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**PAN BRITANNICA INDUSTRIES
LIMITED**

Report and Accounts
COMPANIES HOUSE
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30 September 1992

PAN BRITANNICA INDUSTRIES LIMITED**DIRECTORS' REPORT - YEAR ENDED 30 SEPTEMBER 1992**

Directors: Dr D G Hessayon (Chairman)
M Hatakeyama
J C W Tear
K Shima
Y Oda
H Ujita
Y Yoshida

Secretary: G R Chisholm

Registered Office: Britannica House, Waltham Cross, Herts EN8 7DY
Registered Number: 269422

The directors have pleasure in presenting their report and the company's accounts for the year ended 30 September 1992.

ACCOUNTS

The accounts for the year show a loss after taxation of £2,841,000. The directors recommend that no dividend should be paid, leaving a loss carried forward of £1,106,000.

ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

During the year the company has continued to manufacture and distribute agricultural, horticultural, garden and other allied products.

The company has maintained its market share in the UK garden products market but trading in the UK agrochemicals market again suffered from abnormal weather conditions. In addition, trading remained increasingly difficult in the face of the continued recession which has cut demand for Garden Products and the reduced use of pesticides due to the depressed state of the Agricultural market. The company has continued to develop its activities in the D-I-Y field.

The company looks to a future of expansion in its markets at home and abroad.

RESEARCH AND DEVELOPMENT

The company continues to be involved in the research and development of agricultural and garden chemicals and D-I-Y products. Several new products will be launched in 1993.

DIRECTORS

The directors of the company are set out at the head of this report. Dr D G Hessayon, Mr M Hatakeyama, Mr J C W Tear, Mr Y Oda, Mr H Ujita and Mr Y Yoshida held office throughout the financial year. Mr J F C Deether did not stand for re-election at the Annual General Meeting on 30 January 1992. Mr K Shima was appointed a director of the company on 29 June 1992. Mr K Shima retires in accordance with the Articles of Association and, being eligible, offers himself for re-election.

PAN BRITANNICA INDUSTRIES LIMITED**DIRECTORS' REPORT - YEAR ENDED 30 SEPTEMBER 1992****DISABLED PERSONS**

It is the company's policy to give full consideration to suitable applications for employment by disabled persons.

Opportunities also exist for employees of the company who become disabled, to continue in their employment or to be trained for other positions in the company's employment.

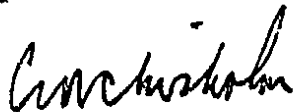
EMPLOYEE INVOLVEMENT

The company maintains established channels for communication and consultation with employees. These include a bi-monthly newspaper, notice boards, a health and safety committee and a year end report by the Chairman and Managing Director to the employees. Involvement in the company's performance is encouraged by bonus and suggestion schemes.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Ernst & Young as auditors of the company will be put to the members at the Annual General Meeting.

By order of the board



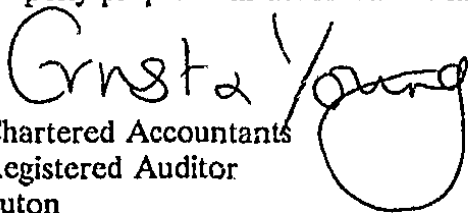
G R Chisholm
Secretary

30 November 1992

REPORT OF THE AUDITORS
to the members of Pan Britannica Industries Limited

We have audited the accounts on pages 4 to 14 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 September 1992 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
Registered Auditor
Luton

30 November 1992

PAN BRITANNICA INDUSTRIES LIMITED


PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1992

	Note	1992 £'000	1991 £'000
TURNOVER	2	27,083	27,321
Increase/(Decrease) in stocks of finished goods, work-in-progress and goods for resale		<u>1,383</u>	<u>(138)</u>
		28,466	27,183
OPERATING COSTS	3	<u>31,443</u>	<u>28,308</u>
OPERATING LOSS	4	(2,977)	(1,125)
Interest receivable		<u>8</u>	<u>64</u>
Interest payable	6	<u>(2,969)</u> <u>420</u>	<u>(1,061)</u> <u>33</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,389)	(1,094)
Taxation	7	<u>(548)</u>	<u>(390)</u>
LOSS FOR THE FINANCIAL YEAR		(2,841)	(704)
DIVIDENDS		<u>-</u>	<u>-</u>
LOSS FOR THE YEAR		(2,841)	(704)
RETAINED PROFIT BROUGHT FORWARD		<u>1,735</u>	<u>2,439</u>
(LOSS)/RETAINED PROFIT CARRIED FORWARD		<u>(1,106)</u>	<u>1,735</u>

PAN BRITANNICA INDUSTRIES LIMITED

BALANCE SHEET - 30 SEPTEMBER 1992

	Note	1 9 9 2		1 9 9 1	
		£'000	£,000	£'000	£'000
FIXED ASSETS					
Intangible Assets	8		720		800
Tangible Assets	9		3,579		3,573
CURRENT ASSETS					
Stocks	11	8,264		6,454	
Debtors	12	10,355		10,182	
Amounts owed by Group Companies		86		161	
Corporation Tax recoverable		920		371	
Cash at bank and in-hand	13	<u>37</u>		<u>397</u>	
		19,662		17,565	
CREDITORS: Amounts falling due within one year					
Amounts owed to subsidiary undertakings		2		2	
Amounts owed to Group Companies		94		-	
Trade and other creditors	14	5,454		6,358	
Bank Overdrafts	13	<u>3,674</u>		<u>-</u>	
		9,224		6,360	
NET CURRENT ASSETS			10,438		11,205
TOTAL ASSETS LESS CURRENT LIABILITIES			14,737		15,578
CAPITAL AND RESERVES					
Called up share capital	16		1,570		1,550
Share Premium Account			11,730		9,750
Other reserves:					
Capital			511		511
Revenue			2,032		2,032
Profit and Loss Account			(1,106)		1,735



D G Hessayon

Directors



M Hatakeyama

30 November 1991

14,737

15,578

PAN BRITANNICA INDUSTRIES LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 1992

	Note	1992 £'000	1991 £'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	3(b)	(5,123)	(541)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		8	68
Interest paid		(420)	(33)
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(412)	35
TAXATION			
Corporation tax paid		-	(235)
Guernsey Income Tax		(1)	(6)
TAX PAID		(1)	(241)
INVESTING ACTIVITIES:			
Payments to acquire intangible fixed assets		-	(800)
Payments to acquire tangible fixed assets		(500)	(783)
Receipts from sales of tangible fixed assets		2	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(498)	(1,583)
NET CASH OUTFLOW BEFORE FINANCING		(6,034)	(2,330)
FINANCING:			
Issue of ordinary share capital	16	(2,000)	(800)
NET CASH INFLOW FROM FINANCING		(2,000)	(800)
DECREASE IN CASH AND CASH EQUIVALENTS	13	(4,034)	(1,530)
		(6,034)	(2,330)

PAN BRITANNICA INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1992

1 ACCOUNTING POLICIES

(a) Accounting Convention.

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

(b) Depreciation

No depreciation is provided on freehold land. The costs of other fixed assets are written off over their estimated effective lives on the bases and at the rates set out below:

Freehold buildings - Straight line basis at 5% pa.

Leasehold property - Straight line basis during the term of the leases.

Plant and Machinery - Straight line basis at 10% or 7½% pa except for a minority of items to which a rate of 20% pa on the reducing balance basis applies.

Computer Equipment - Straight line basis at 20% pa.

Motor Vehicles - Reducing balance basis at 33.1/3% pa.

(c) Intangible assets : Goodwill, patents and trademarks.

The costs of goodwill, patents and trademarks if not material are written off in the year in which they are incurred. Material amounts are written off on a straight line basis over the estimated useful lives of the assets.

(d) Stocks

Stocks are valued on a 'first in, first out' basis at the lower of cost (including works overheads in the case of work in progress and finished goods) and net realisable value.

(e) Research and Development

Expenditure on research and development is written off against profits in the year in which it is incurred.

(f) Deferred Taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

(g) Leased Assets

Rentals in respect of operating leases are charged to the profit and loss account when incurred.

PAN BRITANNICA INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1992

2 TURNOVER

Turnover represents the net invoiced amount of goods sold and services provided excluding value added tax.

An analysis of turnover by geographical market is given below:

	1992 £'000	1991 £'000
UK Home	25,227	25,600
UK Export	<u>1,856</u>	<u>1,721</u>
	<u>27,083</u>	<u>27,321</u>

3 OPERATING COSTS

	1992 £'000	1991 £'000
(a) This is stated after charging:		
Raw materials and consumables	16,617	14,235
Other external charges	2,042	2,565
Staff costs: Wages and salaries	6,434	5,672
Social security costs	556	464
Other pension costs	557	495
Depreciation	611	492
Other operating charges	<u>4,626</u>	<u>4,385</u>
	<u>31,443</u>	<u>28,308</u>
	1992 £'000	1991 £'000

(b) Reconciliation of operating loss to net cash outflow from operating activities:

Operating loss	(2,977)	(1,125)
Depreciation	533	492
Amortisation of intangible fixed assets	80	—
Profit on disposal of fixed assets	(2)	—
Increase in debtors	(98)	(662)
(Increase)/Decrease in stocks	(1,810)	69
(Decrease)/Increase in creditors	<u>(849)</u>	<u>685</u>
Net cash outflow from continuing operating activities	<u>(5,123)</u>	<u>(541)</u>

PAN BRITANNICA INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1992

4 OPERATING (LOSS)/PROFIT

	1992 £'000	1991 £'000
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This is stated after charging:

(a) Directors' emoluments (see below)	403	418
Auditors' remuneration	25	25
Hire of plant and machinery under operating leases	666	601
Leasehold property rents	205	205
Research and development expenditure	<u>334</u>	<u>268</u>

(b) Directors' emoluments

Fees	-	-
Other emoluments, including pension contributions	<u>403</u>	<u>418</u>

Directors' emoluments, excluding pension contributions:

	1992	1991
Chairman	£120,496	£85,244

Other directors in scale:

	1992 Number of directors	1991 Number of directors
£ nil - £5,000	2	3
£ 5,001 - £10,000	-	1
£10,001 - £15,000	1	-
£20,001 - £25,000	1	1
£40,001 - £45,000	-	2
£45,001 - £50,000	-	1
£50,001 - £55,000	1	-
£55,001 - £60,000	-	1
£75,001 - £80,000	1	-
£80,001 - £85,000	-	1
£85,001 - £90,000	1	-

5 EMPLOYEES

The average number of persons employed by the company during the year, including directors:

	1992 Number of employees	1991 Number of employees
Management and administration	235	235
Production	<u>142</u>	<u>126</u>
	377	361

6 INTEREST PAYABLE

	1992 £'000	1991 £'000
Bank loans and overdrafts	283	33
Other loans	<u>137</u>	<u>-</u>
	420	33

PAN BRITANNICA INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1992

7 TAXATION

	1992 £'000	1991 £'000
Based on loss for the year:		
Corporation Tax at 33%	(578)	(371)
Corporation Tax under/(over) provided in previous years	<u>30</u>	<u>(19)</u>
	<u>(548)</u>	<u>(390)</u>

Subject to agreement with HM Inspector of Taxes there are losses of approximately £1,130,000 to carry forward.

8 INTANGIBLE FIXED ASSETS

	£'000
Cost:	
At 1 October 1991 and 30 September 1992	<u>800</u>
Amortisation:	
At 1 October 1991	-
Provided during the year	<u>80</u>
At 30 September 1992	<u>80</u>
Net book value:	
At 30 September 1992	<u><u>720</u></u>
At 1 October 1991	<u><u>800</u></u>

The cost represents the acquisition of technical 'know-how', patents etc, in relation to a range of garden products and will be amortised over a period of ten years.

9 TANGIBLE FIXED ASSETS

	Land & Buildings £'000	Motor Vehicles £'000	Plant & Machinery £'000	Total £'000
Cost:				
At 30 September 1991	1,816	97	5,539	7,452
Additions	66	-	473	539
Disposals	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>(23)</u>
At 30 September 1992	<u>1,882</u>	<u>97</u>	<u>5,989</u>	<u>7,968</u>
Depreciation				
At 30 September 1991	616	70	3,193	3,879
Provided during the year	71	9	453	533
Disposals	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>(23)</u>
At 30 September 1992	<u>687</u>	<u>79</u>	<u>3,623</u>	<u>4,389</u>
Net book value at 30 September 1992	<u>1,195</u>	<u>18</u>	<u>2,366</u>	<u>3,579</u>
Net book value at 30 September 1991	<u>1,200</u>	<u>27</u>	<u>2,346</u>	<u>3,573</u>

PAN BRITANNICA INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1992

9 TANGIBLE FIXED ASSETS (contd.)

The net book value of land and buildings comprises:

	1992 £'000	1991 £'000
Freehold	795	796
Long Leasehold	356	357
Short Leasehold	<u>44</u>	<u>47</u>
	1,195	1,200
	<u> </u>	<u> </u>

10 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	1992 £'000	1991 £'000
Shares at cost, less amounts written off	-	-
	<u> </u>	<u> </u>

The company's subsidiary undertakings, all of which are wholly owned, dormant and registered in England and Wales:

Company
 Plantcare Limited
 Turbair Limited
 Petcare (UK) Limited
 pbi Agrochemicals Limited
 pbi Home and Garden Products Limited
 pbi Publications Limited
 pbi (UK) Limited

Group accounts are not prepared as the company is a wholly owned subsidiary undertaking of another company registered in England and Wales.

In the opinion of the directors, the net aggregate value of the subsidiaries is not less than the amount at which these investments are included in the balance sheet.

11 STOCKS

	1992 £'000	1991 £'000
Raw materials and consumables	2,617	2,190
Work-in-progress	797	924
Finished goods and goods for resale	<u>4,855</u>	<u>3,340</u>
	8,264	6,454
	<u> </u>	<u> </u>

Replacement cost is considered not to be materially different.

PAN BRITANNICA INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1992

12 DEBTORS

	1992 £'000	1991 £'000
Trade debtors	9,819	9,850
Other debtors	153	20
Prepayments and accrued income	<u>383</u>	<u>312</u>
	10,355	10,182
	<u> </u>	<u> </u>

13 CASH AND CASH EQUIVALENTS

Analysis of balances and changes during the current and previous year:

	1992 £'000	1991 £'000	Change in Year £'000
Cash at bank and in hand	37	397	(360)
Bank Overdraft	<u>(3,674)</u>	<u>—</u>	<u>(3,674)</u>
	(3,637)	397	(4,034)
	<u> </u>	<u> </u>	<u> </u>
	1991 £'000	1990 £'000	Change in Year £'000
Cash at bank and in hand	<u>397</u>	<u>1,927</u>	<u>(1,530)</u>

14 TRADE AND OTHER CREDITORS

	1992 £'000	1991 £'000
Trade creditors	4,348	5,304
Other taxes and social security costs	769	766
Other creditors	35	55
Accruals	<u>302</u>	<u>233</u>
	5,454	6,358
	<u> </u>	<u> </u>

Trade creditors include an amount of £272,000 (1991 - £3,149,000) owing to suppliers who include retention of title clauses in their conditions of sale.

15 DEFERRED TAXATION

	1992 £'000	1991 £'000
At 30 September there was a contingent liability for deferred taxation in respect of:		
Capital allowances in advance of depreciation	496	443
Relief for losses and other timing differences	<u>(413)</u>	<u>20</u>
	83	463
	<u> </u>	<u> </u>

No deferred tax has been provided in the accounts since the directors do not believe that timing differences will reverse within the foreseeable future.

PAN BRITANNICA INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1992

16 SHARE CAPITAL	Authorised		Allotted called up and fully paid	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Ordinary shares of £1 each	2,750	2,750	1,550	1,550
Redeemable preference shares of £1 each	<u>20</u>	<u>-</u>	<u>20</u>	<u>-</u>
	<u>2,770</u>	<u>2,750</u>	<u>1,570</u>	<u>1,550</u>

During the year, the authorised capital was increased by 20,000 redeemable preference shares of £1 each. These were issued fully paid for cash of £2,000,000 in order to maintain the level of working capital. They are redeemable after 29 November 1992 at the discretion of the directors and at a premium of £99 per share.

17 FINANCIAL COMMITMENTS

1992
£'000 1991
£'000

At 30 September approved future capital expenditure amounted to:

Contracted	87	171
Not contracted	<u>456</u>	<u>800</u>

The annual commitment under non-cancellable operating leases was as follows:

	Land and Buildings		Plant and Machinery	
	1992 £'000	1991 £'000	1992 £,000	1991 £,000
Leases expiring:				
Within one year	36	36	126	110
Within two to five years	-	-	274	360
Thereafter	<u>168</u>	<u>168</u>	<u>-</u>	<u>-</u>
	<u>204</u>	<u>204</u>	<u>400</u>	<u>470</u>

18 PARTICULARS OF TRANSACTIONS INVOLVING DIRECTORS AND OTHERS

Author's royalty agreements subsist between Dr D G Hessayon and the company. The royalties were 10% of the cover price of pbi publications sold and amounted to £459,214 for the year. (1991 - £476,086)

PAN BRITANNICA INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1992

19 PENSION COMMITMENTS

The company operates a defined benefit scheme which is funded by the payment of contributions to a separately administered trust fund.

The contributions to the scheme are determined with the advice of independent qualified actuaries using the projected unit credit method. The results of the most recent valuation, which was conducted as at 1 April 1991 when the assets were transferred from the Tennants Consolidated Limited Pension Fund, were as follows:

Main assumptions:

Rate of return on investments	9% per annum
Rate of salary increases	8% per annum
Rate of pension increases	5% per annum

Market value of scheme's assets	£6,119,170
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Level of funding being the actuarial value of assets expressed as a percentage of benefits accrued to members, after allowing for future salary increases.	100%
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Pension costs are charged to the profit and loss account so as to spread the cost over the employees' service lives.

20 HOLDING COMPANY

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Sumitomo Corporation, incorporated in Japan, and the parent undertaking of the smallest such group is Pan Britannica Holdings Limited, registered in England and Wales.

Copies of Pan Britannica Holdings Limited's accounts can be obtained from the Registrar of Companies, Crown Way, Maindy, Cardiff CF4 30Z