

COMPANIES HOUSE

# 244498

# MINING & CHEMICAL PRODUCTS LIMITED

REPORT AND FINANCIAL STATEMENTS

2004



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**INDEX**

	Page
Company Information	1
 <b>FINANCIAL STATEMENTS</b>	
Report of the Directors	2
Statement of directors' responsibilities	3
Profit and Loss Account	4
Balance Sheet	5
Cash Flow Statement	6
Accounting Policies	7 - 8
Notes to the Financial Statements	9 - 12
Report of the Auditors on the Financial Statements	13

**COMPANY INFORMATION**

**Board of Directors** Ian CADELL (Chairman)  
Ian McLEAN  
Stephen DAVENHILL

**Company Secretary** Ian McLEAN

**Principal Bankers** HSBC Bank plc  
8 London Street  
Basingstoke  
HANTS RG21 7NU

**Auditors** RSM Robson Rhodes LLP  
Chartered Accountants  
186 City Road  
London EC1V 2NU

**Solicitors** Lawrence Graham  
190 Strand  
London WC2R 1JN

**Registered office** 22 Melton Street  
LONDON NW1 2BW

**Company Registration Number** 244498

**Website** [www.mcp-group.com](http://www.mcp-group.com)

**DIRECTORS' REPORT**

The Directors submit their report and audited financial statements for the year ended 31 December 2004, to be presented at the seventy-fifth Annual General Meeting of the Company to be held at Craven House, Arundell Place, West Street, Farnham on 6<sup>th</sup> June 2005.

**PRINCIPAL ACTIVITIES**

During the year the Company continued its activities in the refining and marketing of bismuth and other non-ferrous metals and the manufacture and marketing of fusible alloys, fine chemicals and associated equipment.

**REVIEW OF THE BUSINESS**

The Company's Metals and Chemicals business performed well during 2004, and continues to do so.

The directors expect profits to remain steady in the forthcoming year.

**RESULTS AND DIVIDENDS**

The Company has made a profit before taxation for the year of £2,267,000 (2003 £1,211,000), and has earnings for the year, after taxation, of £1,598,000 (2003 £862,000).

The directors have recommended the payment of a dividend of £1 million, which payment will subject to approval at the forthcoming annual general meeting.

**DEVELOPMENT EXPENDITURE**

The Company has expensed development costs of £137,000 (2003: £104,000).

**DIRECTORS**


The composition of the Board is as stated on page 1. None of the directors has any beneficial interest in the issued share capital of the Company. The interests of the directors in the share capital of the ultimate parent company are disclosed in the financial statements of that company.

**AUDITORS**

A resolution to re-appoint RSM Robson Rhodes LLP as auditors will be proposed at the forthcoming annual general meeting.

The Board approved the Report of the Directors on 27<sup>th</sup> April 2005 and it is signed on its behalf.

I D McLean, CA (SA) FAPA  
Secretary



**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

# Mining & Chemical Products Limited

31<sup>st</sup> December 2004

PROFIT AND LOSS ACCOUNT	Note	2004 £'000's	2003 £'000's
Turnover	1	29,769	19,869
<b>Cost of sales</b>		<b>(23,841)</b>	<b>(16,447)</b>
Material cost of sales		(21,588)	(14,452)
Manufacturing costs		(2,253)	(1,995)
<b>Gross Profit</b>		<b>5,928</b>	<b>3,421</b>
	Gross Profit as a percentage of Sales	20%	17%
Other operating income	2	15	17
Distribution costs		(1,218)	(863)
Administrative expenses		(2,260)	(1,333)
Other operating expenses		(65)	(65)
<b>Operating Profit</b>	4	<b>2,400</b>	<b>1,242</b>
Interest payable	5	(133)	(56)
Interest receivable	6	-	25
<b>Profit on ordinary activities before taxation</b>		<b>2,267</b>	<b>1,211</b>
Taxation on ordinary activities	7	(669)	(349)
<b>Profit on ordinary activities</b>		<b>1,598</b>	<b>862</b>
Dividend Paid	8	-	(500)
<b>Transferred to reserves</b>	16	<b>1,598</b>	<b>362</b>

All results relate to continuing activities.

There are no recognised gains or losses other than those dealt with in the Profit and Loss Account.

**Mining & Chemical Products Limited**

**31<sup>st</sup> December 2004**

<b>BALANCE SHEET</b>	<i>Note</i>	<b>2004</b>	<b>2003</b>
		<b>£'000's</b>	<b>£'000's</b>
<b>TANGIBLE FIXED ASSETS</b>	9	2,361	2,284
 <b>CURRENT ASSETS</b>			
Stocks	11	9,024	6,879
Debtors	12	3,730	2,429
Cash at bank and in hand		-	4
		<b>12,754</b>	<b>9,312</b>
<b>Creditors, due within one year</b>			
Bank overdraft		(1,810)	(2,244)
Creditors	13	(4,171)	(1,824)
		<b>(5,981)</b>	<b>(4,068)</b>
 <b>NET CURRENT ASSETS</b>		<b>6,773</b>	<b>5,244</b>
 <b>TOTAL ASSETS, less CURRENT LIABILITIES</b>		<b>9,134</b>	<b>7,528</b>
 Provisions for liabilities and charges	14	(82)	(74)
 <b>TOTAL NET ASSETS</b>		<b>9,052</b>	<b>7,454</b>
 <b>SHAREHOLDERS FUNDS</b>			
<b>Capital and reserves</b>			
Called up share capital	15	1,000	1,000
Profit and Loss Account	16	8,052	6,454
 <b>Equity Shareholders' Funds</b>	17	<b>9,052</b>	<b>7,454</b>

The financial statements were approved by the Board on 27<sup>th</sup> April 2004, and signed on its behalf.

  
I V Cadell  
Director

# Mining & Chemical Products Limited

31<sup>ST</sup> December 2004

CASH FLOW STATEMENT	Note	2004 £'000's	2003 £'000's
Operating activities	18	1,468	(735)
<b>Returns on investment and servicing of finance</b>			
Interest received		-	25
Interest paid		(133)	(56)
		<b>(133)</b>	<b>(31)</b>
<b>Taxation</b>		<b>(610)</b>	<b>(335)</b>
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(295)	(125)
Sale of fixed assets		-	-
		<b>(295)</b>	<b>(125)</b>
<b>Financing</b>			
Equity dividend paid		-	(500)
		-	(500)
<b>Change in cash resources</b>	<b>19</b>	<b>430</b>	<b>(1,726)</b>



**ACCOUNTING POLICIES****Convention**

The financial statements are prepared in accordance with applicable Accounting Standards, under the historical cost convention.

**Basis of preparation and Related Party transactions**

The Company has taken advantage of S228 of the Companies Act 1989 (as amended). Accordingly, no Group accounts are presented.

The Company is a wholly owned subsidiary of MCP Metals and Chemicals Limited, whose ultimate parent is MCP Aramayo Limited, a company registered in England. The ultimate parent company prepares consolidated financial statements for itself and all its subsidiaries, including the Company. Transactions and balances within that group are eliminated on consolidation. The consolidated financial statements of MCP Aramayo Limited are publicly available. Accordingly, details of transactions within the group are not set out in these financial statements.

There are no other related parties with whom transactions occur that requires disclosure in these accounts.

**Property, plant and equipment**

All trading property, plant and equipment is recorded at cost. Subsequently, all such assets, excepting only freehold land, are depreciated in equal annual instalments at rates designed to reduce the net book values of the assets to their estimated residual values at the end of their expected useful lives. The maximum estimated useful lives are:

Freehold buildings	25 years
Plant, fixtures and equipment	8 years
Motor vehicles	4 years
Computer equipment	3 years

Gains and losses on disposal are calculated by reference to their carrying amount and are taken into account in determining operating profit. Interest cost on acquisition of property, plant and equipment is written off as incurred.

**Investments**

Financial investments that are listed on a recognised public stock exchange are marked to market as at the Balance Sheet date. Changes in the value of such investments, including profits or losses on disposal, are taken to the Profit and Loss Account. Financial investments include surplus funds awaiting investment, placed on deposit at licensed financial institutions, and loans to third parties.

**Stocks**

Stocks are valued at the lower of specific attributable cost (or, where appropriate, average cost) and net realisable value. The cost of manufactured products includes specific material cost and an allowance for production overhead where applicable. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

**Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand and at bank, deposits on call at banks and investments in money market transactions. Bank overdrafts are shown as borrowing in creditors due within one year, unless committed for more than twelve months from the Balance Sheet date.

**ACCOUNTING POLICIES**

**Provisions**

Provisions are made when there is an actual obligation arising from past events, where it is probable that costs will be incurred to settle the obligations, and a reliable estimate of the amount of the obligation can be made.

**Revenue recognition**

Sales are recognised upon delivery of products or service to customers, when substantially all the risks and rewards of ownership pass to the customer, in accordance with the terms and conditions attaching to the transaction. Sales are stated at the invoiced amount, net of discounts and value added, turnover or sales taxes. Interest income is recorded as it accrues.

**Foreign currencies**

Profit and Loss Accounts of foreign subsidiaries are translated at average rates for the year, and the Balance Sheets are translated at year-end rates. Currency translation differences arising from the re-translation of the net investment in subsidiaries are taken to reserves. Monetary assets and liabilities in foreign currencies are translated at year-end rates and all gains and losses are taken to the profit and loss account.

**Financial Instruments**

Financial instruments include cash and bank balances, investments, receivables, payables and borrowing. Particular recognition methods are outlined in the individual policy statements pertaining to those items. Financial instruments such as forward exchange contracts are utilised by the Company to reduce risk. Unrealised gains and losses on such instruments are not recognised until settlement occurs.

**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of temporary differences between the treatment of certain items for accounting and taxation purposes. Deferred taxation is provided for using the full liability method. Credit is taken for deferred tax assets to the extent it is probable that the asset will be recovered in the near future.

**Leases**

The Company has no Finance leases (defined as leases where substantially all the risks and benefits of ownership are assumed by the Company). Operating lease expenditure is written off in equal instalments over the period of the lease. Early termination costs are written off when incurred.

**Research and development**

Research and development costs are expensed when incurred because the expenditure does not fulfil all the requirements for capitalisation set out in Statement of Standard Accounting Practice 13.

**Retirement benefit obligations**

The Company provides for retirement benefits primarily by defined contribution pension schemes, the costs of which are written off in the year to which they relate.

## NOTES TO THE FINANCIAL STATEMENTS

<b>1 TURNOVER</b>	<b>2004</b>	<b>2003</b>
Revenues are shown according to the location of the customer.	£'000's	£'000's
United Kingdom	4,231	4,210
Germany	11,120	8,086
France	1,999	727
Other European countries	3,119	2,233
North America	4,618	3,017
South America	1,318	716
Other countries	3,364	880
<b>TOTAL</b>	<b>29,769</b>	<b>19,869</b>

Sales to "Other" geographical regions are mainly in Asia.

<b>2 OPERATING INCOME</b>		
Laboratory and analytical services	15	17

**3 STAFF COSTS**

<b>Cost</b>		
Wages, salaries and related costs	2,919	1,841
Social security costs	287	200
Pension costs - defined contribution	101	87
Other costs	162	80
<b>Total costs</b>	<b>3,469</b>	<b>2,208</b>

<b>The average number of employees</b>	<b>#</b>	<b>#</b>
Management and administration	8	10
Sales and distribution	14	14
Manufacturing	47	43
<b>Total number</b>	<b>69</b>	<b>67</b>

<b>4 OPERATING PROFIT</b>	<b>2004</b>	<b>2003</b>
This is stated after charging	£'000's	£'000's
Auditors' remuneration	25	18
Auditors' fees for services other than audit	7	7
Depreciation of fixed assets	210	201
Loss on sale of assets	2	-
Development expenditure	137	104
Directors' remuneration	814	177
- Cost of pensions	42	21
- Highest paid director	431	177

**5 INTEREST PAYABLE**

Interest on loans and overdrafts repayable within five years	94	34
Group interest	39	22
	<b>133</b>	<b>56</b>

## NOTES TO THE FINANCIAL STATEMENTS

	2004 £'000's	2003 £'000's
<b>6 INTEREST RECEIVABLE</b>		
Bank interest	-	1
Interest from Group companies	-	24
	-	25
<b>7 TAXATION</b>		
The taxation charge is based on the profit on ordinary activities		
<b>Current taxation</b>		
Corporation Tax	664	363
<b>Deferred taxation</b>		
Net origination of timing differences	8	(4)
<b>Tax on current year activities</b>	<b>672</b>	<b>359</b>
<b>Adjustments to prior years</b>		
Corporation tax	(3)	(10)
Deferred tax	-	-
<b>Tax on profit on ordinary activities</b>	<b>669</b>	<b>349</b>
<b>Reconciliation of current tax charge</b>		
Profit on ordinary activities before taxation	2,267	1,211
Theoretical tax thereon at UK Corporation tax rate of 30%	680	363
Expenses not deductible for tax	6	3
Other adjustments	(14)	(7)
<b>Tax on current year activities</b>	<b>672</b>	<b>359</b>
<b>8 DIVIDEND</b>		
Dividend paid (2003: 50p per share)	Nil	500

9 TANGIBLE ASSETS	Freehold Land and Buildings £'000's	Plant and Equipment £'000's	Cars, computers and other £'000's	TOTAL £'000's
<b>Cost</b>				
At 1 <sup>st</sup> January	2,126	1,342	593	4,061
Additions	-	213	82	295
Disposals	-	-	(99)	(99)
<b>At 31<sup>st</sup> December</b>	<b>2,126</b>	<b>1,555</b>	<b>576</b>	<b>4,257</b>
<b>Depreciation</b>				
At 1 <sup>st</sup> January	310	988	479	1,777
Charge for the year	44	111	55	210
Disposals	-	-	(91)	(91)
<b>At 31<sup>st</sup> December</b>	<b>354</b>	<b>1,099</b>	<b>443</b>	<b>1,896</b>
<b>Net Book Value</b>				
At 31 December 2004	1,772	456	133	2,361
At 31 December 2003	1,816	354	114	2,284

## NOTES TO THE FINANCIAL STATEMENTS

## 10 INVESTMENTS

## Group Companies

The Company owned 100 % of the £1,000 issued share capital of MCP Tooling Limited, a company registered in England and Wales. This company was struck off in 2004.

## 11 STOCKS

	2004 £'000's	2003 £'000's
Raw materials	7,304	5,895
Work in progress	991	472
Finished goods and goods for re-sale	729	512
	<b>9,024</b>	<b>6,879</b>

## 12 DEBTORS

Trade Debtors	1,645	1,293
Amounts owed by fellow subsidiaries	974	852
Value Added Taxation	1,111	282
Other debtors	-	2
	<b>3,730</b>	<b>2,429</b>

## 13 CREDITORS - due within one year

Trade creditors	1,491	186
Accruals	1,249	782
Amounts owed to subsidiaries	570	631
Amounts owed to parent	-	-
Corporation tax	264	213
Other creditors	597	12
	<b>4,171</b>	<b>1,824</b>

## 14 PROVISION FOR LIABILITIES AND CHARGES

## Deferred taxation

Deferred tax is provided at 30% (2003: 30%) is provided in respect of accelerated capital allowances.

At 1 January	74	78
Charged in the year	8	(4)
At 31 December	<b>82</b>	<b>74</b>

## 15 CALLED UP SHARE CAPITAL

1,000,000 authorised, allotted and fully paid ordinary shares of £1

At 1 January and 31 December	1,000	1,000
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## NOTES TO THE FINANCIAL STATEMENTS

16 PROFIT AND LOSS ACCOUNT	2004	2003
	£'000's	£'000's
At 1 January	6,454	6,092
Result for the year	1,598	362
<b>At 31 December</b>	<b>8,052</b>	<b>6,454</b>
17 EQUITY SHAREHOLDERS' FUNDS		
Opening equity shareholders' funds	7,454	7,092
Result for the year	1,598	362
<b>Closing equity shareholders' funds</b>	<b>9,052</b>	<b>7,454</b>
18 RECONCILIATION BETWEEN RESULT AND OPERATING CASH FLOW		
Operating profit, before interest	2,400	1,242
Items not involving cash flows		
Depreciation	210	201
Loss on sale of assets	2	-
<b>Cash effect of trading operations</b>	<b>2,612</b>	<b>1,443</b>
Change in stocks	(2,145)	(3,587)
Change in debtors	(1,301)	1,820
Change in creditors	2,302	(411)
<b>Cash effect of working capital change</b>	<b>(1,144)</b>	<b>(2,178)</b>
<b>Operating Activities</b>	<b>1,468</b>	<b>(735)</b>
19 RECONCILIATION OF CASH FLOW TO MOVEMENT ON NET CASH		
Net cash at 1 January 2004		(2,240)
Net cash inflow		430
<b>Net overdrafts at 31 December</b>		<b>(1,810)</b>

Net cash consists of bank balances.

**20 COMMITMENTS**

There was no capital expenditure or operating lease commitments.

**21 FINANCIAL GUARANTEES AND SECURITY**

The Company's bankers have given a guarantee in favour of a fellow subsidiary's bankers, indemnified by the Company, with a maximum value of £100,000. At 31 December 2004 the amount outstanding was Nil (2003 - Nil). Also, the Company's bankers, indemnified by the Company, have given a guarantee in favour of H M Customs and Excise in respect of duty deferments, with a maximum value of £30,000. At 31 December the amount outstanding was £13,600 (2003 - £181,000). The Company's bankers have a first legal charge over the Company's freehold property and a fixed and floating charge over the Company's assets and undertaking in respect of cash borrowing and commercial facilities granted.

**22 PARENT COMPANY**

The Company is a wholly owned subsidiary of MCP Metals and Chemicals Limited, a company registered in England. The ultimate parent is MCP Aramayo Limited, which is registered in England. The published financial statements of the ultimate holding company are available from The Secretary, Craven House, West Street, Farnham, Surrey GU9 7EN

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MINING & CHEMICAL PRODUCTS LIMITED**

We have audited the financial statements on pages 4 to 12.

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 auditor's 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 auditors**

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

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

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

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

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2004 and of its results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*RSM Robson Rhodes LLP*  
RSM Robson Rhodes LLP  
Chartered Accountants and Registered Auditors

28<sup>th</sup> April 2005  
Hemel Hempstead