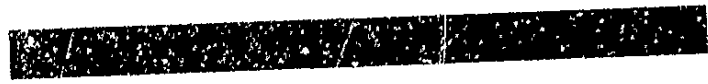


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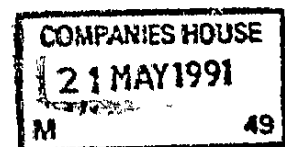


DIRECTORS' REPORT AND ACCOUNTS

Pan Britannica Industries  
Limited



30 SEPTEMBER 1990



**Ernst & Young**

# PAN BRITANNICA INDUSTRIES LIMITED

## DIRECTORS' REPORT - YEAR ENDED 30 SEPTEMBER 1990

Directors: Dr D G Hessayon (Chairman)  
M Hatakeyama  
J N Adkins  
A Nishijo  
K Sakano  
H Sakita  
J C W Tear  
H Ujita

Secretary: G R Chisholm

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

The directors have pleasure in presenting their report and the company's accounts for the year ended 30 September 1990.

### ACCOUNTS

The accounts for the year show a profit after taxation of £456,000 and after payment of the dividend on the ordinary shares of £10,000,000, unappropriated profits carried forward are £2,439,000.

### 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. The company has continued to develop its activities in the D-I-Y field.

On 28 September 1990 the company was acquired by Sumitomo Corporation, Japan. Under its new ownership 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 1991.

### DIRECTORS

The directors of the company are set out at the head of this report. Dr D G Hessayon, Mr J N Adkins and Mr J C W Tear held office throughout the financial year. Mr K A Alexander and Dr W B Alexander resigned on 28 September 1990. On the same day Mr M Hatakeyama, Mr A Nishijo, Mr K Sakano, Mr H Sakita and Mr H Ujita were appointed directors of the company. These five directors retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT - YEAR ENDED 30 SEPTEMBER 1990

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 to a meeting of employees. Involvement in the company's performance is encouraged by bonus and suggestion schemes.

AUDITORS

In accordance with Section 384 of The Companies Act, 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

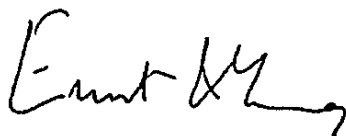
29 November 1990

# Ernst & Young

## REPORT OF THE AUDITORS TO THE MEMBERS OF PAN BRITANNICA INDUSTRIES LIMITED

We have audited the accounts on pages 4 to 13 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 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants

London

29 November 1990



## PAN BRITANNICA INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 1990

	Note	1990 £'000	1989 £'000
TURNOVER	2	26,430	29,725
Increase/(Decrease) in stocks of finished goods, work-in-progress and goods for resale		<u>584</u>	<u>454</u>
		27,014	30,179
OPERATING COSTS	3	<u>26,554</u>	<u>28,669</u>
OPERATING PROFIT	4	460	1,510
Interest receivable		<u>293</u>	<u>422</u>
		753	1,932
Interest payable	6	<u>42</u>	<u>29</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		711	1,903
Taxation	7	<u>255</u>	<u>725</u>
PROFIT FOR THE FINANCIAL YEAR		456	1,178
DIVIDENDS		<u>10,000</u>	<u>250</u>
RETAINED (LOSS)/PROFIT FOR THE YEAR		(9,544)	928
RETAINED PROFIT BROUGHT FORWARD		<u>11,983</u>	<u>11,055</u>
RETAINED PROFIT CARRIED FORWARD		<u>2,439</u>	<u>11,983</u>

## PAN BRITANNICA INDUSTRIES LIMITED

BALANCE SHEET - 30 SEPTEMBER 1990

	Note	1 9 9 0		1 9 8 9	
		£'000	£,000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible Assets	1		-		-
Tangible Assets	8		3,221		2,947
<b>CURRENT ASSETS</b>					
Stocks	10	6,523		6,650	
Debtors	11	9,662		10,609	
Amounts owed by Group Companies	17			-	
Cash at bank and in-hand		<u>1,927</u>		<u>3,225</u>	
		18,135		20,484	
<b>CREDITORS: Amounts falling due within one year</b>					
Amounts owed to Group Companies		-		63	
Amounts owed to subsidiaries		2		2	
Trade and other creditors	12	5,612		6,450	
Current Corporation Tax		260		1,640	
Proposed dividend		<u>-</u>		<u>250</u>	
		5,874		8,405	
<b>NET CURRENT ASSETS</b>			<u>12,261</u>		<u>12,079</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>15,482</u>		<u>15,26</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		750		500
Share Premium Account	14		9,750		-
<b>Other reserves:</b>					
Capital			511		511
Revenue			2,032		2,032
Profit and Loss Account			2,439		11,983
					
D G Hessayon					
					
J C W Tear					
29 November 1990					
			<u>15,482</u>		<u>15,026</u>

## PAN BRITANNICA INDUSTRIES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 30 SEPTEMBER 1990

	1990 £'000	1989 £'000
<b>SOURCE OF FUNDS</b>		
Profit on ordinary activities before taxation	711	1,903
Depreciation (plus loss/less profit on disposal of fixed assets)	<u>453</u>	<u>409</u>
Total generated from operations	1,164	2,312
<b>FUNDS FROM OTHER SOURCES</b>		
Issue of shares	10,000	-
Disposal of fixed assets	<u>25</u>	<u>7</u>
	11,189	2,319
<b>APPLICATION OF FUNDS</b>		
Tax paid	1,635	895
Purchase of fixed assets	752	888
Dividends paid	<u>10,250</u>	<u>275</u>
	12,637	2,058
<b>(DECREASE)/INCREASE IN WORKING CAPITAL</b>	<u>(1,448)</u>	<u>261</u>
<b>Arising from movements in:</b>		
Stocks	(127)	882
Debtors	(924)	765
Creditors	901	10
Liquid Funds	<u>(1,298)</u>	<u>(1,396)</u>
	(1,448)	261

## PAN BRITANNICA INDUSTRIES LIMITED

## NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1990

## 1 ACCOUNTING POLICIES

## (a) Accounting Convention.

The accounts are prepared under the historical cost convention.

## (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 five years.

## (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 1990

## 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:

	1990 £'000	1989 £'000
UK Home	24,933	28,195
UK Export	<u>1,497</u>	<u>1,530</u>
	<u>26,430</u>	<u>29,725</u>

## 3 OPERATING COSTS

	1990 £'000	1989 £'000
Raw materials and consumables	14,034	15,493
Other external charges	1,896	2,370
Staff costs: Wages and salaries	5,182	5,329
Social security costs	442	464
Other pension costs	362	302
Depreciation	453	409
Other operating charges	<u>4,185</u>	<u>4,302</u>
	<u>26,554</u>	<u>28,669</u>

## 4 OPERATING PROFIT

	1990 £'000	1989 £'000
This is stated after charging:		
(a) Directors' emoluments (see below)	196	173
Auditors' remuneration	23	20
Hire of plant and machinery under operating leases	560	575
Leasehold property rents	197	230
Research and development expenditure	<u>213</u>	<u>208</u>
(b) Directors' emoluments		
Fees	1	1
Other emoluments, including pension contributions	<u>195</u>	<u>172</u>

## PAN BRITANNICA INDUSTRIES LIMITED

## NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1990

## 4 OPERATING PROFIT (Continued)

Directors' emoluments, excluding pension contributions:

	1990	1989
Chairman	£67,766	£63,717

The Chairman received additional emoluments from Tennants Consolidated Limited amounting to £12,118 (1989: Nil).

Other directors in scale:	1990 Number of directors	1989 Number of directors
£nil - £5,000	7	2
£20,001 - £25,000	-	1
£25,001 - £30,000	-	1
£40,001 - £45,000	-	1
£50,001 - £55,000	1	-
£55,001 - £60,000	1	-

One director (1989 - one) waived emoluments of £750 (1989 - £750) and two directors (1989 - two) waived emoluments of £500 (1989 - £500) each.

## (c) Certain employees

The number of employees of the company other than directors whose emoluments, excluding pension contributions, exceeded £30,000 was as follows:

	1990 Number of employees	1989 Number of employees
£30,001 - £35,000	6	3
£35,001 - £40,000	2	2
£40,001 - £45,000	2	-

## 5 EMPLOYEES

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

	1990 Number of employees	1989 Number of employees
Management and administration	236	241
Production	<u>147</u>	<u>181</u>
	383	422

## 6 INTEREST PAYABLE

	1990 £'000	1989 £'000
Bank loans and overdrafts	<u>42</u>	<u>29</u>

## PAN BRITANNICA INDUSTRIES LIMITED

## NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1990

## 7 TAXATION

	1990 £'000	1989 £'000
Based on profit for the year:		
Corporation Tax at 35%	265	701
Corporation Tax (over)/under provided in previous years	<u>(10)</u>	<u>24</u>
	255	725
	—	—

## 8 TANGIBLE FIXED ASSETS

	Land & Buildings £'000	Motor Vehicles £'000	Plant & Machinery £'000	Total £'000
Cost				
At 30 September 1989	1,488	135	4,313	5,936
Additions	176	24	552	752
Disposals	<u>-</u>	<u>(62)</u>	<u>(18)</u>	<u>(80)</u>
At 30 September 1990	<u>1,664</u>	<u>97</u>	<u>4,847</u>	<u>6,608</u>
Depreciation				
At 30 September 1989	490	75	2,424	2,989
Provided during the year	59	28	375	462
Disposals	<u>-</u>	<u>(47)</u>	<u>(17)</u>	<u>(64)</u>
At 30 September 1990	<u>549</u>	<u>56</u>	<u>2,782</u>	<u>3,387</u>
Net book value at 30 September 1990	<u>1,115</u>	<u>41</u>	<u>2,065</u>	<u>3,221</u>
Net book value at 30 September 1989	<u>998</u>	<u>60</u>	<u>1,889</u>	<u>2,947</u>

The net book value of land and buildings comprises:

	1990 £'000	1989 £'000
Freehold	748	629
Long Leasehold	350	351
Short Leasehold	<u>17</u>	<u>18</u>
	<u>1,115</u>	<u>998</u>
	—	—

## PAN BRITANNICA INDUSTRIES LIMITED

## NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1990

## 9 INVESTMENTS IN SUBSIDIARIES

	1990 £'000	1989 £'000
Shares at cost, less amounts written off	-	-

The company's subsidiaries, all of which are wholly owned, dormant and incorporated in Great Britain, are:

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 in the opinion of the directors, the expense involved would be out of proportion to the benefit to the members.

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.

## 10 STOCKS

	1990 £'000	1989 £'000
Raw materials and consumables	2,121	2,832
Work-in-progress	947	838
Finished goods and goods for resale	<u>3,455</u>	<u>2,980</u>
	6,523	6,650
Replacement cost is considered not to be materially different.		

## 11 DEBTORS

	1990 £'000	1989 £'000
Trade debtors	9,444	10,228
Other debtors	55	218
Prepayments and accrued income	<u>169</u>	<u>163</u>
	9,668	10,609

## PAN BRITANNICA INDUSTRIES LIMITED

## NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1990

## 12 TRADE AND OTHER CREDITORS

	1990 £'000	1989 £'000
Trade creditors	4,526	5,455
Other taxes and social security costs	696	668
Other creditors	43	35
Accruals	<u>347</u>	<u>292</u>
	<u>5,612</u>	<u>6,450</u>

Trade creditors include an amount of £3,100,000 (1989 - £1,642,000) owing to suppliers who include retention of title clauses in their conditions of sale.

## 13 DEFERRED TAXATION

	1990 £'000	1989 £'000
At 30 September there was a contingent liability for deferred taxation in respect of:		
Accelerated capital allowances	503	444
Other timing differences	<u>(39)</u>	<u>(56)</u>
	<u>464</u>	<u>388</u>

## 14 CALLED UP SHARE CAPITAL

	1990 £'000	1989 £'000
Authorised: ordinary shares of £1 each	750	750
Allotted, called up and fully paid	<u>750</u>	<u>500</u>

During the year, to maintain working capital, 250,000 ordinary shares of £1 each were allotted for a total consideration of £10,000,000, giving rise to a share premium of £9,750,000.

## 15 FINANCIAL COMMITMENTS

	1990 £'000	1989 £'000
At 30 September approved future capital expenditure amounted to:		
Contracted	45	149
Not contracted	<u>700</u>	<u>726</u>

## NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1990

## 15 FINANCIAL COMMITMENTS (Continued)

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

	Land & Buildings		Plant & Machinery	
	1990	1989	1990	1989
	£'000	£'000	£,000	£,000
Leases expiring:				
Within one year	-	-	119	86
Within two to five years	29	29	341	351
Thereafter	<u>168</u>	<u>168</u>	<u>-</u>	<u>-</u>
	197	197	460	437
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

## 16 PARTICULARS OF TRANSACTIONS INVOLVING DIRECTORS AND OTHERS

Author's royalty agreements subsist between Dr D G Hessayon and the company. The royalties were 6% or 7% of the cover price of pbi publications, depending on the titles sold, and amounted to £237,177 for the year. (1989 - £211,941)

## 17 PENSION COMMITMENTS

During the year the company was a member of the Tennants Consolidated Limited Pension Fund. The fund operated a defined benefits type scheme and contributions were based on pension costs across the UK member companies as a whole. Pension costs were charged to the profit and loss account so as to spread the cost over the employees' periods of service and pension benefits were funded over the same periods. Contributions were based on the advice of a professionally qualified actuary.

Following the change of ownership of the company, a new contributory pension fund for its employees is being established. Assets will be transferred from the Tennants Consolidated Limited Pension Fund sufficient to provide accrued past service benefits, making allowance for projected increases in salary to normal retirement date, as established by independent actuaries.

## 18 HOLDING COMPANY

The ultimate holding company is Sumitomo Corporation, a company incorporated in Japan.