. **TAXATION**

6.1 The taxation charge which is based on the profits of the year is made up as follows :

	<u>2000</u>	<u>1999</u>
U.K Corporation tax @ 20 % (1999 : 21 %)	40,647	15,454
Transfer to deferred taxation	<u>42,104</u>	<u>-</u>
	£ <u>82,751</u>	£ <u>15,454</u>

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

		<u>Group</u>		<u>Company</u>	
6.2	The potential liability to deferred tax has been provided as follows :	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	Provided :				
	Accelerated capital allowances	£ <u>44,195</u>	£ <u>2,091</u>	£ <u>34,794</u>	£ <u>-</u>
	Not provided :				
	Accelerated capital allowances	£ <u>-</u>	£ <u>5,178</u>	£ <u>-</u>	£ <u>-</u>

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS - Continued

FOR THE YEAR ENDED 29th FEBRUARY 2000

7. PROFIT ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY

G.W. Chemicals Limited has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. Of the group's results for the year, a profit before tax of £228,632 (1999 : £581,027) has been dealt with in the holding company's accounts.

8. PENSION COSTS

The group operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the company, being invested with insurance companies. The pension charge under the schemes for the year was £33,178 (1999 : £228,361).

9. INTANGIBLE FIXED ASSETS

Group	Positive Goodwill	Negative Goodwill	Total
Cost or valuation :			
At 1 st March 1999	50,637	(10,583)	40,054
Additions	-	24,230	24,230
Transfer	<u>13,647</u>	<u>(13,647)</u>	<u>-</u>
29th February 2000	<u>64,284</u>	<u>-</u>	<u>64,284</u>
Amortisation :			
At 1 st March 1999	10,128	(2,116)	8,012
Charge for the year	11,274	-	11,274
Transfer	<u>(2,116)</u>	<u>2,116</u>	<u>-</u>
At 29th February 2000	<u>19,286</u>	<u>(-)</u>	<u>19,286</u>
Net book value :			
At 29th February 2000	£ <u>44,998</u>	£ <u>-</u>	£ <u>44,998</u>
At 28th February 1999	£ <u>40,509</u>	£ <u>(8,467)</u>	£ <u>32,042</u>

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS - Continued

FOR THE YEAR ENDED 29th FEBRUARY 2000

10. TANGIBLE FIXED ASSETS

	<u>Freehold Land & Buildings</u>	<u>Plant & Injection Equipment</u>	<u>Motor Vehicles</u>	<u>Fixtures & Fittings</u>	<u>TOTAL</u>
10.1 <u>GROUP</u>					
Cost or valuation :					
At 1st March 1999	643,120	760,604	232,329	157,545	1,793,598
Additions	111,100	112,004	99,040	6,883	329,027
Disposals	—	(19,674)	(118,193)	(4,929)	(142,796)
At 29th February 2000	<u>754,220</u>	<u>852,934</u>	<u>213,176</u>	<u>159,499</u>	<u>1,979,829</u>
Depreciation :					
At 1st March 1999	19,720	415,804	124,094	118,229	677,847
Charge for the year	9,860	100,745	37,555	7,047	155,207
Disposals	—	(19,674)	(79,853)	(4,072)	(103,599)
At 29th February 2000	<u>29,580</u>	<u>496,875</u>	<u>81,796</u>	<u>121,204</u>	<u>729,455</u>
Net Book Value					
At 29th February 2000	£ <u>724,640</u>	£ <u>356,059</u>	£ <u>131,380</u>	£ <u>38,295</u>	£ <u>1,250,374</u>
At 28th February 1999	£ <u>623,400</u>	£ <u>344,800</u>	£ <u>108,235</u>	£ <u>39,316</u>	£ <u>1,115,751</u>
Depreciable amount	£ <u>493,000</u>				
The net book value of assets held under finance leases and hire purchase agreements is as follows :	£ —	£ <u>18,386</u>	£ <u>66,512</u>	£ —	£ <u>84,898</u>

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES**NOTES TO THE CONSOLIDATED ACCOUNTS - Continued****FOR THE YEAR ENDED 29th FEBRUARY 2000**

	<u>Freehold Land & Buildings</u>	<u>Plant & Injection Equipment</u>	<u>Motor Vehicles</u>	<u>Fixtures & Fittings</u>	<u>TOTAL</u>
10.2 <u>COMPANY</u>					
Cost or valuation :					
At 1st March 1999	643,120	624,467	160,701	140,308	1,568,596
Additions	111,100	88,709	85,845	5,378	291,032
Disposals	<u>-</u>	<u>(19,674)</u>	<u>(110,160)</u>	<u>-</u>	<u>(129,834)</u>
At 29th February 2000	<u>754,220</u>	<u>693,502</u>	<u>136,386</u>	<u>145,686</u>	<u>1,729,794</u>
Depreciation :					
At 1st March 1999	19,720	331,428	93,180	107,312	551,640
Charge for the year	9,860	92,604	26,298	5,912	134,674
Disposals	<u>-</u>	<u>(19,674)</u>	<u>(74,912)</u>	<u>-</u>	<u>(94,586)</u>
At 29th February 2000	<u>29,580</u>	<u>404,358</u>	<u>44,566</u>	<u>113,224</u>	<u>591,728</u>
Net Book Value :					
At 29th February 2000	£ <u>724,640</u>	£ <u>289,144</u>	£ <u>91,820</u>	£ <u>32,462</u>	£ <u>1,138,066</u>
At 28th February 1999	£ <u>623,400</u>	£ <u>293,039</u>	£ <u>67,521</u>	£ <u>32,996</u>	£ <u>1,016,956</u>
Depreciable amount	£ <u>493,000</u>				
The net book value of assets held under finance leases and hire purchase agreements is as follows :	£ <u>-</u>	£ <u>-</u>	£ <u>66,512</u>	£ <u>-</u>	£ <u>66,512</u>

The freehold properties at Ainleys Industrial Estate, Elland and Moorhey Street, Oldham, were valued on 13th January 1997 by Eddisons Commercial, Chartered Surveyors on an open market basis for existing use at £540,000 and £95,000 respectively. The historical cost of the revalued freehold properties of the company and the group is £445,072.

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS - Continued

FOR THE YEAR ENDED 29th FEBRUARY 2000

11. INVESTMENTS

11.1 <u>Company</u>	Shares in Subsidiary undertakings
Cost :	
At 1st March 1999	380,493
Additions	<u>24,230</u>
At 29 th February 2000	<u>404,723</u>
At 28 th February 1999	£ <u>380,493</u>

Investments are valued at the cost to the company

11.2 Shares in subsidiary undertakings

<u>Company's Name</u>	<u>% Holding in £1 Ordinary shares</u>	<u>Nature of Business</u>
CMR Chemical Services* Limited	100 %	Manufacture and supply of chemicals and allied products
Daylodge Limited*	100 %	Dormant
MDT Chemicals Limited	100 %	Sale of cleaning materials
Detra Limited	100 %	Dormant
Senatemark Limited	100 %	Dormant
Delmarco Limited*	100 %	Manufacture and supply of chemicals and allied products

* Direct subsidiaries of G.W. Chemicals Limited

All subsidiary undertakings are companies registered in England and Wales.

All subsidiary undertakings are included in the consolidated accounts.

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS - Continued

FOR THE YEAR ENDED 29th FEBRUARY 2000

12.	<u>STOCKS</u>	<u>Group</u>		<u>Company</u>	
		<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	Raw materials and consumables	292,767	304,574	211,511	230,215
	Finished goods and goods for resale	<u>314,227</u>	<u>330,890</u>	<u>223,666</u>	<u>233,754</u>
		£ <u>606,994</u>	£ <u>635,464</u>	£ <u>435,177</u>	£ <u>463,969</u>

13.	<u>DEBTORS</u>	<u>Group</u>		<u>Company</u>	
		<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	Trade debtors	1,387,246	1,294,832	1,083,783	1,002,467
	Amount due from subsidiary undertakings	-	-	229,889	119,674
	Corporation tax recoverable	55,788	73,685	55,788	71,713
	Prepayments & other debtors	<u>215,278</u>	<u>190,742</u>	<u>342,471</u>	<u>736,050</u>
		£ <u>1,658,312</u>	£ <u>1,559,259</u>	£ <u>1,711,931</u>	£ <u>1,929,904</u>

Included in prepayments and other debtors is a loan to a director as follows :-

	<u>Amounts outstanding</u>	
	<u>2000</u>	<u>1999</u>
A Williams	£ <u>49,935</u>	£ <u>112,072</u>
Maximum amount outstanding in the year	£ <u>169,350</u>	£ <u>112,072</u>

14.	<u>CREDITORS : Amounts falling due within one year</u>	<u>Group</u>		<u>Company</u>	
		<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	Current instalments due on loans	54,032	88,653	54,032	88,653
	Bank overdraft	406,322	447,523	399,535	358,256
	Trade creditors	1,121,819	983,868	968,449	803,998
	Corporation tax	65,975	103,911	27,360	71,581
	Amounts due to subsidiary undertakings	-	-	154,419	598,973
	Other taxes & social security costs	243,235	216,545	215,417	190,837
	Other creditors	51,099	66,098	51,099	66,098
	Current obligations under hire purchase contracts (Note 16)	26,941	24,619	22,245	16,206
	Accruals	<u>260,901</u>	<u>266,336</u>	<u>253,973</u>	<u>253,802</u>
		£ <u>2,230,324</u>	£ <u>2,197,553</u>	£ <u>2,146,529</u>	£ <u>2,448,404</u>

The bank overdraft and loans are secured, details being shown in note 27.

All amounts due under hire purchase contracts are secured on the assets concerned.

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS - Continued

FOR THE YEAR ENDED 29th FEBRUARY 2000

15.	<u>CREDITORS : Amounts falling due after more than one year</u>	<u>Group</u>		<u>Company</u>	
		<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	Bank loans (repayable by instalments)				
	1 to 2 years	82,851	83,870	82,852	83,870
	2 to 5 years	296,655	295,735	296,655	295,735
	Greater than 5 years	<u>229,406</u>	<u>271,260</u>	<u>229,406</u>	<u>271,260</u>
		608,912	650,865	608,913	650,865
	Obligations under hire purchase contracts (Note 16)	<u>30,177</u>	<u>6,427</u>	<u>28,447</u>	<u>-</u>
		£ <u>639,089</u>	£ <u>657,292</u>	£ <u>637,360</u>	£ <u>650,865</u>
16.	<u>OBLIGATIONS UNDER HIRE PURCHASE</u>	<u>Group</u>		<u>Company</u>	
		<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	Amounts payable within one year	31,515	28,327	25,906	18,443
	Amounts payable in one to two years	27,998	5,609	25,906	-
	Amounts payable in two to five years	<u>7,251</u>	<u>2,092</u>	<u>7,249</u>	<u>-</u>
		66,764	36,028	59,061	18,443
	Less : Finance charges relating to future periods	<u>(9,646)</u>	<u>(4,982)</u>	<u>(8,369)</u>	<u>(2,237)</u>
		£ <u>57,118</u>	£ <u>31,046</u>	£ <u>50,692</u>	£ <u>16,206</u>
	This is shown as :				
	Current obligations (Note 14)	26,941	24,619	22,245	16,206
	Non-current obligations (Note 15)	<u>30,177</u>	<u>6,427</u>	<u>28,447</u>	<u>-</u>
		£ <u>57,118</u>	£ <u>31,046</u>	£ <u>50,692</u>	£ <u>16,206</u>

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES**NOTES TO THE CONSOLIDATED ACCOUNTS - Continued****FOR THE YEAR ENDED 29th FEBRUARY 2000****17. OPERATING LEASE COMMITMENTS**

The group and company have annual obligations under non-cancellable operating leases for other operating assets in respect of leases which expire :

Group & Company	<u>2000</u>		<u>1999</u>	
	Land & Buildings	Other	Land & Buildings	Other
Within one year	-	15,464	-	50,890
1-2 years	-	41,192	-	32,544
Within 2 to 5 years inclusive	42,228	523,592	18,676	523,404
Greater than 5 years	-	-	22,000	-
	<u>£ 42,228</u>	<u>£ 580,248</u>	<u>£ 40,676</u>	<u>£ 606,838</u>

18. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH INFLOW

	<u>2000</u>	<u>1999</u>
Operating profit	324,562	243,860
Depreciation charge	155,208	104,457
Amortisation of goodwill	11,274	4,006
(Profit) on sale of fixed assets	(453)	(3,592)
Decrease in stock	28,470	35,807
Increase/(decrease) in debtors	(116,950)	66,866
Increase/(decrease) in creditors	<u>144,217</u>	<u>(104,082)</u>
Net cash inflow from operating activities	<u>£ 546,328</u>	<u>£ 347,322</u>

19. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	<u>2000</u>	<u>1999</u>
Interest paid	97,295	111,547
Interest element of finance lease rentals	<u>6,723</u>	<u>9,060</u>
Net cash outflow for returns on investments and servicing of finance	<u>£ (104,018)</u>	<u>£ (120,607)</u>

20. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	<u>2000</u>	<u>1999</u>
Purchase of goodwill	(24,230)	-
Purchase of tangible fixed assets	(245,606)	(163,934)
Sale of tangible assets	<u>39,650</u>	<u>39,430</u>
	<u>£ (230,186)</u>	<u>£ (124,504)</u>

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS - Continued

FOR THE YEAR ENDED 29th FEBRUARY 2000

21.	<u>FINANCING</u>	<u>2000</u>	<u>1999</u>
	Loan advances	-	325,000
	Repayments of loans	(76,573)	(159,774)
	Finance leases repaid	(57,350)	(54,650)
	Purchase of own shares	-	(165,000)
		£ (133,923)	£ (54,424)

22. **ANALYSIS OF NET DEBT**

	At 1st March 1999	Cash Flow	Non cash Charges	At 29th Feb. 2000
Cash at bank and in hand	109,894	(22,172)	-	87,722
Overdrafts	(447,523)	41,201	-	(406,322)
	(337,629)	19,029	-	(318,600)
Debt due after 1 year	(650,865)	41,953	-	(608,912)
Debt due within 1 year	(88,653)	34,621	-	(54,032)
Finance leases	(31,046)	57,349	(83,421)	(57,118)
	£ (1,108,193)	£ 152,952	£ (83,421)	£ (1,038,662)

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS - Continued

FOR THE YEAR ENDED 29th FEBRUARY 2000

23.	<u>CALLED-UP SHARE CAPITAL</u>	<u>2000</u>	<u>1999</u>
	<u>Equity Interests :</u>		
	Authorised :		
	Ordinary shares of £1 each	£ <u>100,000</u>	£ <u>100,000</u>
	Allotted, issued and fully paid	£ <u>19,304</u>	£ <u>19,304</u>
24.	<u>SHARE PREMIUM RESERVE</u>	<u>2000</u>	<u>1999</u>
	At 1st March 1999 and 29th February 2000	£ <u>2,725</u>	£ <u>2,725</u>
25.	<u>CAPITAL REDEMPTION RESERVE</u>		
	At 1st March 1999 and 29th February 2000	£ <u>24,346</u>	£ <u>24,346</u>
26.	<u>REVALUATION RESERVE</u>		
	<u>Group and Company</u>	<u>2000</u>	<u>1999</u>
	At 1st March 1999	267,651	269,677
	Amortised to profit and loss account	(<u>2,026</u>)	(<u>2,026</u>)
	At 29th February 2000	£ <u>265,625</u>	£ <u>267,651</u>

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED ACCOUNTS - Continued

FOR THE YEAR ENDED 29th FEBRUARY 2000

27. **RELATED PARTIES**

Control

Control of the company rests with the company's shareholders as disclosed in the directors report.

RELATED PARTY TRANSACTIONS

In the course of the year the company purchased land to the value of £110,000 (note 10) from A. Williams, a director of the Group.

Included within prepayments and other debtors, (note 13) is an amount due from A. Williams of £49,935 (1999 : £112,072).

The bank borrowings in addition to being secured by the freehold property of the group are also secured by the following :-

- ❖ A debenture from GW Chemicals Limited and Delmarco Limited
- ❖ A cross guarantee and composite accounting agreement between GW Chemicals Limited, CMR Chemical Services Limited and Delmarco Limited;
- ❖ A personal guarantee of £250,000 from A Williams, a director of the company supported by his personal freehold land and buildings;
- ❖ A legal mortgage over keyman insurance on the life of A Williams for £500,000;
- ❖ A mortgage debenture securing the bank overdraft of MDT Chemicals Limited.

28. **APPROVAL OF ACCOUNTS**

The accounts set out on pages 4 to 23 were approved by the directors on 7th July 2000.

AUDITORS' REPORT

TO THE MEMBERS OF

G.W. CHEMICALS LIMITED AND SUBSIDIARY COMPANIES

We have audited the financial statements set out on pages 4 to 23, which have been prepared under the historical cost convention, as modified to include the revaluation of land and buildings, and the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


Basis of opinion

We conducted our audit in accordance with 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.

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 29th February 2000 and of the group's profit for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.


Brebner, Allen & Trapp,
Chartered Accountants
& Registered Auditor,
The Quadrangle,
180 Wardour Street,
LONDON
W1V 4LB

Date

