

FC-16865

foey

Delsys Inc, trading as Collag Corporation

Accounts

31 DECEMBER 1996

ERNST & YOUNG

NM ✓



Delsys Inc, trading as Collag Corporation

Registered No. FCO16865
Branch No. BROO1385

DIRECTORS

J Misselbrook (Managing Director)
K Misselbrook

SECRETARY

K Misselbrook

ACCOUNTANTS

Ernst & Young
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

BANKERS

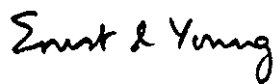
Lloyds Bank Plc
1 Victoria Road
Woolston
Southampton
SO19 0RH

REGISTERED OFFICE

600 College Road East
New Jersey
08540 USA

ACCOUNTANTS REPORT

We have prepared but not audited the accounts of Delsys Inc trading as Collag Corporation for the year ended 31 December 1996 set out on pages 3 to 9 from the accounting records and information and explanations supplied to us.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young
Chartered Accountants
Southampton

Delsys Inc, trading as Collag Corporation

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1996

	Notes	1996 £	1995 £
TURNOVER	3	59,180	237,102
Cost of sales		28,762	216,951
GROSS PROFIT		<u>30,418</u>	<u>20,151</u>
Distribution costs		1,200	2,556
Administrative expenses		72,292	118,251
		<u>73,492</u>	<u>120,807</u>
Other operating income		-	(20,450)
		<u>73,492</u>	<u>100,357</u>
OPERATING LOSS	4	<u>(43,074)</u>	<u>(80,206)</u>
Interest receivable		-	(28)
Interest payable	6	3,356	40,152
		<u>3,356</u>	<u>40,124</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(46,430)</u>	<u>(120,330)</u>
Taxation	7	-	-
LOSS RETAINED FOR THE FINANCIAL YEAR	13	<u>(46,430)</u>	<u>(120,330)</u>

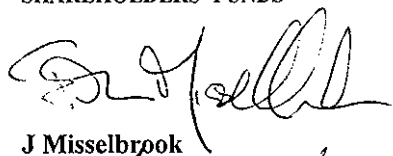
On 1 April 1996 the company sold its trade and net assets to its parent undertaking, Collag Limited (formerly Collag Manufacturing Limited), at net book value. From this date the company ceased to trade, hence the results for the year represent three months' trading from 1 January 1996 to 31 March 1996.

There are no recognised gains or losses other than the loss for the financial year of £46,430 for the year ended 31 December 1996 and of £120,330 for the year ended 31 December 1995.

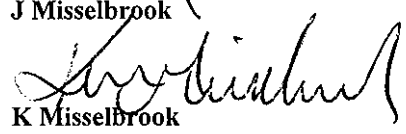
Delsys Inc, trading as Collag Corporation

BALANCE SHEET at 31 December 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	8	-	397,795
CURRENT ASSETS			
Debtors	9	-	46,986
Cash at bank and in hand		-	9,670
		-	56,656
CREDITORS: amounts falling due within one year	10	54,238	385,136
NET CURRENT LIABILITIES		(54,238)	(328,480)
TOTAL ASSETS LESS CURRENT LIABILITIES		(54,238)	69,315
CREDITORS: amounts falling due after more than one year			
Loans	11	-	75,000
Obligations under finance leases and hire purchase contracts	12	-	2,123
		-	77,123
		(54,238)	(7,808)
CAPITAL AND RESERVES			
Called up share capital	13	325,000	325,000
Capital contribution	13	200,000	200,000
Profit and loss account	13	(579,238)	(532,808)
SHAREHOLDERS' FUNDS	13	(54,238)	(7,808)



J Misselbrook



K Misselbrook

Directors

NOTES TO THE ACCOUNTS
at 31 December 1996

1. ACCOUNTING POLICIES

Accounting convention

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

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset over its expected useful life, as follows:

Freehold buildings	-	2.5% straight line
Leasehold improvements	-	20% straight line
Laboratory equipment	-	16.66% straight line
Office furniture, fixtures and equipment	-	16.66% straight line
Motor vehicles	-	25% straight line

Patents

Costs incurred in obtaining and renewing patents are written off as incurred.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are recorded at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing commitments

Asset held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. SALE OF TRADE AND NET ASSETS

On 1 April 1996, the trade and net assets of the company were sold to Collag Limited (formerly Collag Manufacturing Limited), the company's parent undertaking, at net book value.

NOTES TO THE ACCOUNTS
at 31 December 1996

3. **TURNOVER**

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

The turnover and pre-tax profit is attributable to one continuing activity, the contract research and development of formulated agrochemicals and other related products.

An analysis of turnover by geographical market is given below:

	1996 £	1995 £
United Kingdom	25,750	49,660
United States	-	17,000
Europe	33,430	170,442
	<u>59,180</u>	<u>237,102</u>

4. **OPERATING LOSS**

This is stated after charging:

	1996 £	1995 £
Depreciation of owned fixed assets	15,292	59,993
Depreciation of assets held under finance leases and hire purchase contracts	500	2,000
Amortisation of intangible assets	-	7,457
Operating lease rentals - plant and machinery	2,864	11,455
	<u>18,656</u>	<u>80,905</u>

5. **STAFF COSTS**

	1996 £	1995 £
Wages and salaries	34,999	151,185
Social security costs	1,839	13,360
Other pension costs	-	5,806
	<u>36,838</u>	<u>170,351</u>

The average weekly number of employees during the year was 3.

6. **INTEREST PAYABLE**

	1996 £	1995 £
Interest on loans and overdrafts repayable within five years	3,356	40,152
	<u>3,356</u>	<u>40,152</u>

7. **TAXATION**

There is no taxation charge due to the availability of losses brought forward.

NOTES TO THE ACCOUNTS
at 31 December 1996

8. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings</i>	<i>Leasehold improvements</i>	<i>Laboratory equipment</i>	<i>Office furniture fixtures and equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£	£
Cost:						
At 1 January 1996	250,273	28,014	223,468	59,121	18,363	579,239
Additions	191,917	-	6,303	-	-	198,220
Transfer to parent	(442,190)	(28,014)	(229,771)	(59,121)	(18,363)	(777,459)
At 31 December 1996	-	-	-	-	-	-
Depreciation:						
At 1 January 1996	16,408	14,214	114,372	27,194	9,256	181,444
Provided during the year	1,300	1,400	9,483	2,462	1,147	15,792
Transfer to parent	(17,708)	(15,614)	(123,855)	(29,656)	(10,403)	(197,236)
At 31 December 1996	-	-	-	-	-	-
Net book value:						
At 31 December 1996	-	-	-	-	-	-
At 1 January 1996	233,865	13,800	109,096	31,927	9,107	397,795

9. DEBTORS

	1996 £	1995 £
Trade debtors	-	43,252
Amounts due from parent undertaking	-	2,634
Other debtors	-	1,100
	-	46,986

NOTES TO THE ACCOUNTS
at 31 December 1996

10. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Bank and other loans (note 11)	-	236,467
Obligations under finance leases (note 12)	-	627
Amounts due to parent undertaking	54,238	83,293
Trade creditors	-	24,676
Other taxes and social security costs	-	13,087
Other creditors	-	17,626
Accruals	-	9,360
	<u>54,238</u>	<u>385,136</u>

11. LOANS

	1996 £	1995 £
Wholly repayable within five years	-	311,467
Less: amounts due within one year	-	(236,467)
	<u>-</u>	<u>75,000</u>
Instalments due after more than one year	-	75,000
	<u>-</u>	<u>75,000</u>
Amounts falling due:		
In one year or less on demand	-	236,467
Between one and two years	-	25,000
Between two and five years	-	50,000
	<u>-</u>	<u>311,467</u>

12. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	1996 £	1995 £
Amounts payable:		
within one year	-	722
within two to five years	-	2,400
	<u>-</u>	<u>3,122</u>
Less: finance charges allocated to future periods	-	(372)
	<u>-</u>	<u>2,750</u>
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations	-	627
Non-current obligations	-	2,123
	<u>-</u>	<u>2,750</u>

NOTES TO THE ACCOUNTS
at 31 December 1996

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Capital contribution</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£
At 1 January 1995	325,000	200,000	(412,478)	112,522
Loss for the year	-	-	(120,330)	(120,330)
At 1 January 1996	325,000	200,000	(532,808)	(7,808)
Loss for the year	-	-	(46,430)	(46,430)
At 31 December 1996	325,000	20,000	(579,238)	(54,238)

The capital contribution represents funding to the business by the shareholders for which share capital was not issued. The capital contribution is not distributable.

14. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Collag Limited (formerly Collag Manufacturing Limited). The smallest and largest parent undertaking for which group accounts are prepared is Collag Limited (formerly Collag Manufacturing Limited), a company registered in England and Wales.