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STAFFORD-MILLER LIMITED
AND ITS SUBSIDIARY
COMPANY

ACCOUNTS 31 DECEMBER 1982



STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY

REPORT OF THE DIRECTORS FOR THE YEAR
ENDED 31 DECEMBER 1982

1 The directors present herewith the audited accounts for the year ended 31 December 1982.

Results

2 The group profit and loss account and statement of retained profits are set out on page 5.

Dividend

3 The directors have declared and paid a dividend of £1,100,000 in respect of the year ended 31 December 1982.

Principal activities and products of the group

4 The principal activities of the group are the manufacture, distribution and sale of pharmaceutical and toiletry products. Stafford-Miller Limited operates a branch in Australia. On 1 January 1983 the business, assets and liabilities of the company's subsidiary, Libra Products (Newport) Limited were transferred to Stafford-Miller Limited.

Analysis of turnover

5 The proportions in which the turnover for the past year are attributable to the different aspects of the group's business were:-

	<u>Turnover</u>	
	<u>1982</u>	<u>1981</u>
	<u>%</u>	<u>%</u>
Denture and dental care	85	85
Ethical pharmaceutical products	13	12
Proprietary drugs	2	3
	<u>100</u>	<u>100</u>

Changes in fixed assets

6 The movements in fixed assets during the year are set out in note 7 to the accounts.

Market value of interests in land

7 In the opinion of the directors, the current open market value on an existing use basis of the freehold land and buildings of the company is not less than the amount of £1,302,825 at which they are included in the balance sheet at 31 December 1982. A professional valuation on an existing use basis carried out as at 5 April 1981 placed a value of £2,650,000 on the company's land and buildings.

Directors

8 The directors of the company at 31 December 1982 all of whom have been directors for the whole year ended on that date unless otherwise stated were:-

Mr L N Block	(U.S.A.) (Chairman)
Mr J A Block	(U.S.A.)
Mr T R Block	(U.S.A.)
Mrs S Stearns	(U.S.A.)
Mr V F Kelly	(deceased 6 April 1982)
Mr V T Kelly	
Mr A J Devaney	
Mr A W Hughes	
Mr R Lenton	(appointed 30 April 1982)
Mr D Izzard-Brown	(appointed 30 April 1982)

Directors' interests in shares of the company

9 According to the Register maintained by the company for the purpose of Section 27 of the Companies Act 1967, no director had at any time during the year ended 31 December 1982 any beneficial interest in the shares of the company or any other group company which is required to be notified to the company. For this purpose the directors are exempt from notifying the company of any interest in shares of a company incorporated outside the United Kingdom.

Average number of employees and their remuneration

10 The average number of persons employed by the group in the United Kingdom during the year ended 31 December 1982 was 305 (1981 - 315). The aggregate remuneration paid or payable in respect of the year to these employees amounted to £1,911,914 (1981 - £1,771,180).

Political and charitable contributions

11 Contributions made by the group during the year for charitable purposes amounted to £371. No political contributions were made.

Employment of disabled persons

12 It is the policy of the company to recruit disabled persons when appropriate vacancies are available. At present, the company employs a number of disabled persons, and their training, career development and promotion are the same as for other company employees.

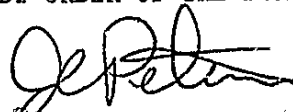
Close company provisions

13 As far as the directors are aware the company is a close company as defined by the Income and Corporation Taxes Act 1970, as amended. The directors do not anticipate any apportionment of income in respect of the year ended 31 December 1982.

Auditors

14 A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD


X J Peters

LONDON 28 APR 1983

Secretary

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY

REPORT OF THE AUDITORS TO THE MEMBERS

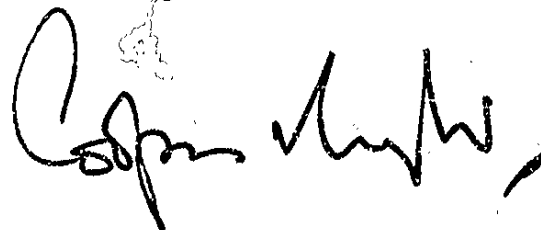
We have audited the financial statements on pages 5 to 24 in accordance with approved Auditing Standards.

In our opinion the financial statements on pages 5 to 19 which have been prepared under the historical cost convention give a true and fair view of the state of the affairs of the company and the group at 31 December 1982 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the supplementary current cost accounts on pages 20 to 24 have been properly prepared, in accordance with policies and methods described in the supplementary notes I to IV, to give the information required by Statement of Standard Accounting Practice No 16.

LONDON

28 April 1983



Chartered Accountants

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 1982

	<u>Notes</u>	<u>1982</u> £	<u>1981</u> £
TURNOVER	2	18,200,433	17,106,818
PROFIT BEFORE TAXATION	3	2,856,808	2,835,086
TAXATION	5	1,437,245	478,983
PROFIT AFTER TAXATION		1,419,563	2,356,103
EXTRAORDINARY ITEM	6	-	72,092
DIVIDEND PAID		1,100,000	1,032,500
RETAINED PROFIT FOR THE YEAR		£ 319,563	£1,395,695

STATEMENT OF RETAINED PROFITS

RETAINED PROFIT FOR THE YEAR	319,563	1,395,695
RETAINED PROFITS AT 1 JANUARY 1982	5,744,529	4,348,834
RETAINED PROFITS AT 31 DECEMBER 1982	£6,064,092	£5,744,529

Dealt with as follows:-

RETAINED BY:-

STAFFORD-MILLER LIMITED	6,082,299	5,696,565
SUBSIDIARY COMPANY (ACCUMULATED LOSSES)/ RETAINED PROFITS	(18,207)	47,964
	£6,064,092	£5,744,529

The notes on pages 9 to 19 form part of these accounts.

Auditors' report - page 4.

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY

CONSOLIDATED BALANCE SHEET - 31 DECEMBER 1982

	Notes	1982		1981	
		£	£	£	£
EMPLOYMENT OF CAPITAL					
FIXED ASSETS	7	2,214,473		2,156,107	
GOODWILL	1 (g)	19,716		29,716	
CURRENT ASSETS					
Stocks and work in progress	9	4,214,685		3,216,899	
Debtors and prepayments		3,567,376		3,479,881	
Bank balances and cash		633,683		1,085,554	
Amounts due from fellow subsidiaries		1,418,712		836,058	
		<u>9,834,456</u>		<u>8,618,392</u>	
Less:					
CURRENT LIABILITIES					
Creditors		1,650,218		1,461,626	
Taxation	10	2,079,225		1,536,804	
Amounts due to holding company		1,209,458		1,077,392	
Amounts due to fellow subsidiaries		19,737		16,313	
		<u>4,958,638</u>		<u>4,092,135</u>	
NET CURRENT ASSETS		4,875,818		4,526,257	
		<u>£7,110,007</u>		<u>£6,712,080</u>	
CAPITAL EMPLOYED					
SHARE CAPITAL	11	1,800		1,800	
RETAINED PROFITS		6,064,092		5,744,529	
		<u>6,065,892</u>		<u>5,746,329</u>	
DEFERRED TAXATION	12	1,044,115		965,751	
		<u>£7,110,007</u>		<u>£6,712,080</u>	

X V. G. Kelly
X A. J. Whelan

Directors

The notes on pages 9 to 19 form part of these accounts.

Auditors' report - page 4.

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY
 CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
 FOR THE YEAR ENDED 31 DECEMBER 1982

	1982	1981
	£	£
SOURCE OF FUNDS		
Profit before taxation	2,856,808	2,835,086
Add: Extraordinary item	—	103,592
Adjustments for items not involving the movement of funds:-		
Depreciation	190,356	185,101
Amortisation of goodwill	10,000	10,000
(Profit)/loss on sale of fixed assets	(1,893)	9,003
Exchange profit on fixed assets	(4,033)	(21,232)
Exchange loss on revaluation of opening balance on Australian income tax	3,206	13,263
TOTAL GENERATED FROM OPERATIONS	3,054,444	3,134,813
FUNDS FROM OTHER SOURCES		
Proceeds from sale of fixed assets	6,447	9,172
	3,060,891	3,134,985
APPLICATION OF FUNDS		
Dividend paid	(1,100,000)	(1,032,500)
Tax paid	(819,666)	(814,197)
Purchase of fixed assets	(249,243)	(216,839)
	(2,168,909)	(2,063,536)
	£ 891,982	£1,080,449
INCREASE/(DECREASE) IN WORKING CAPITAL		
Stocks	997,786	(233,428)
Debtors	87,495	822,812
Creditors	(188,592)	(346,020)
Amounts due to holding company and fellow subsidiaries	447,164	3,951
Movement in net liquid funds: (Decrease)/Increase in cash balances	(451,871)	833,134
	£891,982	£1,080,449

The notes on pages 9 to 19 form part of these accounts.

Auditors' report - page 4.

STAFFORD-MILLER LIMITED
BALANCE SHEET - 31 DECEMBER 1982

	Notes	1982 £	1981 £
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	7	2,047,244	2,116,653
GOODWILL	1 (g)	19,716	29,716
INTEREST IN SUBSIDIARY COMPANY	8	189,219	29,064
CURRENT ASSETS			
Stocks and work in progress	9	4,100,109	3,132,255
Debtors and prepayments		3,535,391	3,412,970
Bank balances and cash		633,433	1,082,757
Amounts due from fellow subsidiaries		1,418,712	836,058
		<u>9,687,645</u>	<u>8,464,040</u>
Less:			
CURRENT LIABILITIES			
Creditors		1,594,148	1,385,492
Taxation	10	2,079,225	1,516,676
Amounts due to holding company		1,209,458	1,077,392
Amounts due to fellow subsidiaries		19,737	16,313
		<u>4,902,568</u>	<u>3,995,873</u>
NET CURRENT ASSETS		<u>4,785,077</u>	<u>4,468,167</u>
		<u>£7,041,256</u>	<u>£6,643,600</u>
CAPITAL EMPLOYED			
SHARE CAPITAL	11	1,800	1,800
RETAINED PROFITS		6,082,299	5,696,565
		<u>6,084,099</u>	<u>5,698,365</u>
DEFERRED TAXATION	12	957,157	945,235
		<u>£7,041,256</u>	<u>£6,643,600</u>

[Handwritten signatures]
V. T. Keane
A. N. Devaney

Directors

The notes on pages 9 to 19 form part of these accounts.

Auditors' report - page 4.

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE ACCOUNTS - 31 DECEMBER 1982

1 Principal accounting policies

(a) Basis of preparation of accounts

These accounts have been prepared in compliance with Section 152 A of and Schedule 8A to the Companies Act 1948.

(b) Consolidation

The consolidated profit and loss account and balance sheet include the accounts of the parent company and its subsidiary company made up to the end of the financial year. Inter group sales and profits are eliminated on consolidation and all sales and profit figures relate only to external transactions.

(c) Depreciation

With the exception of motor vehicles, which are depreciated on a reducing balance basis, depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of the previous year, are:-

Freehold buildings	2%
Plant and machinery	7½% - 10%
Motor vehicles	15% - 25%
Furniture, fixtures and fittings	5% - 33 1/3%
Moulds	20% - 33 1/3%

Computer equipment is depreciated in equal instalments over 7 years. Freehold land is not depreciated.

(d) Regional development grants

Grants received or receivable on qualifying expenditure are applied in reduction of the fixed assets to which the grants relate. As a result grants are effectively credited to revenue over the expected useful lives of the related assets.

(e) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated to sterling at the rates of exchange ruling at the end of the financial year. Differences on exchange are included in profit before taxation. Revenue and expenses in foreign currencies are translated to sterling at the rate of exchange ruling at the date on which the amount recorded in the accounts was established. Any subsequent variations are included in profit before taxation.

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANYNOTES TO THE ACCOUNTS - 31 DECEMBER 1982 - continued

(f) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs; in the case of manufactured products cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which the stock can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from its existing state to a finished condition. Provision is made for any inventory items which are not expected to realise their full value in the normal course of business.

(g) Goodwill

Goodwill represents the excess of cost over the fair value of net tangible assets of companies or businesses purchased and is amortized using the straight line method over 5 years.

(h) Deferred taxation

Taxation deferred as a result of material timing differences is provided or released at the rate of taxation applicable in the period in which the timing difference occurs (the "deferral" method), except in respect of any tax reduction which can reasonably be expected to continue for the future. The full potential liability is set out in note 12.

(i) Pension scheme arrangements

The pension scheme of the company is funded externally. The projected benefits estimated to be payable by the scheme are based on projections of salaries payable to existing members of the scheme in their final years of employment by the company. Payments made to the fund to meet the cost of projected benefits are charged annually in these accounts; these payments, which comprise current service contributions and an element to meet back service contributions, are in amounts recommended by the consulting actuaries. The fund is valued tri-annually by the consulting actuaries.

2 Turnover

Turnover, which excludes value added tax and discounts allowed to customers, comprises the invoiced value of sales of goods and services to third parties.

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE ACCOUNTS - 31 DECEMBER 1982 - continued

3 Profit before taxation

	1982	1981
	£	£
Profit before taxation is stated after charging:-		
Auditors' remuneration		
Stafford-Miller Limited	15,392	15,249
Subsidiary company	<u>500</u>	<u>500</u>
	15,892	15,749
Depreciation	190,356	185,101
Emoluments of directors (note 4) (including pension contributions)		
For management	130,317	104,687
Pension paid to widow of former director	<u>-</u>	<u>550</u>
	130,317	105,237
Interest payable:-		
Bank overdraft	3,782	7,035
Loans repayable within five years due to parent company	<u>128,357</u>	<u>104,722</u>
	132,139	111,757
and after crediting:-		
(Profit)/loss on sale of plant and equipment	(1,893)	9,003
Interest income	163,026	138,393

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE ACCOUNTS - 31 DECEMBER 1982 - continued

4 Directors' Emoluments

Particulars of emoluments of directors of Stafford-Miller Limited excluding pension contributions, disclosed in accordance with Sections 6 and 7 of the Companies Act 1967, are as follows:-

	<u>1982</u>	<u>1981</u>
Emoluments of the chairman	-	-
Emoluments of the highest paid director	£35,337	£35,010
Numbers of other directors whose emoluments were within the ranges:-		
Nil to £ 5,000	3	3
£ 5,001 to £10,000	-	-
£10,001 to £15,000	-	-
£15,001 to £20,000	2	2
£20,001 to £25,000	3	-
£25,001 to £30,000	-	1

No director has waived the right to receive emoluments during the year.

5 Taxation

The group and the company

The charge for taxation is made up as follows:-

	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
On the profit of the year:-		
United Kingdom corporation tax at 52%: (1981 - 52%) - Stafford-Miller Limited	1,288,726	1,264,773
- Subsidiary company	-	20,128
Overseas taxation	84,862	65,167
Deferred taxation:-		
- Stafford-Miller Limited	11,922	34,118
- Subsidiary company	<u>66,442</u>	<u>15,740</u>
carried forward	1,451,952	1,399,926

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE ACCOUNTS - 31 DECEMBER 1982 - continued

	<u>1982</u> £	<u>1981</u> £
brought forward	1,451,952	1,399,926
Prior year items:-		
United Kingdom corporation tax:		
- Stafford-Miller Limited	(16,428)	(155,933)
- Subsidiary company	(271)	-
Overseas taxation	1,992	(4,940)
Deferred taxation:		
- Stafford-Miller Limited	-	(752,003)
- Subsidiary company	-	(8,067)
	<u>£1,437,245</u>	<u>£478,983</u>

6 Extraordinary item

The extraordinary item in 1981 comprised:-

	£
Profit on purchase and sale of Stafford-Miller House during the year	103,592
Less: Corporation tax thereon	<u>31,500</u>
	<u>£ 72,092</u>

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE ACCOUNTS - 31 DECEMBER 1982 - continued

7 Fixed assets

<u>The group</u>	<u>Freehold land and buildings</u> £	<u>Plant and equipment</u> £	<u>Furniture and office equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
<u>Cost</u>					
At 1 January 1982	1,439,576	1,334,706	168,671	60,717	3,003,670
Exchange rate adjustment	-	4,026	628	1,525	6,179
Expenditure	<u>20,010</u>	<u>192,236</u>	<u>16,454</u>	<u>20,543</u>	<u>249,243</u>
	1,459,586	1,530,968	185,753	82,785	3,259,092
<u>Less:-</u>					
Disposals	<u>-</u>	<u>-</u>	<u>(843)</u>	<u>(13,147)</u>	<u>(13,990)</u>
At 31 December 1982	<u>1,459,586</u>	<u>1,530,968</u>	<u>184,910</u>	<u>69,638</u>	<u>3,245,102</u>
<u>Depreciation</u>					
At 1 January 1982	128,791	646,391	57,550	14,831	847,563
Exchange rate adjustment	-	1,599	247	300	2,146
Charge for year	<u>27,970</u>	<u>132,035</u>	<u>20,171</u>	<u>10,180</u>	<u>190,356</u>
	156,761	780,025	77,968	25,311	1,040,065
<u>Less:-</u>					
Disposals	<u>-</u>	<u>-</u>	<u>(701)</u>	<u>(8,735)</u>	<u>(9,436)</u>
At 31 December 1982	<u>156,761</u>	<u>780,025</u>	<u>77,267</u>	<u>16,576</u>	<u>1,030,629</u>
Net book value at 31 December 1982	<u>£1,302,825</u>	<u>£750,943</u>	<u>£107,643</u>	<u>£53,062</u>	<u>£2,214,473</u>
Net book value at 31 December 1981	<u>£1,310,785</u>	<u>£688,315</u>	<u>£111,121</u>	<u>£45,886</u>	<u>£2,156,107</u>

For the purpose of calculating depreciation £61,082 of the cost of freehold land and buildings has been attributed to freehold land.

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE ACCOUNTS - 31 DECEMBER 1982 - continued

Fixed assets - continued

<u>The company</u>	<u>Freehold land and buildings</u> £	<u>Plant and equipment</u> £	<u>Furniture and office equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
<u>Cost</u>					
At 1 January 1982	1,439,576	1,292,003	166,403	60,717	2,958,699
Exchange rate adjustment	-	4,026	628	1,525	6,179
Expenditure	20,010	36,520	16,454	20,543	93,527
	<u>1,459,586</u>	<u>1,332,549</u>	<u>183,485</u>	<u>82,785</u>	<u>3,058,405</u>
<u>Less:-</u>					
Disposals	-	-	(843)	(13,147)	(13,990)
At 31 December 1982	<u>1,459,586</u>	<u>1,332,549</u>	<u>182,642</u>	<u>69,638</u>	<u>3,044,415</u>
<u>Depreciation</u>					
At 1 January 1982	128,791	641,157	57,267	14,831	842,046
Exchange rate adjustment	-	1,599	247	300	2,146
Charge for year	27,970	104,320	19,945	10,180	162,415
	<u>156,761</u>	<u>747,076</u>	<u>77,459</u>	<u>25,311</u>	<u>1,006,607</u>
<u>Less:-</u>					
Disposals	-	-	(701)	(8,735)	(9,436)
At 31 December 1982	<u>156,761</u>	<u>747,076</u>	<u>76,758</u>	<u>16,576</u>	<u>997,171</u>
Net book value at 31 December 1982	<u>£1,302,825</u>	<u>£585,473</u>	<u>£105,884</u>	<u>£53,062</u>	<u>£2,047,244</u>
Net book value at 31 December 1981	<u>£1,310,785</u>	<u>£650,846</u>	<u>£109,136</u>	<u>£45,886</u>	<u>£2,116,653</u>

For the purpose of calculating depreciation £61,082 of the cost of freehold land and buildings has been attributed to freehold land.

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE ACCOUNTS - 31 DECEMBER 1982 - continued

8 Investment in subsidiary company

The investment in the subsidiary company is made up as follows:-

	<u>1982</u> £	<u>1981</u> £
Investment at cost - 2 shares of £1 each	2	2
Amounts receivable	<u>189,217</u>	<u>29,062</u>
	<u>£189,219</u>	<u>£29,064</u>

The investment is in Libra Products (Newport) Limited, a wholly owned company incorporated in the United Kingdom. The principal activity of the subsidiary is the manufacture of toothbrushes for resale by Stafford-Miller Limited. With effect from 1 January 1983 the business of Libra Products (Newport) Limited was transferred to Stafford-Miller Limited.

9 Stocks and work in progress

The amounts attributable to the different categories are as follows:-

(i) The group

	<u>1982</u> £	<u>1981</u> £
Raw materials	911,117	751,448
Packaging materials	577,937	580,971
Work in progress	271,112	258,479
Finished goods	2,397,718	1,533,746
Sundries	<u>56,801</u>	<u>92,255</u>
	<u>£4,214,685</u>	<u>£3,216,899</u>

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE ACCOUNTS - 31 DECEMBER 1982 - continued

(ii) The company

	<u>1982</u> £	<u>1981</u> £
Raw materials	911,117	751,448
Packaging materials	499,450	527,748
Work in progress	251,149	231,359
Finished goods	2,390,393	1,529,445
Sundries	48,000	92,255
	<u>£4,100,109</u>	<u>£3,132,255</u>

10 Taxation

(i) The group

	<u>1982</u> £	<u>1981</u> £
United Kingdom corporation tax		
Payable within one year	837,347	258,742
Payable after one year	819,290	873,903
Advance corporation tax on dividend	302,500	283,935
Overseas taxation	120,088	120,224
	<u>£2,079,225</u>	<u>£1,536,804</u>

(ii) The company

	<u>1982</u> £	<u>1981</u> £
United Kingdom corporation tax:-		
Payable within one year	837,347	258,742
Payable after one year	819,290	853,775
Advance corporation tax on dividend	302,500	283,935
Overseas taxation	120,088	120,224
	<u>£2,079,225</u>	<u>£1,516,676</u>

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE ACCOUNTS - 31 DECEMBER 1982 - continued

11 Share capital

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
200 Ordinary shares of £10 each	<u>£2,000</u>	<u>£2,000</u>	<u>£1,800</u>	<u>£1,800</u>

12 Deferred taxation

The provision made in the accounts, which represents the full potential liability, is analysed below:-

	<u>1982</u>	<u>1981</u>
(a) Analysis of provision		
(i) <u>The group</u>		
Accelerated capital allowances on plant and machinery and other timing differences	<u>£1,044,115</u>	<u>£965,751</u>
(ii) <u>The company</u>		
Accelerated capital allowances on plant and machinery and other timing differences	<u>£957,157</u>	<u>£945,235</u>

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO THE ACCOUNTS - 31 DECEMBER 1982 - continued

	<u>1982</u> £	<u>1981</u> £
(b) Movement in deferred tax provision		
(i) <u>The group</u>		
At 1 January	965,751	1,663,120
Net movements during the year:		
Transfer from profit and loss account	78,364	(713,552)
Utilisation of losses in subsidiary company	-	16,183
At 31 December	<u>£1,044,115</u>	<u>£965,751</u>
(ii) <u>The company</u>	<u>1982</u> £	<u>1981</u> £
At 1 January	945,235	1,663,120
Net movements during the year:		
Transfer from profit and loss account	11,922	(717,885)
At 31 December	<u>£957,157</u>	<u>£945,235</u>
13 <u>Capital commitments</u>	<u>1982</u> £	<u>1981</u> £
Commitments in respect of contracts	-	307,000
Approved by the directors in addition to contracts	55,000	-
Approved expenditure outstanding	<u>£55,000</u>	<u>£307,000</u>
14 <u>Contingent liabilities</u>	<u>1982</u>	<u>1981</u>
Foreign cheques in the process of negotiation	£37,945	£37,738
15 <u>Ultimate holding company</u>	<u> </u>	<u> </u>

The company's ultimate holding company is Block Drug Company Inc., a company incorporated in the United States of America.

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY
CURRENT COST ACCOUNTS 1982

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 31 DECEMBER 1982

	Supplementary Notes	1982		1981	
		£'000	£'000	£'000	£'000
TURNOVER			<u>18,200</u>		<u>17,107</u>
HISTORICAL COST PROFIT BEFORE TAXATION		2,857		2,335	
Adjust for interest separately disclosed below:-					
Interest income		(159)		(131)	
Interest on parent company loan		<u>128</u>		<u>105</u>	
			(31)		(26)
HISTORICAL COST PROFIT BEFORE TAXATION AND INTEREST			<u>2,826</u>		<u>2,809</u>
Current cost operating adjustments:-					
Depreciation		(80)		(62)	
Cost of sales		(183)		(315)	
Monetary working capital		<u>(141)</u>		<u>(164)</u>	
			(404)		(541)
CURRENT COST PROFIT BEFORE INTEREST			2,422		2,268
Interest		159		131	
Gearing adjustment	II	<u>77</u>		<u>114</u>	
			236		245
CURRENT COST PROFIT BEFORE TAXATION			2,658		2,513
Taxation			<u>(1,437)</u>		<u>(479)</u>
CURRENT COST PROFIT FOR THE YEAR BEFORE EXTRORDINARY ITEMS			1,221		2,034
Extraordinary items			<u>-</u>		<u>72</u>
			1,221		2,106
Dividends		1,100		1,032	
Interest on parent company loan	II	<u>128</u>		<u>105</u>	
			(1,228)		(1,137)
CURRENT COST (LOSS)/PROFIT RETAINED FOR THE YEAR	III		<u>(7)</u>		<u>969</u>

The notes on pages 22 to 24 form part of these accounts

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STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY
CURRENT COST ACCOUNTS 1982

CONSOLIDATED SUMMARISED BALANCE SHEET - 31 DECEMBER 1982

	Supplementary			
	Notes	1982	1981	
		£'000	£'000	£'000
				£'000
ASSETS EMPLOYED				
Fixed assets	IV	3,774		3,769
Goodwill		20		30
Stock		4,247	3,237	
Monetary working capital (net)		3,002	2,520	
Other current liabilities (net)		(2,340)	(1,210)	
Net current assets		<u>4,909</u>		<u>4,547</u>
		<u>8,703</u>		<u>8,346</u>
Financed by:-				
Share capital		2		2
Reserves	III	<u>7,657</u>		<u>7,378</u>
		7,659		7,380
Deferred taxation		<u>1,044</u>		<u>966</u>
		<u>8,703</u>		<u>8,346</u>

The notes on pages 22 to 24 form part of these accounts

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STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY
CURRENT COST ACCOUNTS 1982

SUPPLEMENTARY NOTES TO THE ACCOUNTS - 31 DECEMBER 1982

1 Accounting policies - (supplementary)

(a) Basis of accounting

The current cost accounts have been prepared in accordance with Statement of Standard Accounting Practice No 16 and, so far as practicable, the related guidance notes issued by the Accounting Standards Committee. With the exception of the policies set out below, the accounting policies used in preparing the historical cost accounts have also been adopted in the current cost accounts. The current cost accounts are in summarised form. Further analyses are contained in the historical cost accounts.

(b) Fixed assets and depreciation

Fixed assets are stated at their current value to the business derived as follows:-

The current value to the business of land and buildings is stated in accordance with valuations made by Taylor, Lane and Creber of Plymouth. These valuations were carried out in April 1981 and were included in the current cost accounts at 31 December 1980. In the opinion of the directors the current valuation of land and buildings is not materially different from this valuation. Plant and machinery have been valued by the application of appropriate specific indices to historic book values. Depreciation has been calculated by the application of historic depreciation rates to the current value to the business of the assets concerned. The difference between the depreciation charge calculated on these bases and appearing in the historic cost accounts is shown as a current cost operating adjustment in the current cost profit and loss account. In addition, where significant, profits and losses on disposal of fixed assets are adjusted to reflect the difference between current and historic net book values.

(c) Stocks and cost of sales

In the balance sheet, stocks are stated at the lower of current replacement cost and net realisable value.

The cost of goods sold is taken as being the cost of replacing those goods at the time of sale. The "averaging" technique, using appropriate indices, has been employed in determining this cost.

The difference between the current replacement cost of goods sold and their historical cost is shown as a current cost operating adjustment in the current cost profit and loss account.

(d) Monetary working capital

Monetary working capital comprises the aggregate of trade debtors, prepayments and stocks not subject to the cost of sales adjustment less trade creditors and accruals.

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY
CURRENT COST ACCOUNTS 1982

SUPPLEMENTARY NOTES TO THE ACCOUNTS - 31 DECEMBER 1982 - continued

The amount provided as a current cost operating adjustment reflects the extent to which changes in price levels through the year have resulted in additional needs for monetary working capital. The "average" technique, using appropriate indices, as for the cost of sales adjustment, has been employed in determining this cost.

- (e) The gearing adjustment ascribes to lenders, rather than shareholders, a part of the burden arising from the changes in price levels as reflected by the current cost operating adjustments. The actual amount allocated to lenders reflects the extent to which they have financed the group's activities. [For this purpose, short-term borrowings, taxation and non-trade creditors less cash at bank, are taken as comprising the finance obtained from lenders.]

II Gearing adjustment

The significance of the gearing adjustment and the method of calculation are described in note I (e). For the purpose of calculating the gearing adjustment:-

	<u>1982</u> <u>£'000</u>	<u>1981</u> <u>£'000</u>
(a) Borrowings comprise:-		
Deferred tax	1,044	966
Other current liabilities (net)	<u>1,443</u>	<u>452</u>
	<u>2,487</u>	<u>1,418</u>
	<u>1982</u> <u>£'000</u>	<u>1981</u> <u>£'000</u>
(b) Net operating assets comprise:-		
Fixed assets/goodwill	3,794	3,799
Stock	4,247	3,237
Monetary working capital	3,002	2,520
Borrowing as in (a)	<u>(2,487)</u>	<u>(1,418)</u>
	<u>8,556</u>	<u>8,138</u>

The loan from the parent company of £895,000 (1981 - £758,000) included in the balance sheet as a current liability has been treated as equity for the calculation of this adjustment. The interest payable on this loan is shown as an appropriation of funds in the profit and loss account.

STAFFORD-MILLER LIMITED AND ITS SUBSIDIARY COMPANY
CURRENT COST ACCOUNTS 1982

SUPPLEMENTARY NOTES TO THE ACCOUNTS - 31 DECEMBER 1982

III Reserves

Current cost reserve

	£'000	£'000
Balance at beginning of the year		2,780
Revaluation during the year of:		
Land and buildings	-	
Plant and machinery	(53)	
Stock	13	
		(40)
Adjustments to profit and loss account for:		
Depreciation	79	
Cost of sales	183	
Monetary working capital	141	
Gearing	(77)	
		326
Balance at end of the year		3,066

Retained profits

Balance at beginning of the year	4,598
Current cost loss for the year	(7)
	4,591
Balance at end of the year	7,657

(a) The current cost reserve comprises unrealised items of £1,593,000 and realised items of £1,473,000. The realised element of this reserve represents the net cumulative difference between historical and current cost profits since current cost accounts were first prepared in 1980.

(b) No tax effect has been attributed to any of the transfers made to current cost reserve.

IV Fixed assets

	1982			1981
	Gross	Depreciation	Net	Net
	£'000	£'000	£'000	£'000
Land and buildings	2,721	102	2,619	2,650
Other fixed assets	2,920	1,765	1,155	1,119
	5,641	1,867	3,774	3,769