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REGISTRAR OF COMPANIES

**Report of the Director and
Financial Statements
for the Period
2nd April 2001 to 31st March 2002
for
Memchem Limited**



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Memchem Limited

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for the Period 2nd April 2001 to 31st March 2002**

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Memchem Limited

Company Information
for the Period 2nd April 2001 to 31st March 2002

DIRECTOR:

M E McGrane

SECRETARY:

I C Horton

REGISTERED OFFICE:

Edward House
Dowlais Road
Ocean Park
Cardiff
CF24 5TW

REGISTERED NUMBER:

1235518 (England and Wales)

ACCOUNTANTS:

Broomfield & Alexander
Chartered Accountants
Pendragon House
Caxton Place
Pentwyn
Cardiff CF23 8XE

Memchem Limited

**Report of the Director
for the Period 2nd April 2001 to 31st March 2002**

The director presents his report with the financial statements of the company for the period 2nd April 2001 to 31st March 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the manufacture and sale of industrial cleaning materials and equipment.

DIRECTOR

M E McGrane was the sole director during the period under review.

His beneficial interest in the issued share capital of the company was as follows:

	31.3.02	2.4.01
Ordinary £1 shares	9,890	9,890

CHARITABLE DONATIONS

During the year the company made charitable donations of £nil (2001 - £18).

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

ON BEHALF OF THE BOARD:



I C Horton - SECRETARY

Dated: 4 November 2002

Memchem Limited

Profit and Loss Account
for the Period 2nd April 2001 to 31st March 2002

		Period 2.4.01 to 31.3.02	Period 28.3.00 to 1.4.01
	Notes	£	£
TURNOVER		386,317	379,039
Cost of sales		313,214	284,595
GROSS PROFIT		73,103	94,444
Administrative expenses		56,606	55,286
		16,497	39,158
Other operating income		28,000	28,000
OPERATING PROFIT	2	44,497	67,158
Interest payable and similar charges		1,612	2,640
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		42,885	64,518
Tax on profit on ordinary activities	3	30,899	5,931
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		11,986	58,587
Retained profit brought forward		282,039	223,452
RETAINED PROFIT CARRIED FORWARD		<u>£294,025</u>	<u>£282,039</u>

The notes form part of these financial statements

Memchem Limited

Balance Sheet
31st March 2002

		2002		2001	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	4		343,640		344,956
CURRENT ASSETS:					
Stocks		61,266		62,428	
Debtors	5	85,252		75,215	
Cash at bank		-		4,606	
		146,518		142,249	
CREDITORS: Amounts falling due within one year	6	152,623		185,781	
NET CURRENT LIABILITIES:			(6,105)		(43,532)
TOTAL ASSETS LESS CURRENT LIABILITIES:			337,535		301,424
CREDITORS: Amounts falling due after more than one year	7		(7,304)		(7,385)
PROVISIONS FOR LIABILITIES AND CHARGES:	9		(24,206)		-
			<u>£306,025</u>		<u>£294,039</u>
CAPITAL AND RESERVES:					
Called up share capital	10		12,000		12,000
Profit and loss account			294,025		282,039
SHAREHOLDERS' FUNDS:			<u>£306,025</u>		<u>£294,039</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the period ended 31st March 2002.

The members have not required the company to obtain an audit of its financial statements for the period ended 31st March 2002 in accordance with Section 249B(2) of the Companies Act 1985.

The director acknowledges his responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

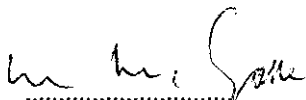
The notes form part of these financial statements

Memchem Limited

**Balance Sheet
31st March 2002**

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

ON BEHALF OF THE BOARD:



M E McGrane - DIRECTOR

Approved by the Board on 4 November 2002

The notes form part of these financial statements

Memchem Limited

Notes to the Financial Statements for the Period 2nd April 2001 to 31st March 2002

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The company has net current liabilities due in the most part to a considerable creditor to a related undertaking MEM Group Plc. The directors are of the opinion that financial support by MEM Group Plc will continue and as such the basis of preparation is acceptable.

Turnover

Turnover represents amounts receivable for goods and services supplied to customers, exclusive of value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Long term leasehold property	- 2% on cost
Plant, machinery, fixtures and fittings	- 15% on cost
Motor vehicles	- 25% on cost

Stocks

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

Hire purchase agreements

Where the company enters into a hire purchase agreement which entails taking substantially all the risks and rewards of ownership of an asset, the asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful economic life. Future instalments net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element which reduces the outstanding obligation for future instalments.

For operating leases the rental charges are taken to profit and loss account on a straight line basis over the life of the lease.

Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date. No provision is made for taxation on permanent differences. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

2. OPERATING PROFIT

The operating profit is stated after charging:

	Period 2.4.01 to 31.3.02 £	Period 28.3.00 to 1.4.01 £
Depreciation - owned assets	11,027	8,106
Depreciation - assets on hire purchase contracts	1,732	2,342
	<u> </u>	<u> </u>
Director's emoluments and other benefits etc	-	-
	<u> </u>	<u> </u>

Memchem Limited

Notes to the Financial Statements
for the Period 2nd April 2001 to 31st March 2002

3. TAXATION

The tax charge on the profit on ordinary activities for the period was as follows:

	Period 2.4.01 to 31.3.02 £	Period 28.3.00 to 1.4.01 £
UK corporation tax	6,693	5,931
Deferred tax	24,206	-
	<u>30,899</u>	<u>5,931</u>

4. TANGIBLE FIXED ASSETS

	Long term leasehold property	Plant, machinery, fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST:				
At 2nd April 2001	345,042	22,094	31,860	398,996
Additions	-	2,205	9,238	11,443
	<u>345,042</u>	<u>24,299</u>	<u>41,098</u>	<u>410,439</u>
At 31st March 2002				
DEPRECIATION:				
At 2nd April 2001	13,801	22,094	18,145	54,040
Charge for period	6,900	113	5,746	12,759
	<u>20,701</u>	<u>22,207</u>	<u>23,891</u>	<u>66,799</u>
At 31st March 2002				
NET BOOK VALUE:				
At 31st March 2002	<u>324,341</u>	<u>2,092</u>	<u>17,207</u>	<u>343,640</u>
At 1st April 2001	<u>331,241</u>	<u>-</u>	<u>13,715</u>	<u>344,956</u>

Memchem Limited

**Notes to the Financial Statements
for the Period 2nd April 2001 to 31st March 2002**

4. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles
	£
COST:	
At 2nd April 2001	16,057
Additions	9,238
	<hr/>
At 31st March 2002	25,295
	<hr/>
DEPRECIATION:	
At 2nd April 2001	2,342
Charge for period	1,732
	<hr/>
At 31st March 2002	4,074
	<hr/>
NET BOOK VALUE:	
At 31st March 2002	21,221
	<hr/>
At 1st April 2001	13,715
	<hr/>

**5. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2002 £	2001 £
Trade debtors	23,818	46,824
Amounts due from related undertakings	56,116	28,015
Prepayments	133	376
VAT	5,185	-
	<hr/>	<hr/>
	85,252	75,215
	<hr/>	<hr/>

The amount due from related undertakings of £56,116 (2001: £28,014) is due from Microsure Limited.

Memchem Limited

**Notes to the Financial Statements
for the Period 2nd April 2001 to 31st March 2002**

**6. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2002	2001
	£	£
Bank loans and overdrafts	35,685	-
Hire purchase contracts	6,746	4,923
Trade creditors	55,751	39,686
Amounts owed to related undertakings	44,637	118,535
Social security & other taxes	-	509
Taxation	6,693	5,931
Accruals	3,111	16,197
	<u>152,623</u>	<u>185,781</u>

The amounts owed to related undertakings is owed entirely to MEM Group Plc.

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

	2002	2001
	£	£
Hire purchase contracts	<u>7,304</u>	<u>7,385</u>

8. SECURED DEBTS

The following secured debts are included within creditors:

	2002	2001
	£	£
Bank overdrafts	<u>35,685</u>	<u>-</u>

The overdraft of the company is secured by a mortgage debenture dated 18th October 1984, incorporating a fixed and floating charge over all current and future assets of the company and by a composite guarantee dated 30th October 1997 in favour of MEM Group Plc, Pauls Industrial Reclamation Limited, JC Surface Preparation Limited and MEM Engineering Limited.

9. PROVISIONS FOR LIABILITIES AND CHARGES

	2002	2001
	£	£
Deferred taxation	<u>24,206</u>	<u>-</u>
	Deferred tax	
	£	
Provision for the year	<u>24,206</u>	
Balance at 31st March 2002	<u>24,206</u>	

Memchem Limited

Notes to the Financial Statements for the Period 2nd April 2001 to 31st March 2002

9. PROVISIONS FOR LIABILITIES AND CHARGES - continued

The amounts for which no provision has been made in respect of deferred tax, are as follows:

	2002 £	2001 £
Accelerated capital allowances	-	19,400
Less:		
Losses carried forward	-	747
	<u>-</u>	<u>18,653</u>

10. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2002 £	2001 £
25,000	Ordinary	£1	<u>25,000</u>	<u>25,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2002 £	2001 £
12,000	Ordinary	£1	<u>12,000</u>	<u>12,000</u>

11. RELATED PARTY DISCLOSURES

During the year, sales and purchases were made to and from the following companies of which Mr M.E. McGrane is also director and shareholder:-

	Sales		Purchases	
	2002 £	2001 £	2002 £	2001 £
MEM Group Plc	235,472	170,560	-	-
Microsure Packaging Ltd	971	7,355	-	-

All sales and purchases of goods and services were on a normal trading basis at arm's length. In addition, the following recharges of goods and services were made to related parties:-

	2002 £	2001 £
Labour costs	102,292	92,317
Purchases	16,506	2,610
Rent & rates	10,800	10,800
Motor costs	11,641	24,762
Repairs	4,597	399
Sundries	5,316	1,679
Audit fees	1,500	1,500
Materials handling and storage recharged to Microsure Limited	28,000	28,000

In the year the company recharged to Microsure Limited £28,000 (2001: £28,000) in respect of the material handling and storage of "Microsure" products.

All transactions with related parties are confirmed to be at arm's length.