

ANNUAL REPORT 1994
CRODA WORLD TRADERS LTD

Registered Number: 155113



CRODA WORLD TRADERS LTD

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the seventy-sixth Annual General Meeting of the Company will be held at Berkshire House, 168/173 High Holborn, London on Tuesday 9 May 1995 at 9.15 am.

Ordinary business

1. To receive and consider the directors' report and the audited accounts for the year ended 31 December 1994.
2. To ratify dividends.
3. To re-elect directors. The director to retire by rotation is G E Bates.
4. To re-appoint Price Waterhouse as auditors of the company and to authorise the directors to determine their remuneration.
5. To transact any other ordinary business.

By order of the Board



G E Bates Secretary
Cowick Hall
Snaith
Goole
North Humberside DN14 9AA

11 April 1995

Any member of the company entitled to attend and vote at the meeting may appoint another person or persons as his proxy to attend and vote instead of him. A proxy need not be a member of the company.

To be valid, instruments appointing proxies and powers of attorney, or other authorities under which they are signed, must be deposited at the registered office of the company not less than 48 hours before the meeting.

Copies of directors' contracts of service, other than those expiring or determinable without payment of compensation within one year, are available for inspection at the registered office of the company during the usual business hours and will be available for fifteen minutes prior to and during the meeting.

CRODA WORLD TRADERS LTD

DIRECTORS

Chairman

K G G Hopkins

Directors

A R Fenney Managing Director

G E Bates

G D Bull

Secretary and Registered Office

G E Bates

Cowick Hall

Snaith Goole

North Humberside DN14 9AA

Auditors

Price Waterhouse

Chartered Accountants

and Registered Auditors

Southwark Towers

32 London Bridge Street

London SE1 9SY

Bankers

National Westminster Bank Plc

19 Silver Street

Hull

North Humberside HU1 1JQ

Cowick Hall Snaith Goole North Humberside DN14 9AA

Telephone Goole (01405) 860551 Fax (01405) 861767

CRODA WORLD TRADERS LTD

REPORT OF THE DIRECTORS FOR 1994

The directors submit their annual report and the audited accounts for the year ended 31 December 1994.

1. Activities of the company

The principal activities are centred on the processing of gelatin, food acids, proteins, fire fighting chemicals and technical oils which the directors regard as a single class of business.

The ultimate parent company is Croda International Plc, a company registered in England.

2. Review of business activities

1994 was another good year with sales, and particularly exports, buoyant. The substantial recent investment in plant and research and development programmes provides opportunity for further growth over the next few years.

3. Profit and appropriations

Details of the profit and appropriations appear in the profit and loss account on page 6.

4. Directors

Interests and contracts

No director had any beneficial interest in the share capital of Croda World Traders Ltd.

The statement below shows persons who were directors on 31 December 1994 indicating their beneficial interests in the ordinary share capital of the ultimate parent company (including holdings of their families).

Croda International Plc Shareholdings

	At 31 December 1994		At 31 December 1993	
	Ordinary shares 10p	5.25% Preference shares £1	Ordinary shares 10p	5.25% Preference shares £1
K G G Hopkins	106,672	2,050	36,689	2,050
G E Bates	68,107	2,617	21,609	2,617
G D Bull	4,000	-	6,000	-
A R Fenney	133,827	-	66,503	-

No director had any interest in either the 5.9% or 6.6% preference shares of Croda International Plc.

During the period 1 January 1995 to 29 March 1995 G E Bates increased his ordinary shareholding in the company by an additional 30 shares and A R Fenney increased his ordinary shareholding in the company by an additional 66 shares.

CRODA WORLD TRADERS LTD

REPORT OF THE DIRECTORS

4. Directors (continued)

Croda International Plc Options

	At 31 December 1994		At 31 December 1993	
	Executive	SAYE	Executive	SAYE
	share options	share options	share options	share options
	Ordinary	Ordinary	Ordinary	Ordinary
	shares 10p	shares 10p	shares 10p	shares 10p
K G G Hopkins	182,000	15,624	292,000	15,624
G E Bates	20,000	11,738	120,000	14,231
G D Bull	60,000	-	40,000	-
A R Fenney	94,000	15,996	160,000	15,996

No director had any beneficial interest, other than in the ordinary course of business, in any contract to which the company or a subsidiary was a party during the period.

Changes in directors

The director to retire by rotation is G E Bates. G E Bates does not have a service agreement with the company. J A Deheer retired as a director on 31 March 1994.

5. Tangible fixed assets

Details of tangible fixed asset changes during the year are summarised in note 6 to the accounts on page 11.

6. Charitable and political donations

Charitable donations made by the company during the year amounted to £587 (1993: £1,352). No donation was made for political purposes.

7. Employment policies

The company's employment policies encourage the provision of employment opportunities for disabled people, racial minorities and other disadvantaged groups. The company endeavours to keep its employees well informed about the progress of their company.

8. Research and development

Each manufacturing division carries out its own research and development programmes to suit its own particular market and product needs.

9. Auditors

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their re-appointment will be submitted to the Annual General Meeting.

CRODA WORLD TRADERS LTD

REPORT OF THE DIRECTORS

10. Shareholders

The company is a wholly owned subsidiary of Croda International Plc, a company registered in England.

By Order of the Board

A handwritten signature in black ink, appearing to read 'G E Bates', is written over the printed name.

G E Bates Secretary

29 March 1995

CRODA WORLD TRADERS LTD

DIRECTORS' RESPONSIBILITIES

In respect of the preparation of the financial statements

The directors are required by UK company law to present financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for the financial year. In preparing the financial statements suitable accounting policies have been consistently applied, supported by reasonable and prudent judgements. All applicable accounting standards have been followed.

The directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS

To the members of Croda World Traders Ltd

We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described above, 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

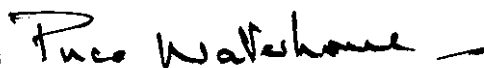
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 mis-statement, 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 company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors



Southwark Towers
32 London Bridge Street
London SE1 9SY

29 March 1995

CRODA WORLD TRADERS LTD
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1994

	NOTES	1994 £000	1993 £000
Turnover	1	74,907	65,026
Cost of sales		(62,280)	(54,599)
Gross profit		12,627	10,427
Distribution costs		(3,735)	(2,970)
Administrative expenses		(3,071)	(1,797)
Other operating costs	2	-	(207)
Operating profit	3	5,821	5,453
Loss on sale of properties		(106)	380
Net interest payable	4	(452)	(375)
Profit on ordinary activities before taxation		5,263	5,458
Tax on profit on ordinary activities	5	(1,804)	(1,440)
Profit on ordinary activities after taxation		3,459	4,018
Dividends			
Interim ordinary dividend paid		(2,000)	(3,000)
Transfer to reserves		1,459	1,018

In addition to the recognised gains or losses included in the profit and loss account above, there is a prior year adjustment of £2,954,000, details of which are given in note 16 to the accounts on page 15.

There is no material difference between the result as disclosed in the profit and loss account and the result on an historical cost basis.

Movements in shareholders' funds are shown in note 16 to the accounts on page 15.

CRODA WORLD TRADERS LTD
BALANCE SHEET AT 31 DECEMBER 1994

	NOTES	31 December 1994 £000	31 December 1993 £000
Fixed assets			
Tangible assets	6	20,964	19,293
Investments in subsidiary undertakings	9	3,272	3,272
		<u>24,236</u>	<u>22,565</u>
Current assets			
Stocks	10	9,190	10,027
Debtors	11	11,125	9,111
Pension fund prepayment	11	-	4,409
Cash at bank and in hand		726	86
		<u>21,041</u>	<u>23,633</u>
Creditors: amounts falling due within one year	12	<u>(17,460)</u>	<u>(16,443)</u>
Net current assets		<u>3,581</u>	<u>7,190</u>
Total assets less current liabilities		<u>27,817</u>	<u>29,755</u>
Creditors: amounts falling due after more than one year	13	<u>(13,804)</u>	<u>(14,247)</u>
		<u>14,013</u>	<u>15,508</u>
Capital and reserves			
Called up share capital	15	7,963	7,963
Revaluation reserve	16	2,586	2,604
Profit and loss account	16	3,464	4,941
Shareholders' funds		<u>14,013</u>	<u>15,508</u>

Shareholders' funds include non-equity interests of £750,000 (£1993: £750,000).

Signed on behalf of the Board who
approved the accounts on 29 March 1995

A R Fenney
Managing Director



CRODA WORLD TRADERS LTD ACCOUNTING POLICIES

Basis of accounting

The accounts are prepared under the historical cost convention, as modified by the periodic revaluation of properties, in compliance with the provisions of the Companies Act 1985 and applicable United Kingdom Accounting Standards.

Consolidated accounts are not presented as the company is a wholly owned subsidiary of Croda International Plc, a company registered in England.

Properties

The principal properties are valued on an open market existing use basis by professional valuers from time to time, in order to reflect in the accounts the current values of properties. The profit or loss on disposal of properties represents the difference between the net proceeds of sale and the net book value and is included in the profit and loss account.

Leased assets

Assets acquired under finance leases are included in the balance sheet under tangible fixed assets at an amount reflecting the fair value of the asset. Depreciation is provided in accordance with the company's accounting policy for the class of asset concerned. The capital element of future lease rentals is included in creditors. Finance charges are allocated to the profit and loss account each year in proportion to the capital element outstanding. The cost of operating leases is charged to the profit and loss account as incurred.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation.

Depreciation is provided at rates calculated to write down the cost of all tangible fixed assets, except freehold land, over their estimated useful lives on a straight line basis. The estimated average life for each major asset category is:

Freehold buildings	40 years
Leasehold land and buildings	lesser of term of lease and 40 years
Plant and equipment	10 years
Vehicles cars	3 years
lorries and other vehicles	5 years

Retirement benefits

The retirement benefit obligations of the company are financed by contributions to separate funds. The contributions which are made on the basis of actuarial advice, are taken to the profit and loss account as paid.

Stocks

Stocks are stated at the lower of cost and net realisable amount on a first in first out basis. Cost comprises all expenditure, including related production overheads, incurred in the normal course of business in bringing the stock to its location and condition at the balance sheet date.

Research and development expenditure

Expenditure on research and development, other than on tangible fixed assets, is written off against profits as incurred.

CRODA WORLD TRADERS LTD
ACCOUNTING POLICIES (Continued)

Currency translations

Assets and liabilities are translated at the exchange rates ruling at the end of the financial period. Exchange profits or losses realised on trading transactions are included in trading results.

Deferred taxation

No provision is made for taxation deferred because of timing differences between profits as computed for taxation purposes and profits as stated in the accounts except to the extent that such taxation is likely to be payable in the foreseeable future. Timing differences are due primarily to the differences of tax allowances on tangible fixed assets and the corresponding depreciation charged to the accounts.

CRODA WORLD TRADERS LTD
NOTES TO THE ACCOUNTS

1. Turnover

The geographical analysis of sales by market area is as follows:

	1994 £000	1993 £000
United Kingdom	44,087	39,782
Europe	9,518	8,622
Americas	10,480	8,016
Australasia	568	509
Africa and Asia	10,254	8,097
	<hr/>	<hr/>
	74,907	65,026
	<hr/>	<hr/>

2. Other operating costs

Business closure costs	-	(207)
	<hr/>	<hr/>

3. Operating profit

The operating profit is stated after charging

Depreciation	2,192	1,941
Redundancy costs	-	99
Staff costs (note 18)	9,411	8,636
Auditors' remuneration	54	54
Management charge from parent company	800	800
Hire charges under operating leases		
- plant	198	187
- other	73	9
Research and development	492	424

4. Net interest payable

Bank overdrafts	505	511
Finance charges payable under finance leases	4	7
	<hr/>	<hr/>
	509	518
	<hr/>	<hr/>
Less: interest receivable	(57)	(143)
	<hr/>	<hr/>
	452	375
	<hr/>	<hr/>

CRODA WORLD TRADERS LTD
NOTES TO THE ACCOUNTS

5. Tax on profit on ordinary activities

	1994 £000	1993 £000
United Kingdom taxation		
Corporation tax		
- current	1,915	1,472
- prior year over provision	(111)	(32)
	<hr/> 1,804 <hr/>	<hr/> 1,440 <hr/>

United Kingdom corporation tax has been provided at the rate of 33% (1993 - 33%).

The tax charge suffered by £66,000 in respect of depreciation in excess of capital allowances (1993 - benefit £317,000).

6. Tangible fixed assets

	<u>Land and buildings</u>		Plant and	Total
	Freehold	Long leasehold	equipment	
	£000	£000	£000	£000
Cost or valuation				
At 1 January 1994	8,301	863	27,603	36,767
External additions	1,931	46	2,237	4,214
Reclassification	(231)	-	231	-
External disposals	-	(168)	(838)	(1,006)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	10,001	741	29,233	39,975
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 1994	431	72	16,971	17,474
External disposals	-	(22)	(633)	(655)
Charge for year	126	20	2,046	2,192
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	557	70	18,384	19,011
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount				
At 31 December 1994	9,444	671	10,849	20,964
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1993	7,870	791	10,632	19,293
	<hr/>	<hr/>	<hr/>	<hr/>

The net book amount of plant and equipment held under finance leases included above is £29,000. In 1994 depreciation of £28,000 has been charged to the profit and loss account in respect of these assets.

CRODA WORLD TRADERS LTD
NOTES TO THE ACCOUNTS

7. Tangible fixed assets restated to historical cost

	1994
	£000
Land and buildings analysis	
Cost	5,134
Valuations: 1978	195
1988	5,413
	<hr/>
	10,742
Less: revaluation surpluses	(743)
	<hr/>
Historical cost	9,999
Less: depreciation	(1,847)
	<hr/>
Net historical cost value at 31 December 1994	8,152
	<hr/>
Net historical cost value at 31 December 1993	6,706
	<hr/>

8. Commitments

	1994	1993
	£000	£000
Capital projects		
At 31 December 1994 the directors had authorised the following expenditure on capital projects		
- contracted but not provided for	1,341	433
- authorised but not contracted for	3,079	184
	<hr/>	<hr/>
	4,420	617
	<hr/>	<hr/>
	Land & buildings	Other
	£000	£000
Operating leases		
At 31 December 1994 the company's annual commitments in respect of operating leases were		
Leases which expire		
- in less than one year	-	9
- in one to five years	-	16
- after five years	3	1
	<hr/>	<hr/>
	3	26
	<hr/>	<hr/>

CRODA WORLD TRADERS LTD
NOTES TO THE ACCOUNTS

9. Investments in subsidiary undertakings

	1994 £000
Cost less amounts written off	
At 1 January 1994 and at 31 December 1994	3,272

Shares in subsidiary undertakings are stated at cost less amounts written off.

The principal subsidiary undertakings are listed below. All the companies are wholly owned and are dormant. A full list of subsidiary undertakings is attached to the company's latest annual return as required by S.231 Companies Act 1985.

United Kingdom subsidiary undertakings
(Registered in England)

Croda Bakery Services Ltd
John L Seaton & Company Ltd
Croda Food Services Ltd
Croda Kerr Ltd

In the opinion of the directors the value of the investments in subsidiary undertakings is not less than the amounts at which they are stated in the balance sheet.

10. Stocks

	1994 £000	1993 £000
Raw materials	2,408	2,374
Work in progress	451	441
Finished stocks	6,331	7,212
	<hr/> 9,190	<hr/> 10,027

The replacement cost of stocks held at 31 December 1994 and 31 December 1993 was not materially different from the amounts shown above.

11. Debtors

	1994 £000	1993 £000
Falling due within one year		
Trade debtors	9,711	7,830
Amounts owed by Group undertakings	954	868
Other debtors	285	239
Prepayments and accrued income	175	174
	<hr/> 11,125	<hr/> 9,111
Falling due after more than one year		
Pension fund prepayment	-	4,409

CRODA WORLD TRADERS LTD
NOTES TO THE ACCOUNTS

12. Creditors: amounts falling due within one year

	1994	1993
	£000	£000
Bank loans and overdrafts	6,952	7,348
Obligations under finance leases	41	43
Trade creditors	5,026	4,778
Amounts due to Croda International Plc	431	427
Amounts due to Group undertakings	1,075	991
Corporate taxation	1,880	1,219
Other taxation and social security	143	142
Other creditors	412	133
Accruals and deferred income	1,500	1,362
	<hr/>	<hr/>
	17,460	16,443
	<hr/>	<hr/>

13. Creditors: amounts falling due after more than one year

Obligations under finance leases payable		
- between one and five years	9	37
Amounts due to Croda International Plc	13,795	12,755
Deferred taxation on pension fund prepayment	-	1,455
	<hr/>	<hr/>
	13,804	14,247
	<hr/>	<hr/>

14. Deferred taxation

	1994	1993
	£000	£000
Potential amount for all timing differences		
Timing differences due to		
Excess of capital allowances over depreciation	2,668	2,334
Capital gains deferred by roll over relief	546	366
Other	-	1,455
	<hr/>	<hr/>
	3,214	4,155
	<hr/>	<hr/>

United Kingdom potential deferred taxation is based on a rate of corporation tax of 33% (1993 - 33%).

No provision for deferred taxation is made in the accounts because in the opinion of the directors no such taxation is likely to be payable in the foreseeable future.

CRODA WORLD TRADERS LTD
NOTES TO THE ACCOUNTS

NOTES TO THE ACCOUNTS

15. Share capital

	Authorised 1994 £000	1993 £000	Issued and fully paid 1994 £000	1993 £000
Ordinary shares of 25p	8,000	8,000	7,213	7,213
4.9% cumulative preference shares of £1	750	750	750	750
	<hr/>	<hr/>	<hr/>	<hr/>
	8,750	8,750	7,963	7,963
	<hr/>	<hr/>	<hr/>	<hr/>

16. Shareholders' funds

	Share capital £000	Revaluation reserve £000	Profit and loss account £000	Total shareholders funds £000
At 1 January 1994 as previously stated	7,963	2,604	4,941	15,508
Prior year adjustment	-	-	(2,954)	(2,954)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 1 January 1994 as restated	7,963	2,604	1,987	12,554
Profit for the financial year	-	-	3,459	3,459
Dividends	-	-	(2,000)	(2,000)
Realised loss on disposal of land and buildings	-	(18)	18	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	7,963	2,586	3,464	14,013
	<hr/>	<hr/>	<hr/>	<hr/>

The cumulative pension fund prepayment at 31 December 1993 of £4,409,000 net of deferred taxation at 33%, has been reversed as a prior year adjustment. The directors are now of the view that the allocation among the group's UK operating companies of the pension fund prepayment calculated for the group as a whole is not meaningful because in arriving at the actuarial value of the UK pension schemes separate calculations were not performed in respect of each company's employees. The position for the group as a whole is reflected in the consolidated accounts.

17. Pension obligations

The company's employees are members of group schemes.

The principal schemes are of the defined benefit type with assets held in separate trustee administered funds.

Details of the latest actuarial valuations and the assumptions underlying them are contained in the financial statements of Croda International Plc, the ultimate parent company.

CRODA WORLD TRADERS LTD
NOTES TO THE ACCOUNTS

18. Directors and employees

Directors' remuneration

	1994	1993
Remuneration as executives	£89,651	£130,142

Remuneration (excluding pension contributions)
of directors employed wholly or mainly in the UK

Chairman	-	-
Highest paid director	£72,037	£65,698

Other directors

Exceeding £	Not Exceeding £	1994 number	1993 number
	Nil	2	2
15,000	20,000	1	-
60,000	65,000	-	1

Employment costs

Employment costs of all employees including directors

	1994 £000	1993 £000
Wages and salaries	8,698	8,653
Social Security costs	713	689
Other pension costs	-	(706)

9,411	8,636
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Employee Numbers

	number	number
The average number of persons employed was	484	501

19. Ultimate parent company

The ultimate parent company is Croda International Plc, a company registered in England. Croda International Plc Group is the largest and smallest group of which the company is a member and for which Group accounts are prepared. Copies of the Group Accounts can be obtained from the Company Secretary at the registered office of the company.