

**Stafford-Miller Limited****Annual report  
for the year ended 31 December 1994**

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**Directors and advisers**

**Directors**

Mr J A Block (USA)  
Mr T R Block (USA)  
Mr A J Devaney  
Mr R J Lenton  
Mr J S Rigby (Managing Director)  
Mr G B Perry  
Mr D R White

**Secretary and registered office**

Mr J E Peters  
Broadwater Road  
Welwyn Garden City  
Herts  
AL7 3SP

**Registered Auditors**

Coopers & Lybrand  
Harman House  
1 George Street  
Uxbridge  
Middlesex  
UB8 1QQ

**Solicitors**

Baker & McKenzie  
100 New Bridge Street  
London  
EC4V 6JA

**Bankers**

Barclays Bank plc

**Directors' report  
for the year ended 31 December 1994**

The directors present their report and the audited financial statements for the year ended 31 December 1994.

**Principal activities**

The principal activities of the company are the manufacture, distribution and sale of pharmaceutical and toiletry products. Stafford-Miller Limited operates a branch in Australia.

**Review of business**

Sales for the year totalled £68,145,000 compared with sales for 1993 of £61,128,000. Advertising and selling expenditure amounted to £25,832,000 for 1994, compared with expenditure of £24,009,000 for 1993. A profit for 1994 of £2,154,000 before tax was achieved, compared with £4,397,000 for the previous year.

The future development and growth of the business depends to a large extent on the introduction of new products. The parent company's research facilities referred to below cover all potential areas of development in the pharmaceutical and toiletry field and many new products are currently being developed.

**Dividends and transfers to reserves**

The directors have declared and paid a dividend of £3,000,000 for the financial year ended 31 December 1994.

After payment of the above dividend a £1,597,000 loss for the financial year will be transferred to the company's reserves.

**Research and development**

All research and development is carried out by the parent company, Block Drug Company, Inc. of Jersey City. The company obtains all the benefits of research carried out by Block Drug Company, Inc.

**Changes in fixed assets**

The movements in fixed assets during the year are set out in notes 8 and 9 to the accounts.

**Directors' report  
for the year ended 31 December 1994 (continued)****Market value of land and buildings**

In the past, the directors have received informal professional advice that the values of the company's properties have fallen below the £6,396,000 at which they are stated in the accounts. Since receiving that advice, property values in the United Kingdom have risen somewhat and, although the company's properties have yet to recover their full book values, in the opinion of the directors the shortfall is not material to an appreciation of these accounts.

**Directors**

The directors of the company at 31 December 1994 are listed on page 1. They were all directors throughout the year.

**Directors' interests**

According to the register maintained by the company for the purpose of Schedule 1 Section 2(1) of the Companies Act 1985, no director had at any time during the year ended 31 December 1994 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.

**Charitable and political contributions**

Contributions made by the company during the year for charitable purposes amounted to £1,007 (1993: £707). No political contributions were made.

**Employment of disabled persons**

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. Should the situation arise, arrangements would be made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

**Directors' report  
for the year ended 31 December 1994 (continued)****Employee involvement**

The company is conscious of its responsibility regarding the involvement of its employees in their understanding of the nature of the company's business. For some years a Works Council, composed of elected hourly paid employees and management has met regularly to discuss the company's financial progress and day to day problems encountered by employees. Information made available at Work Council meetings is communicated to employees not in attendance verbally and by printed minutes of matters discussed.

Staff handbooks are issued to hourly paid employees to inform them of the company's policies concerning their employment. Throughout the year sales conferences, meetings and seminars are held to ensure that details of the company's products, marketing and promotional plans are understood.

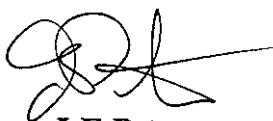
**Close company provisions**

As far as the directors are aware the company is a close company as defined by the Income and Corporation Taxes Act 1988, as amended.

**Auditors**

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

**By order of the board**



**J E Peters**  
Secretary

**28 JUL 1995**

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the board of directors by:



**J S Rigby**  
**Director**

**Report of the auditors to the members of  
Stafford-Miller Limited**

We have audited the financial statements on pages 7 to 27.

**Respective responsibilities of directors and auditors**

As described on page 5 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.

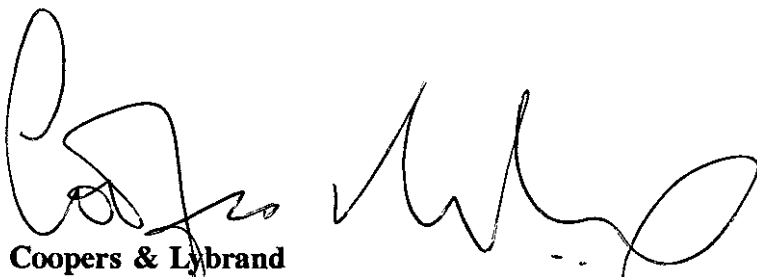
**Basis of opinion**

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 misstatement, 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 at 31 December 1994 and of its profit, total recognised gains, and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**  
Chartered Accountants and Registered Auditors  
London,

28 JUL 1995

# **Profit and loss account for the year ended 31 December 1994**

	Notes	1994 £'000	1993 £'000
Turnover	2	68,145	61,128
Cost of sales		(30,424)	(26,327)
<b>Gross profit</b>		<b>37,721</b>	<b>34,801</b>
Selling and distribution costs		(28,087)	(24,009)
Administrative expenses		(6,193)	(5,367)
Other operating income		457	687
Other operating costs		(807)	(1,093)
<b>Operating profit</b>	3	<b>3,091</b>	<b>5,019</b>
Interest receivable and similar income		164	23
Interest payable and similar charges	6	(1,101)	(645)
<b>Profit on ordinary activities before taxation</b>		<b>2,154</b>	<b>4,397</b>
Tax on profit on ordinary activities	7	(751)	(1,471)
<b>Profit on ordinary activities after taxation</b>		<b>1,403</b>	<b>2,926</b>
Dividend paid		(3,000)	(2,800)
<b>(Loss)/Profit retained for the financial year</b>		<b>(1,597)</b>	<b>126</b>
<b>Statement of retained profits</b>			
Retained profits at 1 January		15,092	14,947
Exchange movement		207	19
<b>(Loss)/profit retained for the financial year</b>		<b>(1,597)</b>	<b>126</b>
<b>Retained profits at 31 December</b>		<b>13,702</b>	<b>15,092</b>

**Continuing operations:** All items dealt with in arriving at the profit on ordinary activities before taxation for 1994 and 1993 relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.



**Statement of total recognised gains and losses**

	<b>1994</b>	<b>1993</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/Profit for the financial year	<b>(1,597)</b>	<b>126</b>
Exchange gain on retranslation of opening net assets of Australian branch	<b>207</b>	<b>19</b>
Total recognised (losses)/gains relating to the year	<b><u>(1,390)</u></b>	<b><u>145</u></b>

## Balance sheet at 31 December 1994

	Notes	1994 £'000	1993 £'000
<b>Fixed assets</b>			
Intangible assets	8	132	199
Tangible assets	9	13,251	10,887
		<u>13,383</u>	<u>11,086</u>
<b>Current assets</b>			
Stocks	10	12,056	10,364
Debtors	11	15,399	14,039
Cash at bank and in hand		1,345	850
		<u>28,800</u>	<u>25,253</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(26,996)</u>	<u>(18,825)</u>
<b>Net current assets</b>		<u>1,804</u>	<u>6,428</u>
<b>Total assets less current liabilities</b>		<u>15,187</u>	<u>17,514</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(156)	(1,257)
<b>Provisions for liabilities and charges</b>	16	<u>(409)</u>	<u>(245)</u>
		<u>14,622</u>	<u>16,012</u>
<b>Capital and reserves</b>			
Called up share capital	19	920	920
Profit and loss account		13,702	15,092
<b>Equity shareholders' funds</b>		<u>14,622</u>	<u>16,012</u>

The financial statements on pages 7 to 27 were approved by the board of directors on  
and were signed on its behalf by:-



**J S Rigby**  
Director

## Cash flow statement for the year ended 31 December 1994

	Notes	1994 £'000	1993 £'000
Net cash inflow from operating activities	21	442	7,271
<b>Returns on investments and servicing of finance</b>			
Interest received		164	23
Interest paid		(1,078)	(625)
Interest paid on finance leases		(23)	(19)
Dividends paid		(3,000)	(2,800)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(3,937)</b>	<b>(3,421)</b>
<b>Taxation</b>			
UK corporation tax paid (including ACT)		(1,356)	(676)
<b>Tax paid</b>		<b>(1,356)</b>	<b>(676)</b>
<b>Investing</b>			
Purchase of tangible fixed assets		(3,378)	(1,275)
Sale of tangible fixed assets		66	36
<b>Net cash outflow from investing activities</b>		<b>(3,312)</b>	<b>(1,239)</b>
<b>Net cash (outflow)/inflow before financing</b>		<b>(8,163)</b>	<b>1,935</b>
<b>Financing</b>			
Repayment of loans		(1,240)	(50)
Payment of principal under finance leases		(87)	(67)
New loans		16,500	-
<b>Net cash inflow/(outflow) from financing</b>	22	<b>15,173</b>	<b>(117)</b>
<b>Increase in cash and cash equivalents</b>	23	<b>7,010</b>	<b>1,818</b>

## Notes to the financial statements for the year ended 31 December 1994

### 1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

#### Basis of accounting

These accounts have been prepared under the historical cost convention.

#### Tangible fixed assets

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	10%
Motor vehicles	25%
Furniture, fixtures and fittings	10%
Moulds	20%

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

#### Leased assets

Leased assets are accounted for in accordance with SSAP 21, "Accounting for Leases and Hire Purchase Contracts". Accordingly assets acquired under finance leases and the related capital element of rental obligations are included in the balance sheet. The interest element is charged against profit in proportion to the reducing capital element outstanding. The assets are depreciated over the shorter of the lease terms and the useful lives of the assets. Operating lease payments are charged to the profit and loss account in the period in which they are incurred.

## **Notes to the financial statements for the year ended 31 December 1994 (continued)**

### **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.

### **Foreign currencies**

Assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. The results of the Australian branch are translated at the closing rate of exchange as at 31 December. Differences on exchange arising from the retranslation of the opening net investment in the branch are taken to reserves. All other exchange differences on assets and liabilities are included in profit before taxation. Revenue and expenses in foreign currencies are translated into 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.

### **Turnover**

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

### **Deferred taxation**

Provision is made for deferred tax, using the liability method, in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. The rate used is that which is expected to be applied when the liability or asset is expected to crystallise.

### **Research and development**

Research and development costs are expensed as incurred.

## Notes to the financial statements for the year ended 31 December 1994 (continued)

### Pension costs

The company operates a defined benefit pension scheme which is contracted out of the state scheme. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

### 2 Turnover and profit on ordinary activities before taxation

	1994		1993	
	Turnover	Profit	Turnover	Profit
	£'000	before tax £'000	£'000	before tax £'000
<b>Principal activities:-</b>				
Dental	55,387	1,749	51,020	3,716
Consumer products	4,862	166	1,457	112
Ethical and pharmaceutical	5,969	211	6,786	471
Household products	1,927	28	1,865	98
	<u>68,145</u>	<u>2,154</u>	<u>61,128</u>	<u>4,397</u>

### Geographical analysis of turnover:-

	1994 £'000	1993 £'000
United Kingdom	35,123	31,120
Rest of Europe	14,936	13,320
Africa and the Middle East	9,072	8,606
Australia and Asia	8,703	7,794
Other	311	288
	<u>68,145</u>	<u>61,128</u>

**Notes to the financial statements  
for the year ended 31 December 1994 (continued)**

**3 Operating profit**

	1994 £'000	1993 £'000
Operating profit is stated after crediting:		
Profit on disposal of tangible fixed assets	24	11
Rent receivable	18	258
Government grant	50	100
Foreign exchange gain	282	-
And after charging:		
Foreign exchange loss	-	249
Auditors' remuneration:		
For audit services	52	48
For other services	69	69
Depreciation of tangible fixed assets	1,202	1,001
Amortisation of intangible fixed assets	67	66
Directors' emoluments (see note 4) including pension contributions	406	377
Hire of plant and equipment - operating leases	201	127
Hire of other assets - operating leases	1,200	1,059
Research and development expenditure	1,340	1,127
	<u>          </u>	<u>          </u>

**4 Directors' emoluments**

The remuneration paid to the directors of Stafford-Miller Limited was:

	1994 £	1993 £
Other emoluments (including pension contributions and benefits in kind)	<u>405,888</u>	<u>377,299</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1994 £	1993 £
The chairman	<u>Nil</u>	<u>Nil</u>
The highest-paid director	<u>114,559</u>	<u>104,177</u>

## Notes to the financial statements for the year ended 31 December 1994 (continued)

The number of directors (including the chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1994 Number	1993 Number
£0 to £5,000	2	2
£50,001 to £55,000	-	1
£55,001 to £60,000	1	-
£65,001 to £70,000	-	1
£70,001 to £75,000	2	1
£75,001 to £80,000	-	1
£85,001 to £90,000	1	-
£100,001 to £105,000	-	1
£110,001 to £115,000	1	-

### 5 Employee information

- (a) The average number of persons employed by the company (including directors) during the year is analysed below:-

	1994	1993
Production and distribution	377	389
Marketing and selling	137	137
Administration	51	49
	<u>565</u>	<u>575</u>

- (b) The employment cost of all employees including executive directors is analysed below:-

	1994 £'000	1993 £'000
Gross wages and salaries	9,531	8,950
Employer's national insurance and state pension contributions	801	732
Employer's pension contributions under the company pension scheme	781	517
	<u>11,113</u>	<u>10,199</u>



## Notes to the financial statements for the year ended 31 December 1994 (continued)

### 6 Interest Payable and Similar Charges

	1994 £'000	1993 £'000
To group companies	<u>763</u>	<u>42</u>
On bank loans and overdrafts:		
Repayable within 5 years, not by instalments	264	480
Repayable within 5 years by instalments	51	104
On finance leases	<u>23</u>	<u>19</u>
	<u>338</u>	<u>603</u>

### 7 Tax on profit on ordinary activities

The charge for taxation is made up as follows:-

	1994 £'000	1993 £'000
On the profit for the year:		
United Kingdom corporation tax at 33% (1993: 33%)		
Current	730	1,450
Deferred	124	117
Overprovision in respect of prior years:		
Current	<u>(103)</u>	<u>(96)</u>
	<u>751</u>	<u>1,471</u>

**Notes to the financial statements  
for the year ended 31 December 1994 (continued)****Fixed Assets****8 Intangible assets**

	<b>Total £'000</b>
<b>Cost</b>	
At 1 January 1994	331
Additions	-
	<hr/>
At 31 December 1994	331
	<hr/>
<b>Depreciation</b>	
At 1 January 1994	132
Charge for year	67
	<hr/>
At 31 December 1994	199
	<hr/>
<b>Net book value</b>	
At 31 December 1994	132
	<hr/>
At 31 December 1993	199
	<hr/>

The intangible asset relates to trademarks. The costs are being written off over the period of expected benefit, this being 5 years.

## Notes to the financial statements for the year ended 31 December 1994 (continued)

### Fixed Assets

#### 9 Tangible assets

(a)	Freehold land and buildings £'000	Plant and equipment £'000	Furniture and office equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 January 1994	7,226	8,103	1,270	228	16,827
Exchange rate adjustment	-	113	32	16	161
Additions	1,081	2,032	298	108	3,519
Disposals	-	(100)	(7)	(81)	(188)
<b>At 31 December 1994</b>	<b>8,307</b>	<b>10,148</b>	<b>1,593</b>	<b>271</b>	<b>20,319</b>
<b>Depreciation</b>					
At 1 January 1994	830	4,339	702	69	5,940
Exchange rate adjustment	-	51	14	4	69
Charge for year	163	819	168	52	1,202
Disposals	-	(95)	(5)	(43)	(143)
<b>At 31 December 1994</b>	<b>993</b>	<b>5,114</b>	<b>879</b>	<b>82</b>	<b>7,068</b>
<b>Net book value</b>					
<b>At 31 December 1994</b>	<b>7,314</b>	<b>5,034</b>	<b>714</b>	<b>189</b>	<b>13,251</b>
At 31 December 1993	6,396	3,764	568	159	10,887

(b) Included in the above are assets held under finance leases with a net book value of £223,000 (1993: £159,000)

**Notes to the financial statements  
for the year ended 31 December 1994 (continued)**

**10 Stocks**

	1994 £'000	1993 £'000
Raw materials and packaging materials	3,985	3,547
Work in progress	849	512
Finished goods	7,149	6,064
Sundries	73	241
	<u>12,056</u>	<u>10,364</u>

**11 Debtors**

	1994 £'000	1993 £'000
Amounts falling due within one year:		
Trade debtors	10,772	9,687
Amounts owed by fellow subsidiary companies	2,596	2,062
Other debtors	1,808	2,068
Prepayments and accrued income	223	222
	<u>15,399</u>	<u>14,039</u>

## Notes to the financial statements for the year ended 31 December 1994 (continued)

### 12 Creditors: amounts falling due within one year

	1994 £'000	1993 £'000
Bank overdraft	-	6,590
Trade creditors	4,483	3,944
Obligations under finance leases	85	63
Amounts owed to group companies:		
Parent company	1,219	909
Fellow subsidiary companies	17,692	2,456
Taxation (note 13)	649	1,378
Payroll and other taxes	1,105	841
Accruals and deferred income	944	1,073
Other creditors	819	1,571
	<u>26,996</u>	<u>18,825</u>

### 13 Taxation

The creditor for taxation is made up as follows:-

	21994 £'000	1993 £'000
United Kingdom corporation tax	106	758
ACT on dividends	543	620
	<u>649</u>	<u>1,378</u>

### 14 Creditors: amounts falling due after more than one year

	1994 £'000	1993 £'000
Obligations under finance leases	156	110
Other	-	1,147
	<u>156</u>	<u>1,257</u>

## Notes to the financial statements for the year ended 31 December 1994 (continued)

### 15 Lease commitments

- (a) Included in creditors at 31 December 1994 are the following amounts relating to capitalised finance leases:-

	1994 £'000	1993 £'000
Falling due within one year	85	63
Falling due after more than one year	156	110
	<u>241</u>	<u>173</u>
Gross lease commitments:		
Due within one year	104	77
Due within 2 to 5 years	92	69
Due after more than 5 years	77	47
	<u>273</u>	<u>193</u>
Less: future finance charges	(32)	(20)
	<u>241</u>	<u>173</u>

- (b) Payments due under operating leases analysed by expiry dates of the leases concerned are as follows:-

	Land and buildings £'000	Other £'000
Expiry dates of lease contracts:		
Within one year	-	97
Between 2 and 5 years	-	121
Over 5 years	604	-
	<u>604</u>	<u>218</u>

# Notes to the financial statements for the year ended 31 December 1994 (continued)

## 16 Provision for liabilities and charges

	1994 £'000	1993 £'000
Deferred taxation (note 17)	241	117
Australian provision for long service leave	168	128
	<u>409</u>	<u>245</u>

## 17 Deferred taxation

(a) The deferred taxation provision is analysed as follows:-

	1994		1993	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Accelerated capital allowances	241	1,205	117	1,211
Other timing differences	-	-	-	-
	<u>241</u>	<u>1,205</u>	<u>117</u>	<u>1,211</u>

(b) Movements on the provision for deferred tax are:-

	1994 £'000	1993 £'000
At 1 January	117	-
Transferred from profit and loss account	124	117
	<u>241</u>	<u>117</u>
At 31 December		

## Notes to the financial statements for the year ended 31 December 1994 (continued)

### 18 Pension Plan

The company operates a funded defined benefit pension scheme in the United Kingdom. The fund holds contributions from employees and the company in trustee administered funds separated from the company's finances. The fund is a final salary arrangement.

The company pays contributions to the fund in order to provide security for existing pensions and the accrued benefits of members. The contributions being paid are based on the results of an actuarial valuation of the fund at 31 December 1993.

The pension cost charged to the profit and loss account is such as to spread the cost of pensions over the working lives of the employees who are members of the fund. Pension costs amount to £527,011 (1993: £497,344) and are equal to the contributions paid to the fund.

The pension cost for the Stafford-Miller Pension Fund is determined by Bacon & Woodrow, independent consulting actuaries. The charge for 1994 is based on the most recent actuarial review which took place as at 31 December 1993 and used the projected unit method. The most significant actuarial assumptions were:-

Rate of return on investments	9.0% pa
Rate of increase in pay levels	7.0% pa
Rate of increase in State Lower and Upper Earnings Limits	5.0% pa
Dividend growth	4.5% pa

The actuarial method and assumptions used for the 1993 actuarial review were determined by the actuary to be appropriate in the light of current circumstances.

The market value of the fund's assets was £5,204,000 as at 31 December 1993 but their long-term value, as used for the purpose of the actuarial valuation, was £5,004,000. This actuarial value of assets represented 96% of the actuarial value of the accrued benefits, where accrued benefits are calculated on the above assumptions and include all benefits for pensioners and other former members, as well as benefits based on service to the valuation date for active members, allowing for future pay rises.



## Notes to the financial statements for the year ended 31 December 1994 (continued)

### 19 Called up share capital

	1994 £'000	1993 £'000
<b>Authorised:</b>		
92,000 shares of £10 each	920	920
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid:</b>		
91,980 shares of £10 each	920	920
	<u>          </u>	<u>          </u>

### 20 Reconciliation of movements in shareholders' funds

	1994 £'000	1993 £'000
Profit for the financial year	1,403	2,926
Dividends and appropriations	(3,000)	(2,800)
	<u>          </u>	<u>          </u>
	(1,597)	126
Other recognised gains and losses (net)	207	19
	<u>          </u>	<u>          </u>
Net addition to shareholders funds	(1,390)	145
Opening shareholders' funds	16,012	15,867
	<u>          </u>	<u>          </u>
Closing shareholder's funds	14,622	16,012
	<u>          </u>	<u>          </u>

## Notes to the financial statements for the year ended 31 December 1994 (continued)

### 21 Reconciliation of operating profit to net cash inflow from operating activities

	1994 £'000	1993 £'000
Operating profit	3,091	5,019
Amortisation of intangible fixed assets	67	66
Depreciation of tangible fixed assets	1,202	1,001
(Profit)/loss on sale of tangible fixed assets	(24)	(11)
Increase in stocks	(1,565)	(1,208)
Increase in debtors	(1,214)	(1,622)
(Decrease)/increase in trade creditors	(1,144)	4,206
Increase in provisions	29	9
Adjustment for exchange	-	(189)
Net cash inflow from operating activities	<u>442</u>	<u>7,271</u>

### 22 Analysis of changes in financing during the year

	Finance lease obligations £'000	External loans £'000	Group loans £'000
As at 1 January 1994	173	1,147	-
Currency translation adjustment	14	93	-
New finance leases	141	-	-
Changes in financing during the year	(87)	-	-
Repayment of loans	-	(1,240)	-
New loans	-	-	16,500
As at 31 December 1994	<u>241</u>	<u>-</u>	<u>16,500</u>

**Notes to the financial statements  
for the year ended 31 December 1994 (continued)**

**23 Cash and cash equivalents**

	1994 £'000	1993 £'000
Changes during the year		
At 1 January	(5,740)	(7,749)
Net cash inflow before adjustments for the effects of foreign exchange rates	7,010	1,818
Effect of foreign exchange rates	75	191
At 31 December	<u>1,345</u>	<u>(5,740)</u>

**24 Cash and cash equivalents (continued)**

	1994 £'000	1993 £'000	Change in year £'000
Analysis of balances			
Cash at bank and in hand	1,345	850	495
Bank overdrafts	-	(6,590)	6,590
At 31 December	<u>1,345</u>	<u>(5,740)</u>	<u>7,085</u>

**25 Capital commitments**

	1994 £'000	1993 £'000
Capital expenditure that has been contracted for but not provided in the financial statement	<u>388</u>	<u>2,218</u>
Capital expenditure that has been authorised by directors but not yet contracted for	<u>Nil</u>	<u>58</u>

**Notes to the financial statements  
for the year ended 31 December 1994 (continued)**

**26 Ultimate parent undertaking**

The company's ultimate parent company is Block Drug Company, Inc., a company incorporated in the United States of America. Copies of the financial statements of the company can be obtained from 257 Cornelison Avenue, Jersey City, N.J., 07302-9988, U.S.A.