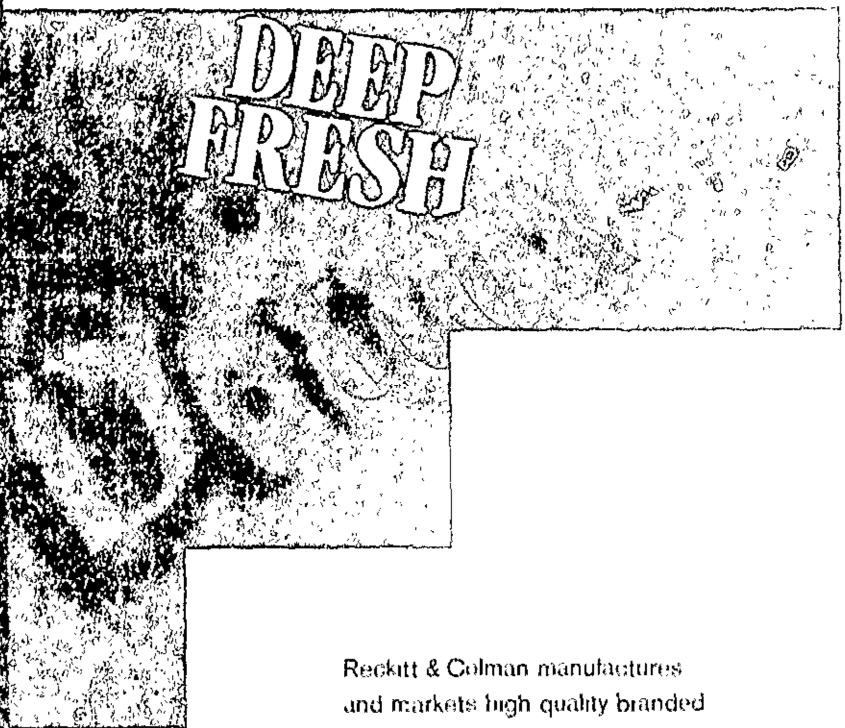
PLEASE NOTE THAT DUE TO THE POOR QUALITY OF THE FICHE SOME OF THE FOLLOWING IMAGES ARE ALSO OF POOR QUALITY.

Reckitt & Colman

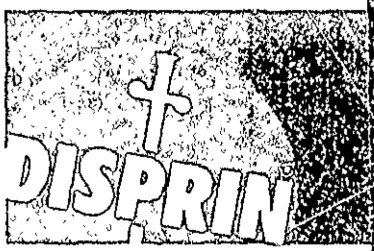
ANNUAL REPORT
1990

RECKITT & COLMAN PLC
No. 527217



Contents

Reckitt & Colman manufactures and markets high quality branded consumer products all over the world. The photography in this report shows some of the steps involved in bringing those products to the consumer.



Financial highlights

	1990	1989	Increase
Sales to customers	£1,763·65m	£1,565·75m	12·6%
Trading profit	£252·62m	£220·07m	14·8%
Profit on ordinary activities before taxation	£235·17m	£217·40m	8·2%
Earnings attributable to ordinary shareholders	£151·62m	£139·86m	8·4%
Ordinary dividends	£50·66m	£44·23m	14·5%
Earnings per ordinary share:			
On shares in issue	101·85p	94·17p	8·2%
Fully diluted	100·54p	–	–
Dividends per ordinary share	34·00p	29·75p	14·3%

Review of performance

Sales and trading profit by area

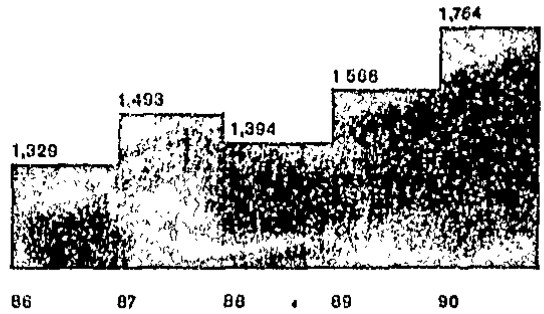
	Sales				Trading profit			
	1990	1989	1990	1989	1990	1989	1990	1989
			% of	% of			% of	% of
	£m	£m	total	total	£m	£m	total	total
UK	364·32	359·08	20·7	22·9	61·54	61·58	24·4	28·0
Europe (excluding UK)	441·69	344·19	25·0	22·0	53·22	37·14	21·1	16·9
North America	472·51	409·07	26·8	26·1	49·59	35·38	19·6	16·1
Australasia & Asia	195·56	195·67	11·1	12·5	39·47	42·28	15·6	19·2
Africa	109·27	96·85	6·2	6·2	20·34	15·43	8·0	7·0
Latin America	180·30	160·89	10·2	10·3	28·46	28·26	11·3	12·8
	1,763·65	1,565·75	100·0	100·0	252·62	220·07	100·0	100·0

Sales and trading profit by product group

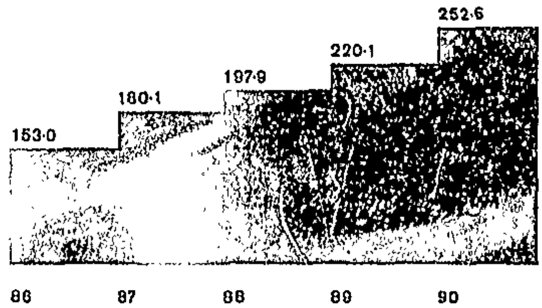
	Sales				Trading profit			
	1990	1989	1990	1989	1990	1989	1990	1989
			% of	% of			% of	% of
	£m	£m	total	total	£m	£m	total	total
Household & toiletry	1,023·21	816·63	58·0	52·2	145·73	116·75	57·7	53·1
Food	504·92	495·89	28·6	31·7	54·11	51·10	21·4	23·2
Pharmaceutical	155·97	157·04	8·9	10·0	39·58	33·65	15·7	15·3
Other activities	79·55	96·19	4·5	6·1	13·20	18·57	5·2	8·4
	1,763·65	1,565·75	100·0	100·0	252·62	220·07	100·0	100·0

Review of the year

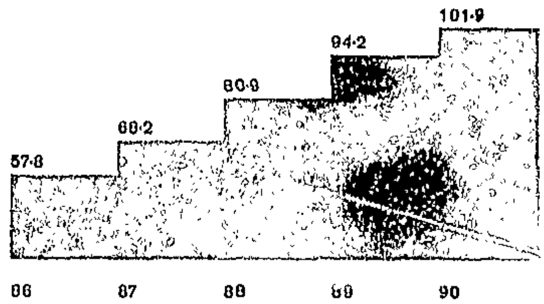
Sales to customers £m



Trading profit £m



Earnings per ordinary share in issue pence



The outstanding event of 1990 for Reckitt & Colman was the acquisition of the Boyle-Midway household product and depilatory business. The purchase of Boyle-Midway, which cost £712·78m, is by far the largest acquisition ever undertaken by the Reckitt & Colman group. Boyle-Midway is based principally in North America, France, Germany, Spain and Mexico and has operations in a total of 24 countries. The acquisition is wholly consistent with the group's long term strategy to develop household and personal care as its major product priorities and to invest in the key strategic markets of North America, Europe and the Far East. The speed with which the business has been integrated into Reckitt & Colman has exceeded expectations.

In the interim statement the board expressed concern at the possible short-term effects on the business of increasing economic and political uncertainties. The accounts for the full year show that these concerns were justified as profit before tax for the year as a whole increased by 8·2%, after what was a strong first half-year increase of 14·8%. There were a number of good performances, particularly in Continental Europe, and in the USA profit margins continued to show an encouraging improvement.

Group Results

Sales to customers for the full year rose from £1,565·75m in 1989 to £1,763·65m in 1990, a 12·6% improvement compared with the 14·5% increase in sales reported for the first half of 1990.

Trading profit increased by 14·8% to £252·62m from £220·07m. This reflected a small improvement in trading margins from 14·1% in 1989 to 14·3% in 1990. Fluctuations in international exchange rates were such that a benefit to profit during the first half-year became a disbenefit for the year as a whole. Profit before tax increased by 8·2% to £235·17m from £217·40m.

The group was able to consolidate the trading results of the majority of the Boyle-Midway businesses from the beginning of July 1990. The results of the remaining units were consolidated from the dates that purchase contracts were finally completed. Boyle-Midway

Sir Michael Colman, Chairman (right)
John St Lawrence, Chief Executive (left)

sales taken into account in 1990 were £156·14m and trading profit, after charging incremental costs, was £31·64m.

Interest payable less other income rose significantly in 1990, reflecting the financing costs related to the Boyle Midway acquisition. Net interest during the second half of the year was 8·1 times covered.

The group's tax rate decreased from 35·[illegible] in 1989 to [illegible] in 1990.

Flow of Funds and Net Borrowing

The group experienced another year of strong cash generation from ordinary operations. This demonstrated the continued attention directed by the group's management to control of cash. Net inflow arising from ordinary operations in 1990 increased to £97·40m from £60·40m in 1989.

During 1990 £[illegible] was received from the issue of convertible capital bonds which provided part of the financing for the Boyle Midway acquisition. After taking these into account and allowing for acquisitions and disposals, costs associated with restructuring programmes and exchange effects, net borrowing increased from £19·58m at 30 December 1989 to £357·81m at 29 December 1990.

Dividends per Ordinary Share

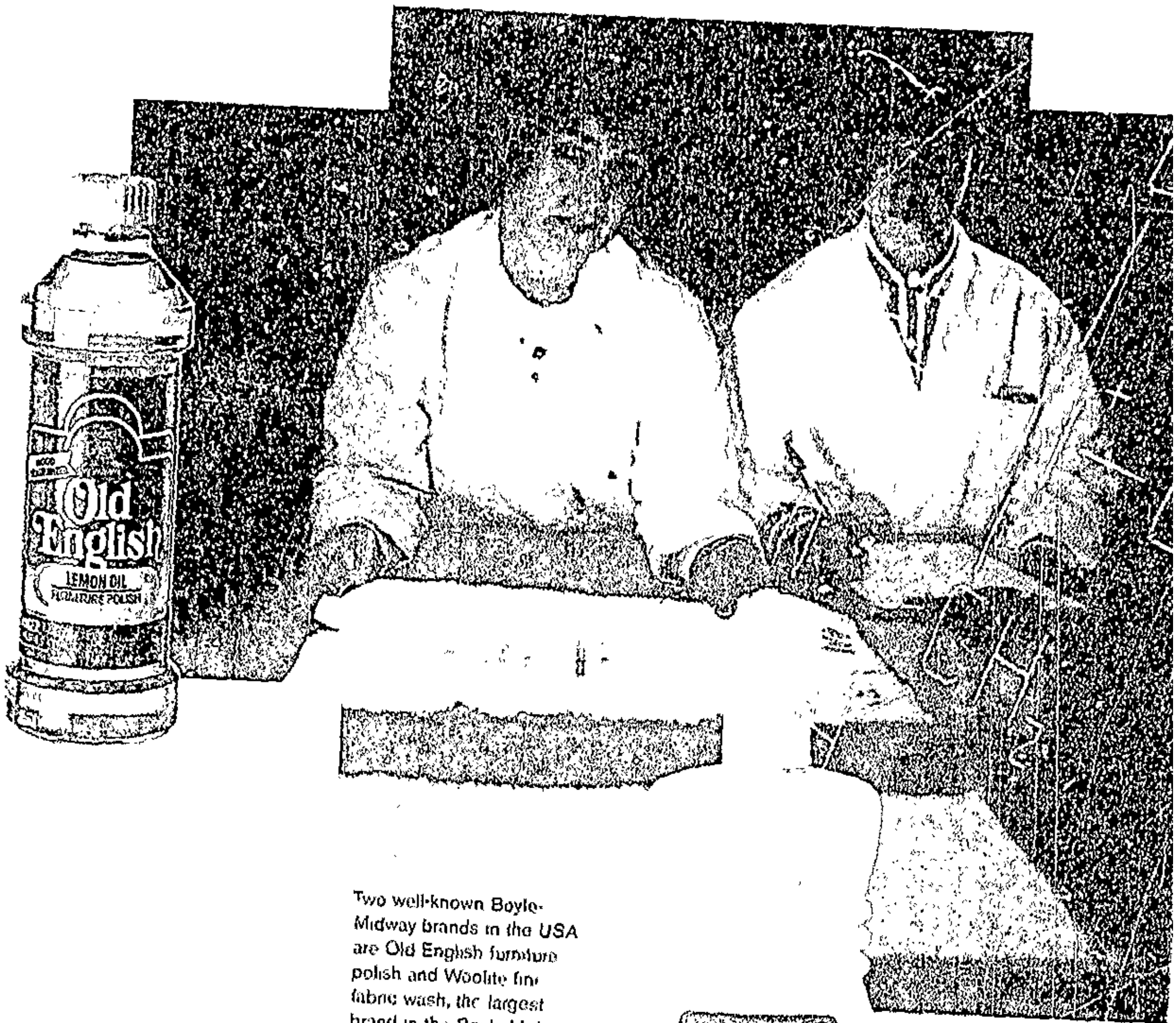
The board recommends a final dividend of 21·75p per share following the interim dividend of 12·25p announced in September 1990 making a total of 34·00p compared with 29·75p for 1989, an increase of 14·3%.

Geographical Performance

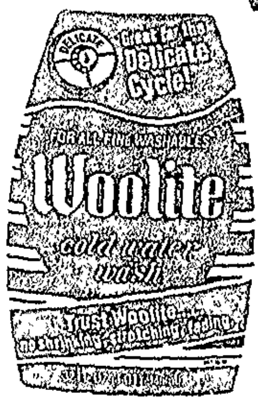
The UK had a difficult year. Trading profit showed a small reduction from £61·58m in 1989 to £61·54m. A new single integrated division was created which brought together the household & toiletry and pharmaceutical businesses. The implementation of this restructuring programme has hampered growth during the year but offers a firm basis for growth in the future. Colman's of Norwich however made a further advance over the exceptionally good 1989 result.

Elsewhere in Europe there were excellent results with particularly good performances in France, Germany and Spain. Although the acquisition of Boyle Midway and other small acquisitions contributed to this advance, the impressive growth in profits over 1989 fully justified the effort and resources directed to this area of strategic development.

North America produced a 40·2% increase in trading profits which reflected a notable recovery in trading margins in the USA in particular. A significant contribution was made during the second half-year by the Boyle Midway business. Growth in the Airwick household products business was held back by intense competitive activity but the Durkee French food business continued the recovery seen in the second half of 1989.



Two well-known Boyle-Midway brands in the USA are Old English furniture polish and Woolite fine fabric wash, the largest brand in the Boyle-Midway portfolio.



The recession in Australia deepened significantly and the group's businesses there performed as well as could be expected in very difficult trading situations. In New Zealand the business had another good year helped by Boyle-Midway in the second half. The Asian region continued to produce satisfactory results and the group's strategic aim to develop further its business in the Far East made progress albeit from a small base.

The African region maintained the strong performance that was achieved in the first half of the year. In Latin America however, after a very positive first half, the deterioration of the economic situation in Brazil adversely impacted the figures for the year as a whole.

Household & Toiletry

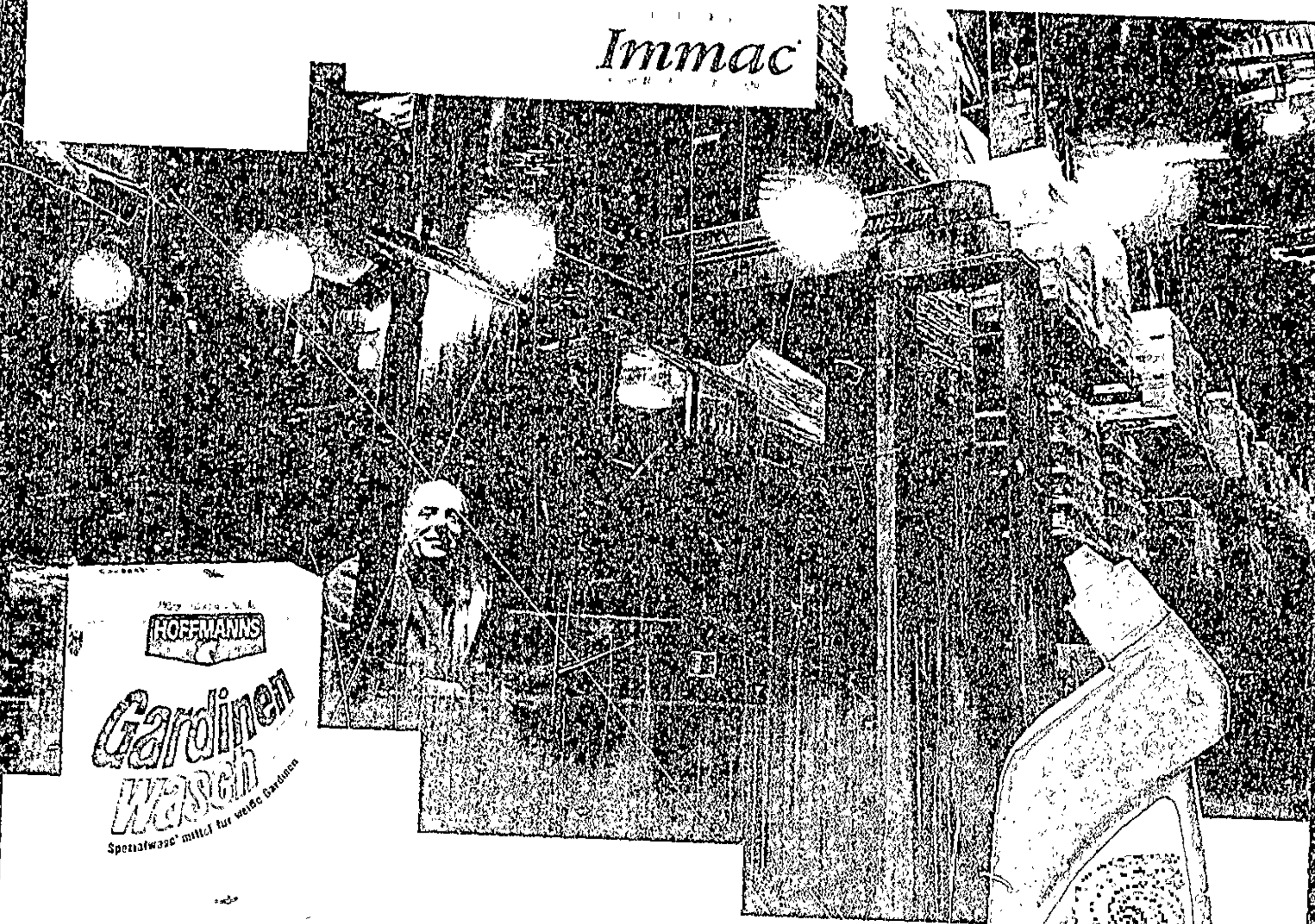
[illegible] trading conditions in a number of countries, together with increased competition, [illegible] progress [illegible] in 1990 than in recent years. Sales and trading profit rose from £816·63m to £1,092·21m and from £116·79m to £145·73m respectively. Both figures were [illegible] by the acquisition of Boyle-Midway.

The acquisition of Boyle-Midway was the major event [illegible] Reckitt & Colman [illegible] very important step in the strengthening of the company's worldwide household and toiletry business and greatly enhanced the existing portfolio, particularly in North America, France, Germany, Spain and Mexico. The product group's share of the company's total business increased to [illegible] of sales and [illegible] of trading profit.

Following the receipt of regulatory approvals at the end of June 1990, the group was able to complete promptly the acquisition of the majority of the Boyle Midway units although the important business in France could not be finally acquired until September.


Haze
stick ups
air freshener
Stops big odors in small places!
airwick
CRYSTAL AIRE.
SUNSHINE DELIGHT


AIR
WICK
CHAMPIGNON
MAGIQUE
Floral



Immac, the leading UK depilatory brand acquired with Boyle Midway.

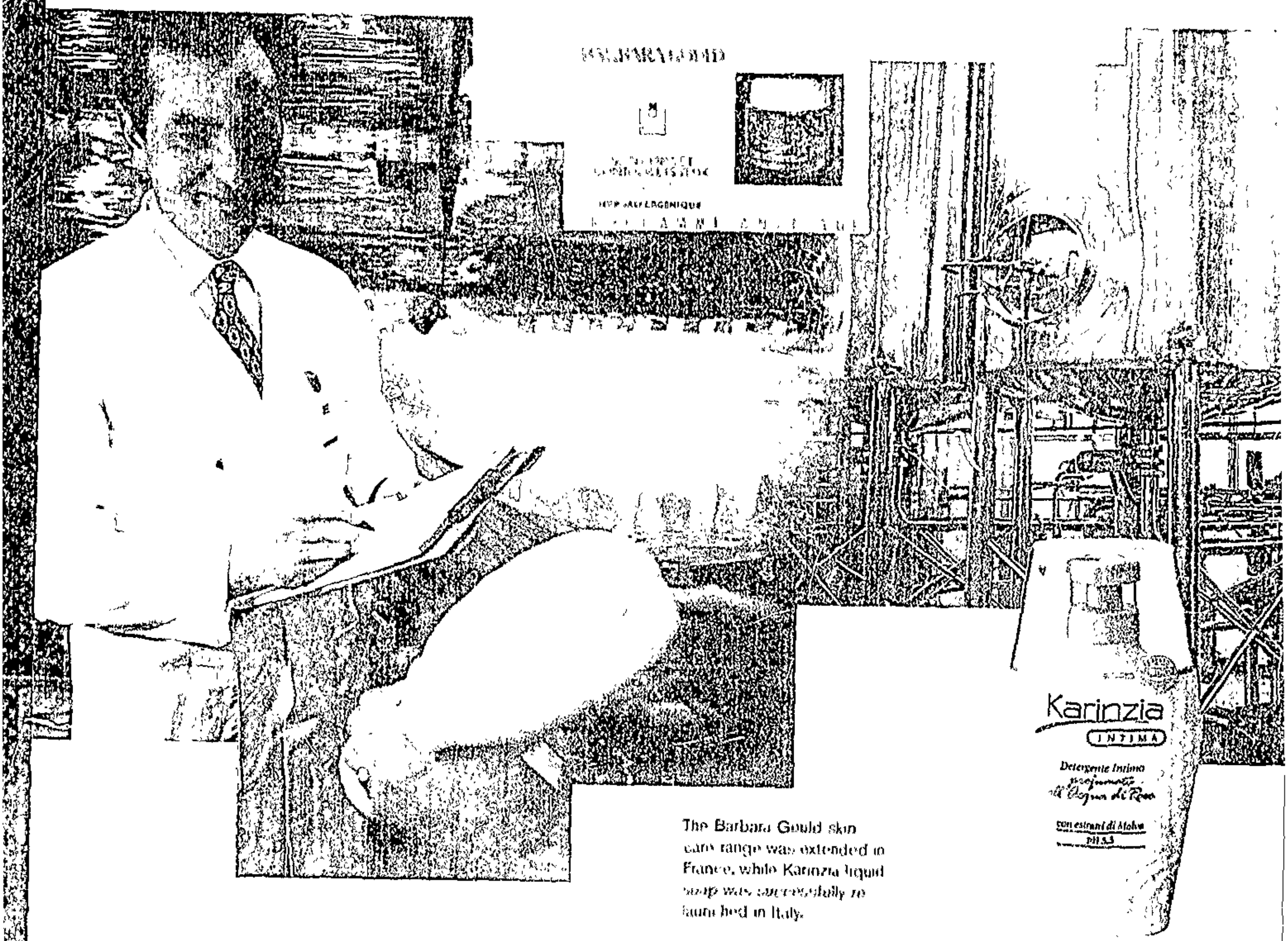
[illegible]

[illegible]

[illegible] addition to the overall success of the [illegible] that the Boyle Midway business [illegible] be integrated into Reckitt & Colman as swiftly as possible, thereby obtaining the [illegible] benefits which [illegible] the [illegible] for the acquisition [illegible]. Reckitt & Colman [illegible] with the task of managing the integration of [illegible] Boyle Midway [illegible] timetable. [illegible]

Integration [illegible]

[illegible] by the middle of 19[illegible]. Integration of factory operations will take longer to complete but considerable progress has already been made in certain countries towards the elimination of excess [illegible] factory capacity.



The Barbara Gould skin care range was extended in France, while Karinzia liquid soap was successfully re-launched in Italy.

Maison Verte and Down to Earth (below) ranges of household products from France and Australia based largely on naturally derived ingredients.

It is pleasing to report that, as Reckitt & Colman has been able to involve itself more deeply in the Boyle-Midway operations, the expectations that the company had for the business are being realised. The majority of the Boyle-Midway brands are strong and hold number one or number two brand positions in their respective categories. They have been well supported by substantial levels of marketing expenditure. The directors are greatly encouraged that the assumptions upon which the acquisition of the business was based have been confirmed.

Also worthy of note were the ranges of household cleaning products which were introduced in early 1990 and which make greater use of natural ingredients from renewable resources. These met with encouraging success, most notably the Maison Verte brand in France and the Down to Earth brand in Australia and New Zealand.

[illegible]

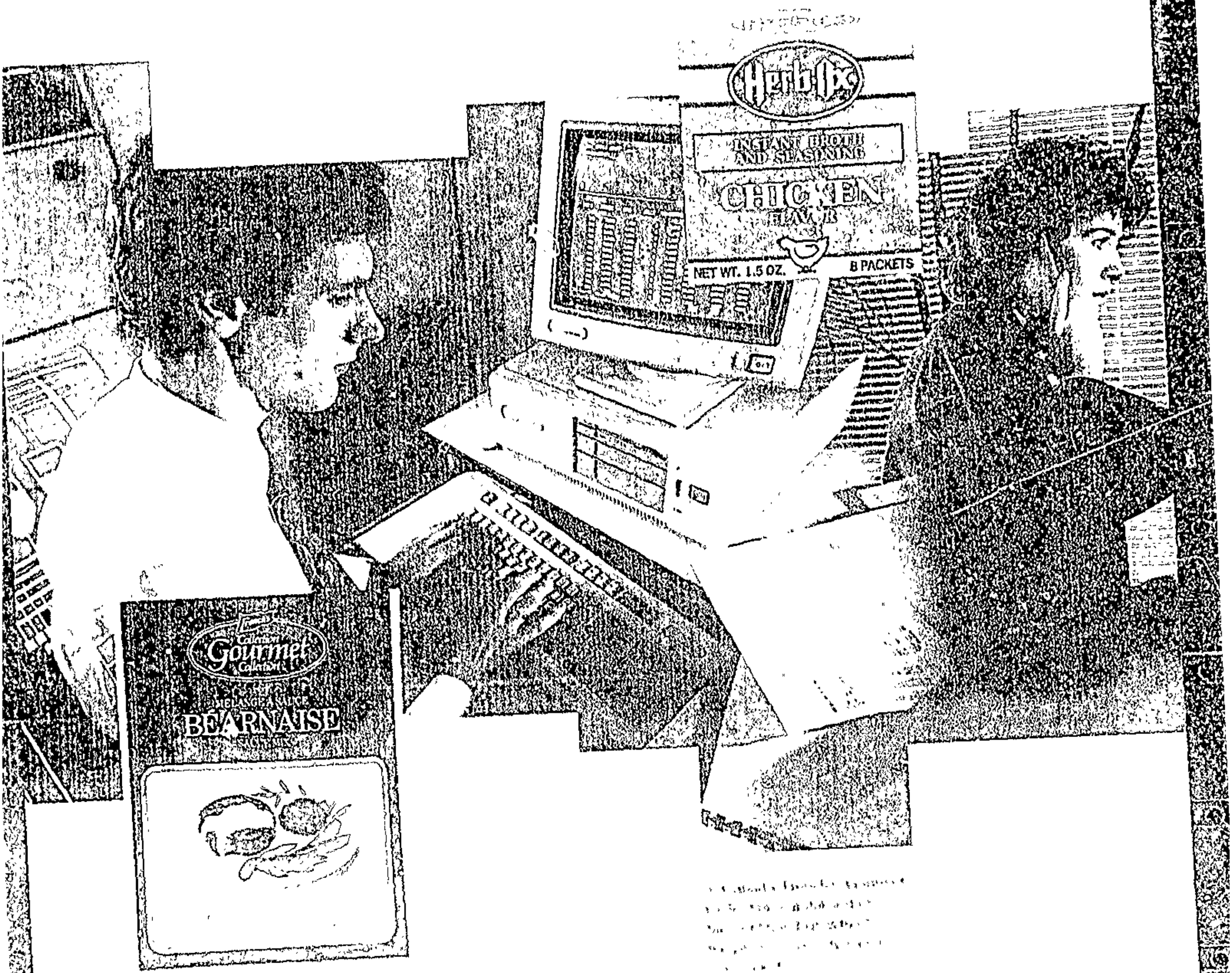
Food

[illegible] the USA [illegible] October 1990 [illegible] Holland.

In the UK Colman's of Norwich produced another excellent result, particularly in soft drinks where Robinsons' concentrates have extended their brand leadership supported by a high level of customer service throughout the peak of the excellent summer. With the launch of a carbonated range Robinsons is now present in all the major sectors of the soft drinks market, a position which offers significant growth potential. The Robinsons baby products range was helped by a major relaunch of Delrosa concentrated juices.


ROBINSONS
Delrosa
Pure Concentrated Fruit Juice
Apple & Orange
Contains 15% Real Fruit Juice
Sparkling
ROBINSONS
ORIGINAL
ORANGE
JUICE DRINK
READY TO DRINK
ROBINSONS
NO ADDED SUGAR
Whole Orange
Drink
DILUTE TO TASTE

[illegible]


Herb-Ox
INSTANT BROTH AND SEASONING
NET WT. 1.5 OZ.
8 PACKETS
Gourmet
BEARNAISE


Seasoned Salt
Sage
Black Pepper

Durkee RedHot Sauce, the number one volume brand in the category, showed real growth in both retail and food service outlets, benefiting from the trend to hotter, more spicy foods.

1990 saw the successful launch of the innovative French's Microwave Mixes in the USA.

The successful introduction of French's Microwave Mixes was a feature of the year. The competitive battle in the spice and seasoning market continued but the effects of a repackaging of the product ranges and focused sales efforts started to redress the position. The commercial food business performed especially well with excellent sales growth in a number of categories.

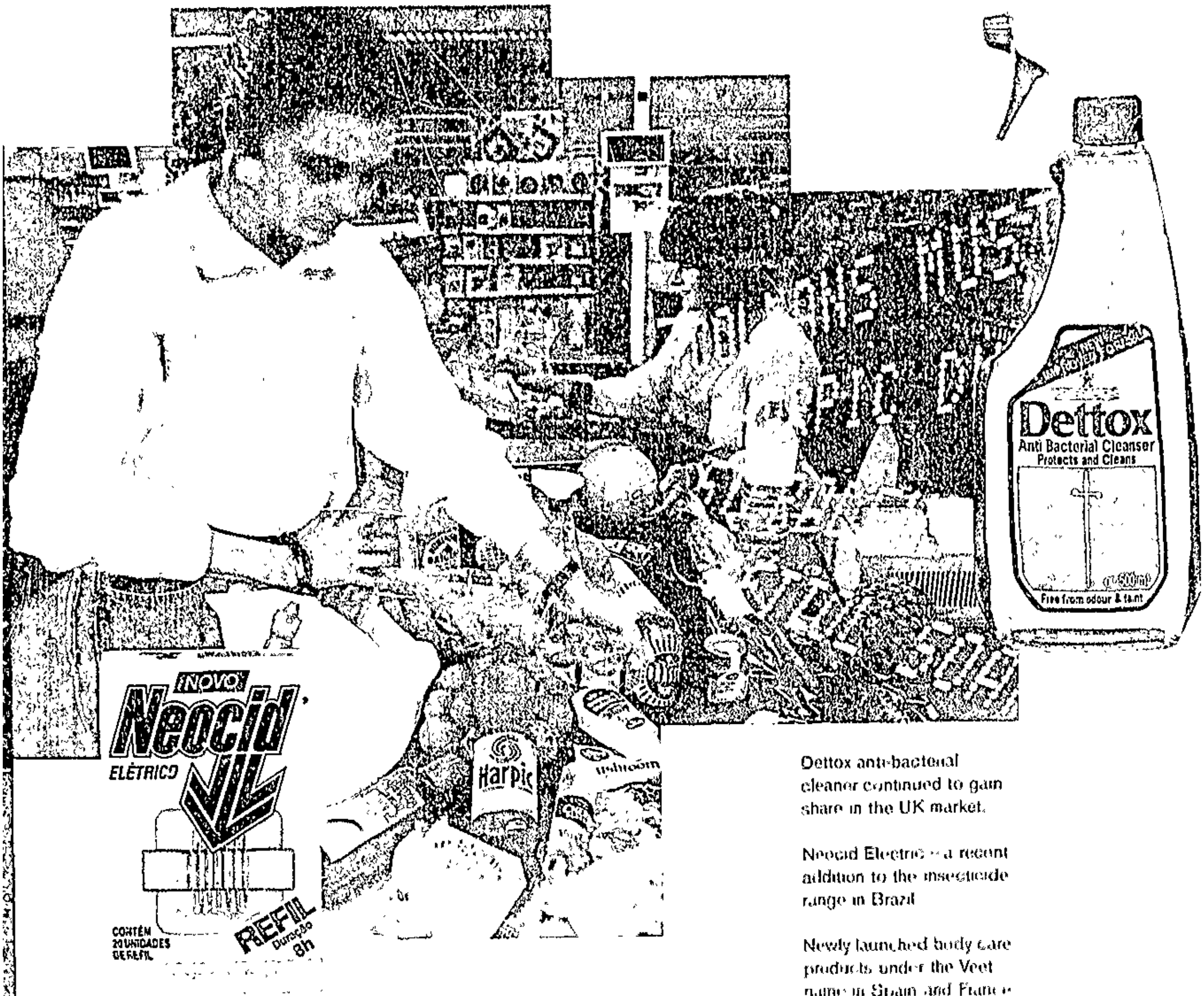
Results from the Canadian business mirrored those in the USA. Of special significance were the national launch of the gourmet range of dry sauces, the growth of Durkee RedHot sauce and the substantial increase in sales from the food service side. Competition in the mustard and spice markets remained intense but Canada's strong position in both was well defended.

Despite the deep recession in the Australian economy, the food business there performed well.

Pharmaceutical

Other Activities

Employees



Dettox anti-bacterial cleaner continued to gain share in the UK market.

Neocid Electric – a recent addition to the insecticide range in Brazil

Newly launched body care products under the Veet name in Spain and France

Conclusion

The 1990 result was achieved against a background of worsening economic conditions in many of Reckitt & Colman's major markets. The board believes that, strengthened by the acquisition of Boyle-Midway, the group will be able to withstand the pressures that are bound to affect it in 1991 and that satisfactory growth will be maintained.

CHAIRMAN

CHIEF EXECUTIVE

March 1991

Index to financial statements

Directors and officers
as at 29 December 1990

Directors

Sir Michael J. Colman Bt
CHAIRMAN

J. St. Lawrence
CHIEF EXECUTIVE

C. C. C. Brown
GROUP DIRECTOR
Europe (excluding UK Food and Colours)

A. J. Dalby
NON-EXECUTIVE

I. G. Dobbie
GROUP DIRECTOR
Finance

R. M. M. Foster
GROUP DIRECTOR
UK Food and Colours, Africa and Latin America

G. J. Hearne CBE
NON-EXECUTIVE

P. C. Knee
GROUP DIRECTOR
Australasia and Asia and international co-ordination of food products

J-C. Larréché
NON-EXECUTIVE

P. J. Maydon
GROUP DIRECTOR
International co-ordination and development of household and personal care products

V. L. Sankey
GROUP DIRECTOR
North America

M. R. Valentine
NON-EXECUTIVE

Secretary
P. D. Saltmarsh

Auditors
Price Waterhouse

Solicitors
Slaughter and May

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Registrar's Department
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Bristol BS99 7NH
Telephone 0272-306866

Report of the directors

The directors submit their thirty-eighth annual report to the members of the company, with the audited financial statements for the 1990 financial year, which ended on 29 December 1990.

Review of the development of the group's business

The principal activities of the group continued to be the manufacture in over 35 countries and the sale in more than 120 of household, toiletry, shoe care, food and pharmaceutical products and industrial pigments. The group's fine art & graphics business was sold during the year.

Sales in 1990 amounted to £1,763·65m, an increase of 12·6% compared with the previous year. Trading profit increased by 14·8% over 1989 to £252·62m and profit before taxation by 8·2% to £235·17m.

The profit of the group for the financial year attributable to ordinary shareholders was £151·62m (1989, £139·86m) as shown on page 28.

Net extraordinary items amounted to a loss of £21·30m. These were represented by expenditures on integrating new businesses of £54·38m, including £45·90m for Boyle-Midway, and on restructuring manufacturing facilities in Europe of £25·72m, less the profits on disposals of the fine art & graphics business and the Conimex oriental foods business of £58·71m.

The financial position of the group at the year end showed net borrowing of £357·81m

Analyses of sales and trading profit by area and by product group are set out on page 2 The review on pages 3 to 16 deals with the year's activities in greater detail and the directors endorse the contents of that review.

In September 1990 the directors resolved to pay an interim dividend of 12·25p per share (1989, 10·65p). The directors recommend a final dividend for 1990 of 21·75p per share (1989, 19·10p), making a total for the year of 34·00p per share (1989, 29·75p). This final dividend, if approved by shareholders, will be paid on 8 July 1991 to ordinary shareholders on the register at the close of business on 19 April 1991.

After deducting ordinary dividends, the amount of profit added to reserves was £79·66m.

Expenditure on fixed assets amounted to £134·62m.

Acquisitions and disposals

The acquisition by the group of the Boyle-Midway household product and depilatory businesses from American Home Products Corporation which was approved by shareholders on 11 May 1990 was substantially completed on 29 June 1990. The consideration paid for this business was $1·30 billion (£712·78m) of which $46·14 million (£25·01m) was paid in 1991. The brands acquired are largely complementary to the group's existing portfolio either strengthening familiar categories such as air fresheners, lavatory care and shoe care or providing important new brands in, for example, fine fabric wash, furniture care and oven cleaning. The acquired portfolio of products has provided an excellent fit with the existing household business and has greatly enhanced the group's presence in a number of countries and product categories. Reckitt & Colman is now one of the largest household product companies in the world.

In addition to the Boyle-Midway acquisition, the group has in 1990 also acquired two laundry care businesses in Europe and a small personal care business in Australia. The total consideration paid in cash in 1990 for these businesses was £26·29m and their sales in 1989 were £12·77m with profit before tax of £0·60m. The value of the tangible assets acquired was £1·22m.

The group has made two significant disposals during 1990. In July the group's fine art & graphics business was sold for £61·39m and in October the Conimex speciality food business in Holland was sold for £29·47m. The sales in 1989 of these disposals were £51·25m with profit before tax of £6·44m. The value of the tangible assets sold was £32·15m.

In the view of the directors the group's likely future development will continue to centre on the main product groups in which it now operates.

Interests in Land

The group's interests in land are in the main fully utilised for normal trading operations and it has not been considered necessary to *establish the market value of them. Interests in land acquired with the* Boyle-Midway business have been brought into the accounts at revalued amounts reflecting their fair value at the date of acquisition (see Note 31 on page 48).

Charitable and Political Organisations

Contributions to charitable organisations in the United Kingdom amounted to £264,000. £30,000 was paid to British United Industrialists, an organisation concerned with the maintenance of free enterprise, and £2,500 to the Centre for Policy Studies Limited.

Employees in the United Kingdom

The continued improvement in efficiency during the year would not have been possible without the co-operation of employees. That co-operation cannot be achieved without an understanding by each employee of the company's strategies, policies and procedures and that understanding is, in turn, the outcome of constant dialogue on both a formal and an informal basis.

The company continues to examine and improve wherever possible communication with employees and their representatives. Briefing groups remain an established feature of the communication and consultation process. Because of their structure and frequency these groups are one of the most used and most effective channels of communication. They continue to be supported by videos, house magazines and newsletters, with the latter often achieving greater effect through simple formats and more frequent publication. Great emphasis is laid on improving skills, expertise and performance through a continuing programme of training and development.

Successful candidates for appointment and promotion are chosen solely on ability, regardless of race, sex or colour; the company continues to promote from within wherever possible.

By the end of the 1990 financial year a total of 290,014 ordinary shares in Reckitt & Colman plc had been appropriated to employees who had elected to take all or part of their annual bonus in shares. Under the sharesave scheme, which was introduced in 1984, 123,340 ordinary shares had been allotted to employees by the end of 1990. In addition, employees held options over a further 417,511 ordinary shares at the year-end.

Employee representatives are elected to serve with company representatives as trustees of the Reckitt & Colman Pension Fund.

Disabled Persons

In the UK the company has continued its policy of considering applications for employment from disabled persons in the light of their qualifications, aptitudes and the requirements of the job. Where employees become disabled, every practical effort is made to allow them to continue in their jobs or to provide retraining in suitable alternative work. Disabled employees have equal opportunities alongside other staff for training and career development for suitable jobs.

OECD Guidelines

The group supports the basic standards of good business practice recommended by the OECD guidelines for international investment and multinational enterprises.

South Africa

The company submitted to the Secretary of State for Trade and Industry a progress report in respect of the twelve months to 30 June 1990 under the EEC Code of Conduct. Copies of this report are available on written request to the company secretary.

Authorised and Issued Capital

At the annual general meeting held on 23 May 1990 authority was given to the directors to exercise the power of the company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) up to an aggregate nominal amount of £12,000,000, such authority to expire on the date of the next annual general meeting of the company after the passing of that resolution. Further authority was given to the directors at the annual general meeting in May 1990 pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94) as if section 89 (1) of the Companies Act 1985 did not apply to such allotment. This authority also expires on the date of the next annual general meeting after the passing of that resolution. Resolutions will be proposed at the annual general meeting in May 1991 to authorise the directors to allot up to 48,000,000 shares of 25p each, of which only 7,452,000 shares, being 5% of the issued share capital of the company at 29 December 1990, may be allotted otherwise than by way of a rights issue.

Authority was given to the directors at the annual general meeting in May 1990 to make market purchases (within the meaning of section 163(3) of the Companies Act 1985) of ordinary shares of 25p each in the capital of the company upon and subject to certain conditions, such authority also to expire on the date of the annual general meeting to be held in 1991. No shares were purchased under this authority during the financial year ended 29 December 1990. A resolution will be proposed at the annual general meeting in May 1991 to extend that authority.

A resolution will also be proposed to authorise the directors to exercise the power contained in article 150 of the articles of association of the company so that the holders of ordinary shares be permitted to elect to receive new ordinary shares of 25p each in the capital of the company instead of cash in respect of the whole or some part of any dividends to be paid or declared for the financial year ending 4 January 1992.

Details of ordinary shares issued and of options granted during the year are set out in Note 24 to the Accounts.

During the year £200,832,954 of 9·5 per cent Convertible Capital Bonds 2005 of Reckitt & Colman Capital Finance Limited, a subsidiary of the company, were issued by way of rights to the holders of existing Reckitt & Colman plc ordinary shares. The first instalment of 25p per bond was payable on 2 April 1990 and the second instalment of 75p per bond on 21 September 1990. Details of the bonds were set out in a circular to shareholders dated 12 March 1990. Full conversion, at the initial exchange price, would result in the issue of approximately 15·9 million ordinary shares of 25p each by Reckitt & Colman plc.

Directors

The names of the directors of the company during 1990, other than Mr K.H. Walley who served until 23 May 1990, are set out on page 18.

Sir Michael J. Colman, Mr A.J. Dalby, Mr R.M.M. Foster and Mr P.J. Maydon retire by rotation and, being eligible, offer themselves for re-election.

Sir Michael J. Colman joined the company in 1949 and, having worked for some years in the overseas company, became chairman of the industrial division in the UK in 1968. He was appointed to the board in March 1970 and became director of finance and planning in 1973. In 1977 he was made the group director responsible for the UK business and, after a further period as finance director from 1980 to 1986, he was appointed chairman of the board in May 1986. He is a council member of the Royal Warrant Holders Association and a director of the UK Centre for Economic and Environmental Development. He does not have a service agreement with the company.

Mr A.J. Dalby was appointed a non-executive director of the company in September 1987. He has spent his business life in the pharmaceutical industry and is currently chairman and chief executive of Cambridge NeuroScience Research Inc. of Massachusetts, a privately held research company specialising in neurobiology. Prior to joining CNS Research in early 1987, Mr Dalby was executive vice president and a member of the board of directors of Smith Kline Beckman responsible for worldwide pharmaceutical operations. His career with that company started in Canada in 1958 and included senior management positions in the international and USA divisions. He is also a director of Immulogic Pharmaceutical Corporation and the Massachusetts Eye and Ear Infirmary. He does not have a service agreement with the company.

Mr R.M.M. Foster joined Reckitt & Colman in 1959 as a management trainee. Following a period overseas in India, Sri Lanka and North America, he returned to the UK in 1972 and since then has held a number of senior executive positions. He became managing director of the pharmaceutical division in Hull in 1984 and was appointed to the board in 1986. He is currently responsible for the group's businesses in Africa and Latin America and for UK Food and Colours. He has a service agreement with the company determinable on four years notice.

Mr P.J. Maydon joined Reckitt & Colman in 1963. His overseas experience with the group has included management posts in Australia, South Africa, Zambia and Pakistan. He has also held senior positions in the UK. He was appointed to the board in 1980 and is currently responsible for the international co-ordination and development of the group's household and personal care products. He has a service agreement with the company determinable on three years notice.

There are four non-executive directors of the company. Using knowledge and experience acquired outside Reckitt & Colman, they are in a position to give an extra dimension to the board's deliberations and play an important part in the effective running of the company. In addition to Mr A.J. Dalby, details of whom appear opposite, they are Mr G.J. Hearne, Professor J-C. Larreché and Mr M.R. Valentine.

Mr G.J. Hearne joined the board of Reckitt & Colman as a non-executive director on 22 May 1990. After practising as a lawyer, he joined the Industrial Reorganisation Corporation, following which he served as a director of N.M. Rothschild & Sons Limited and later as finance director of Courtaulds plc. He became chief executive of Tricentrol plc in 1981, group managing director of Carless Limited in 1983 and in 1984 was appointed to his present position of chief executive of Enterprise Oil plc. He is a non-executive director of N.M. Rothschild & Sons Limited and BPB Industries plc.

Professor J-C. Larréché has acted as a consultant to the company on marketing strategy since April 1981 and joined the board as a non-executive director in March 1983. He is Professor of Marketing at INSEAD, the European Institute of Business Administration, in France. He is also a member of the Institute of Management Sciences and the American Marketing Association.

Mr M.R. Valentine was appointed a non-executive director in December 1986. He is a non-executive director of S.G. Warburg Group plc, the parent company of S.G. Warburg & Co. Ltd. of which he was formerly a vice-chairman and to which he is now a consultant. He is chairman of Croda International Plc.

Committees of the board

Audit committee

The audit committee, which was established in 1978, provides a link between the board and the company's auditors on matters coming within the scope of the group audit. These matters include accounting standards and policies generally, internal financial control procedures and the group accounts and reports which are intended for publication. The committee, which comprises all the non-executive directors of the company under the chairmanship of Mr M.R. Valentine, meets regularly before the publication of the group's interim and preliminary year-end results and at other times as required. It does not involve itself in the day-to-day running of the business which remains the responsibility of the executive directors.

Charities committee

The charities committee is concerned with the implementation of policy relating to Reckitt & Colman's community programme and deals with charitable and other appeals to the company. It meets at least six times each year and currently consists of three executive directors, Mr P.J. Maydon as chairman, Sir Michael J. Colman and Mr R.M.M. Foster, the company secretary Mr P.D. Saltmarsh and the director of human resources Mr C.J. Poole.

Salaries committee

The salaries committee meets regularly to agree remuneration policy for directors and senior executives. The committee consists of three non-executive directors, Mr A.J. Dalby as chairman, Mr G.J. Hearne and Mr M.R. Valentine, together with two executive directors, Sir Michael J. Colman and Mr J. St. Lawrence.

Auditors

The auditors, Price Waterhouse, have expressed their willingness to continue in office. A resolution will be proposed at the annual general meeting to re-appoint them and to authorise the directors to fix their remuneration.

On behalf of the board

P.D. Saltmarsh SECRETARY
One Burlington Lane
London W4 2RW

26 March 1991

Accounting policies

Financial year

The accounts for the 1990 financial year of Reckitt & Colman plc relate to a fifty-two week period which ended on 29 December 1990 (1989 – fifty-two week period ended on 30 December 1989). All subsidiary undertakings accounted to this year-end date.

Basis of consolidation

The accounts of the group represent the consolidation of Reckitt & Colman plc and its subsidiary and associated undertakings. In the case of acquisitions and disposals of shareholdings in subsidiary and associated undertakings the results of trading are consolidated from or to the date upon which the consideration passed or the offer became unconditional, whichever was the earlier. The accounts of subsidiary and associated undertakings which do not conform with group policies are adjusted on consolidation in order that the group accounts may be presented on a consistent basis under the historical cost convention, and in accordance with applicable accounting standards.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs or at the contracted rate if the transaction is covered by a forward exchange contract.

Assets and liabilities denominated in a foreign currency are translated at the balance sheet date at the exchange rate ruling on that day or if appropriate at a forward contract rate. Exchange differences arising in the accounts of individual undertakings are included in the profit and loss account except that, where foreign currency borrowings have been used to finance equity investments in foreign currencies, exchange differences arising on the borrowings are dealt with through reserves to the extent that they are covered by exchange differences arising on the net assets represented by the equity investments.

The accounts of overseas subsidiary and associated undertakings are translated into sterling on the following basis:

Assets and liabilities at the rate of exchange ruling at the year-end date except for fixed assets of undertakings operating in countries where hyper-inflation exists which are translated at historical rates of exchange.

Profit and loss account items at the average rate of exchange ruling during the financial year. An inflation adjustment is charged in arriving at local currency profits of undertakings operating in hyper-inflation countries before they are translated to reflect the impact of the hyper-inflation on the undertakings' working capital requirements.

Exchange differences arising on the translation of accounts into sterling are recorded as movements on reserves on the group balance sheet.

Accounting policies

Depreciation

Except for freehold land, the cost of properties, plant and equipment, after deduction of government grants, is written off on a straight line basis over the period of the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

Freehold buildings: not more than fifty years.

Leasehold land and buildings: the lesser of fifty years or the life of the lease.

Owned plant and equipment: not more than fifteen years. In general, production plant and equipment, and office equipment are written off over ten years; motor vehicles and computer equipment over five years.

Leased plant and equipment: on the same basis as owned plant and equipment or over the life of the lease, if shorter.

Sales to customers

Sales to customers represent turnover, which is defined as the net amount invoiced to external customers and associated undertakings during the year, exclusive of VAT and other sales related taxes.

Stock

Stock is stated at the lower of cost or net realisable value. Cost comprises materials, direct labour and an appropriate portion of overhead expenses and is arrived at by the 'first in – first out' method.

Pension commitments

The cost of providing pensions to employees who are members of a company pension scheme is spread over the expected service lives of the employees in the scheme. For defined contribution schemes the annual cost charged to the profit and loss account is the contributions made to the scheme. For defined benefit schemes the annual cost charged to the profit and loss account takes account of the contributions made to the scheme and any surpluses or deficits which are to be dealt with over the expected service lives of the employees. Provision is made for the estimated present value of ex-gratia pensions.

Accounting policies

Extraordinary items

Material profits or losses are treated as extraordinary when they arise from events outside the ordinary activities of the group. Such events include the disposal of significant businesses and sites, the costs of integration of newly acquired businesses and the reorganisation of business segments.

Research and development

This expenditure is written off in the year in which it is incurred, except for expenditure on related fixed assets which is written off over the expected useful life of those assets.

Deferred tax

Deferred tax is accounted for at the rates of tax at which reversal is expected in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts, other than those differences which are expected to continue for the foreseeable future.

Advance corporation tax

The liability arising on dividends proposed for the year is charged in the profit and loss account. Credit is taken for advance corporation tax (ACT) paid in respect of dividends to the extent that it is recoverable against liabilities to corporation tax.

Intangible assets and goodwill

On the acquisition of subsidiary undertakings, businesses or associated undertakings, the purchase consideration is allocated over the underlying net tangible assets, significant intangible assets and goodwill. Goodwill is deducted from reserves on acquisition. No annual provision for depreciation is made in respect of intangible assets, which are wholly comprised of trade marks, as it is considered that their useful economic lives are not limited. Their carrying value is reviewed annually by the directors to determine whether there has been any permanent diminution in value.

Leased assets

Assets leased under finance leases are capitalised at fair value and are included in tangible assets. Outstanding liabilities under finance leases, exclusive of interest, are included in creditors.

Group profit and loss account
for the financial year ended 29 December 1990

Notes		1990 £m	1989 £m
2	**Sales to customers**	1,763·65	1,565·75
	Cost of sales	(904·78)	(819·55)
	Gross profit	858·87	746·20
	Distribution costs	(513·14)	(441·45)
	Administrative expenses	(107·63)	(90·82)
	Other operating income	14·52	6·14
3	Trading profit	252·62	220·07
4	Other interest receivable and similar income	38·56	25·19
5	Interest payable and similar charges	(56·01)	(27·86)
	Profit on ordinary activities before taxation	235·17	217·40
6	Tax on profit on ordinary activities	(77·54)	(76·22)
	Profit on ordinary activities after taxation	157·63	141·18
	Attributable to minority interests	(0·99)	(1·16)
	Coupon on convertible capital bonds, less taxation	(4·86)	–
9	Preference dividends	(0·16)	(0·16)
	Earnings attributable to ordinary shareholders	151·62	139·86
7	Extraordinary items	(21·30)	(17·05)
8	***Profit for the financial year attributable to ordinary shareholders***	130·32	122·81
9	Ordinary dividends	(50·66)	(44·23)
10	**Added to other reserves**	79·66	78·58
11	*Earnings per ordinary share:*		
	On shares in issue	101·85p	94·17p
	Fully diluted	100·54p	–
9	*Dividends per ordinary share*	34·00p	29·75p

Group balance sheet

as at 29 December 1990

Notes		1990 £m	1989 £m
	Fixed assets:		
12	Intangible assets	573·31	163·49
13	Tangible assets	406·22	375·83
14	Investments	5·39	5·54
		984·92	544·86
	Current assets:		
15	Stock	207·65	200·52
16	Debtors	320·76	287·37
17	Investments	75·16	80·05
	Cash at bank and in hand	22·32	24·47
		625·89	592·41
	Current liabilities:		
18	Creditors due within one year	(469·17)	(407·82)
	Net current assets	156·72	184·59
	Total assets less current liabilities	1,141·64	729·45
19	Creditors due after more than one year	(398·83)	(74·79)
22	Provisions for liabilities and charges	(98·67)	(53·94)
	Minority interests	(8·07)	(9·13)
	Total net assets	636·07	591·59
	Capital and reserves:		
24	Called up share capital	41·76	41·66
25	Share premium account	113·26	111·56
10	Other reserves	280·22	438·37
26	**Convertible capital bonds**	200·83	-
		636·07	591·59

On behalf of the board

M. J. Colman
DIRECTOR

J. St. Lawrence
DIRECTOR

26 March 1991

Company balance sheet
as at 29 December 1990

Notes		1990 £m	1989 £m
	Fixed assets:		
14	Investments	61·94	52·67
	Current assets:		
16	Debtors	679·05	248·14
17	Investments	24·67	5·76
	Cash at bank and in hand	2·48	2·83
		706·20	256·73
	Current liabilities:		
18	Creditors due within one year	(313·64)	(88·18)
	Net current assets	392·56	168·55
	Total assets less current liabilities	454·50	221·22
19	Creditors due after more than one year	(219·72)	–
	Total net assets	234·78	221·22
	Capital and reserves:		
24	Called up share capital	41·76	41·66
25	Share premium account	113·26	111·56
10	Other reserves	79·76	68·00
		234·78	221·22

On behalf of the board

M. J. Colman
DIRECTOR

J. St. Lawrence
DIRECTOR

26 March 1991

Group flow of funds statement

for the financial year ended 29 December 1990

	1990 £m	1989 £m
Generation of funds from ordinary operations:		
Profit before tax	235·17	217·40
Depreciation	47·08	40·15
Disposal of fixed assets	16·04	10·67
	298·29	268·22
Tax paid	(56·33)	(54·06)
Net cash generation	241·96	214·16
Application of funds:		
Working capital:		
Stock	(32·42)	(19·78)
Debtors	(2·95)	(58·15)
Creditors	15·03	31·91
Increase in working capital	(20·34)	(46·02)
Fixed assets	(78·93)	(70·19)
Coupon on convertible capital bonds	(2·04)	–
Dividends paid (including minorities)	(43·25)	(37·85)
Net cash expenditure	(144·56)	(154·06)
Net inflow arising from ordinary operations	97·40	60·10
Other activities:		
Issue of convertible capital bonds	200·83	–
Paid in respect of business acquired (see Note 31)	(746·22)	(62·28)
Received in respect of businesses sold (see Note 32)	90·86	–
Paid in respect of restructuring manufacturing facilities for Europe-wide supply	(16·91)	(6·62)
Net outflow on other activities	(471·44)	(68·90)
Adjustment for changing values of foreign currencies	35·81	(9·13)
Overall increase in net borrowing	(338·23)	(17·93)
Net borrowing at beginning of year	(19·58)	(1·65)
Increase during the year	(338·23)	(17·93)
Net borrowing at year-end	(357·81)	(19·58)

1 **Accounting policies**

The accounting policies adopted in determining the amounts shown in the financial statements are set out on pages 25 to 27.

2 **Sales and trading profit**

Analyses of sales and trading profit by area and by product group are set out on page 2.

3 **Trading profit is stated after the following:**

	1990 £m	1989 £m
Depreciation:		
On depreciable properties	6·66	5·99
On plant and equipment	40·42	34·16
Hire of equipment	16·00	11·84
Research and development expenditure	13·31	12·31
Staff costs:		
Wages and salaries	250·33	229·16
Social security costs	32·93	24·43
Other pension costs	4·89	9·69
Remuneration of auditors:		
Parent	0·15	0·14
Subsidiary undertakings	1·61	1·39
Emoluments of directors	1·87	1·76
Exceptional item:		
Surplus on disposal of minor brands and businesses	(1·74)	(5·61)

4 **Other interest receivable and similar income**

	1990 £m	1989 £m
On short term deposits	38·56	25·19

5 Interest payable and similar charges

	1990 £m	1989 £m
On long term borrowing	0·09	–
On bank and other borrowing repayable within five years	55·92	27·86
	56·01	27·86

6 Tax on profit on ordinary activities

	1990 £m	1989 £m
UK corporation tax	51·83	48·64
Relief for overseas tax	(19·18)	(21·27)
Recovery of ACT	(0·49)	(3·61)
Total UK tax	32·16	23·76
Overseas tax	50·08	51·34
	82·24	75·10
Deferred tax overseas	(4·70)	1·12
	77·54	76·22

UK corporation tax is provided for at the rate of 35% (1989, 35%). ACT is payable on dividends at the rate of 25/75ths (1989, 25/75ths).

	1990 £m	1989 £m
The charge for the year is affected by timing differences as follows:		
Tax losses utilised	(1·21)	(1·86)
Accelerated capital allowances	(0·01)	(1·21)
Unrelieved losses and other timing differences	0·50	0·05
	(0·72)	(3·02)
Effect of ACT	(0·45)	0·17
	(1·17)	(2·85)

7 Extraordinary items

	1990 £m	1989 £m
Extraordinary income:		
Surplus on disposal of businesses	58·71	–
Extraordinary charges:		
Cost of reorganisation and integration costs of acquired businesses	(73·31)	(10·10)
Restructuring of manufacturing facilities for Europe-wide supply	(34·24)	(18·15)
	(48·84)	(28·25)
Tax relief	27·54	11·20
	(21·30)	(17·05)

8 Profit of parent company

As permitted by section 230 of the Companies Act 1985, no profit and loss account is presented for Reckitt & Colman plc.

	1990 £m	1989 £m
The amount of the consolidated profit for the financial year dealt with in the accounts of the parent company is	109·10	57·08

9 Dividends

	1990 Pence per ordinary share	1990 £m	1989 Pence per ordinary share	1989 £m
Ordinary dividends:				
Interim, paid 7 January 1991	12·25	18·24	10·65	15·82
Proposed final, payable 8 July 1991	21·75	32·42	19·10	28·41
Charged to profit and loss account	34·00	50·66	29·75	44·23
Preference dividends		0·16		0·16
Total dividends for the year		50·82		44·39

During the year 135,956 ordinary shares were allotted in lieu of cash dividends for 1989.

10 **Other reserves**

	Group	Subsidiary undertakings	Parent
	£m	£m	£m
At beginning of year	438·37	370·37	68·00
Movements during the year:			
In the accounts of the parent company	58·44	–	58·44
In the accounts of subsidiary undertakings	20·41	20·41	–
Share of profits in associated undertakings	0·81	0·81	–
Net exchange gain on foreign currency borrowing	24·12	–	24·12
Exchange losses arising on translation of net investments in overseas subsidiary undertakings	(78·01)	(28·79)	(49·22)
Dividend adjustment (see Note 9)	1·54	–	1·54
Goodwill and acquisition costs written off	(185·46)	(162·34)	(23·12)
	280·22	200·46*	79·76

* The reserves of subsidiary undertakings have been retained to finance their businesses and therefore are not generally regarded as available for distribution. There were statutory or other restrictions on the distribution of £83m (1989, £86m) of the reserves of subsidiary undertakings at 29 December 1990.

The cumulative amount of goodwill written-off to reserves since 1984 in respect of the acquisition of continuing businesses is £303m.

11 **Earnings per ordinary share**

Earnings per ordinary share of 94·17p and 101·85p in 1989 and 1990 have been calculated on the basis of an average of 148,516,429 and 148,861,478 ordinary shares in issue during each year respectively, and on earnings attributable to ordinary shareholders as shown in the group profit and loss account. The potential dilution arising from the issue of the convertible capital bonds and from options granted under approved schemes was 1·29%. This dilution was calculated using a weighted average number of shares of 156,282,622 corresponding to the conversion rights of the bondholders and reflecting the issue of the £200,832,954 bonds in two tranches as to 25p paid on 2 April 1990 and 75p paid on 21 September 1990.

12 **Intangible assets**

	Trade marks
	£m
Cost:	
At beginning of year	163·49
Additions during the year	455·11
Written off during the year	(0·50)
Exchange adjustments	(44·79)
At 29 December 1990	573·31

13 Tangible assets

	Freehold land £m	Depreciable properties £m	Plant and equipment £m	Total £m
Cost:				
At beginning of year	27·91	179·54	366·61	574·06
Additions during the year	8·61	36·90	89·11	134·62
Disposals during the year	(1·01)	(8·72)	(37·00)	(46·73)
Exchange adjustments	(3·03)	(12·02)	(27·14)	(42·19)
At 29 December 1990	32·48	195·70	391·58	619·76
Accumulated depreciation:				
At beginning of year		42·05	156·18	198·23
Provided during the year		6·66	40·42	47·08
Disposals during the year		(1·97)	(15·79)	(17·76)
Exchange adjustments		(3·02)	(10·99)	(14·01)
At 29 December 1990		43·72	169·82	213·54
Net book amounts:				
At beginning of year	27·91	137·49	210·43	375·83
At 29 December 1990	32·48	151·98	221·76	406·22

	1990 £m	1989 £m
The net book amount of depreciable properties:		
Freehold buildings	143·96	129·34
Long leaseholds	2·26	3·25
Short leaseholds	5·76	4·90
	151·98	137·49

Future capital expenditure contracted for but not provided in the accounts £9·74m (1989, £12·53m), authorised by the directors but not contracted for £21·75m (1989, £14·46m).

The disclosure provisions of SSAP21 have not been applied to leased assets included above as the amounts attributable to such assets are immaterial.

Annual commitments under non-cancellable operating leases at 29 December 1990 were:

	Land and buildings £m	Plant and equipment £m
Expiry of operating leases:		
Within one year	5·03	3·09
Between two and five years	10·13	1·25
After five years	15·68	0·16
	30·84	4·50

14 Investments (fixed assets)

	Group	Parent	Parent
	Interests in associated under-takings £m	Interests in associated under-takings £m	Shares in group under-takings £m
Cost:			
At beginning of year	0·97	0·60	52·07
Additions during the year	–	–	14·62
Disposals during the year	(0·01)	–	(5·35)
At 29 December 1990	0·96	0·60	61·34
Share of post acquisition reserves:			
At beginning of year	4·57		
Added during the year	0·81		
Exchange adjustments	(0·95)		
At 29 December 1990	4·43		
Net book amounts:			
At beginning of year	5·54	0·60	52·07
At 29 December 1990	5·39	0·60	61·34

	1990 Group £m	1990 Parent £m	1989 Group £m	1989 Parent £m
Listed investments:				
The amounts ascribable to listed investments, all of which are listed overseas, are:				
Interests in associated undertakings:				
Net book amounts	0·44	0·44	0·44	0·44
Market value	22·36	22·36	26·66	26·66
Shares in group undertakings:				
Net book amounts		0·36		0·36
Market value		4·53		6·16

Details of amounts due to or by associated undertakings and of transactions with them during the year are not disclosed separately, as none is material in the context of these accounts.

Notes to the accounts

15 Stock

	1990 £m	1989 £m
Raw materials and consumables	66·14	66·10
Work in progress	10·55	14·04
Finished goods and goods for resale	130·96	120·38
	207·65	200·52

16 Debtors

	1990 Group £m	1990 Parent £m	1989 Group £m	1989 Parent £m
Falling due within one year:				
Trade debtors	264·80	–	219·10	–
Amounts owed by group undertakings	–	*122·60*	–	*103·98*
Other debtors	6·52	1·69	27·32	0·97
Prepayments and accrued income	16·71	–	23·99	–
	288·03	124·29	270·41	104·95
Falling due after more than one year:				
Trade debtors	2·07	–	2·16	–
Amounts owed by group undertakings	–	548·65	–	136·70
Other debtors:				
Deferred tax	24·40	6·11	13·84	6·49
Others	6·26	–	0·96	–
	32·73	554·76	16·96	143·19
Total debtors	320·76	679·05	287·37	248·14

17 Investments (current assets)

	1990 Group £m	1990 Parent £m	1989 Group £m	1989 Parent £m
Other investments:				
Short term deposits	75·16	24·67	80·05	5·76

18 Creditors due within one year

	1990 Group £m	1990 Parent £m	1989 Group £m	1989 Parent £m
Loans	0·51	–	1·63	–
Bank loans and overdrafts	64·00	8·04	60·76	9·63
Trade creditors	183·61	–	135·13	–
Bills of exchange payable	0·75	–	0·70	–
Amounts owed to group undertakings	–	235·83	–	20·17
Other creditors:				
Taxation and social security	44·89	15·15	59·82	12·44
Dividends	50·66	50·66	44·23	44·23
Others	19·32	3·10	23·31	1·38
Accruals and deferred income	105·43	0·86	82·24	0·33
	469·17	313·64	407·82	88·18

19 Creditors due after more than one year

	1990 Group £m	1990 Parent £m	1989 Group £m	1989 Parent £m
Loans	263·58	100·13	29·64	–
Bank loans	127·20	93·32	32·07	–
Amounts owed to group undertakings	–	25·77	–	–
Other creditors:				
Taxation and social security	1·30	0·50	2·02	–
Others	6·75	–	11·06	–
	398·83	219·72	74·79	–
Amounts included above payable after more than five years:				
Loans	33·86	–	–	–
Bank loans	3·02	–	7·10	–

20 Loans

	1990 Group £m	1990 Parent £m	1989 Group £m	1989 Parent £m
Repayable within five years:				
Commercial Notes*	184·98	100·13	29·25	–
9·15% Guaranteed Notes Series A due 1995**	44·27	–	–	–
Other medium term loans	0·98	–	2·02	–
	230·23	100·13	31·27	–
Repayable after more than five years:				
9·45% Guaranteed Notes Series B due 1997**†	33·86	–	–	–
	264·09	100·13	31·27	–
Timing of repayments:				
In one year or less, or on demand (Note 18)	0·51	–	1·63	–
Due after more than one year (Note 19):				
Between one and two years	185·01	100·13	0·09	–
Between two and five years	44·71	–	29·55	–
After five years	33·86	–	–	–
	263·58	100·13	29·64	–
	264·09	100·13	31·27	–

* Represents short term notes, issued or guaranteed by Reckitt & Colman plc, in the USA and Canada. Maturities are normally between one and ninety days. These notes have been classified as due after more than one year because it is the group's intention to refinance the borrowing on a continuing basis. Medium term committed back-up facilities have been arranged with banks in the UK in support of these notes.

** Represents notes issued in the USA, and guaranteed by Reckitt & Colman plc.

† On 28 January 1991 the proceeds of a further tranche of 9·45% Guaranteed Notes Series B due 1997 amounting to £26·04m were received. These have been used to reduce the outstanding amount of Commercial Notes.

21 **Aggregate bank loans and overdrafts**

	1990 Group £m	1990 Parent £m	1989 Group £m	1989 Parent £m
Repayable in full within one year	60·56	8·04	50·94	9·63
Repayable between one and five years	112·23	93·32	16·38	-
Repayable over more than five years*	18·41	-	25·51	-
	191·20	101·36	92·83	9·63
Timing of repayments:				
In one year or less, or on demand (Note 18)	64·00	8·04	60·76	9·63
Due after more than one year (Note 19):				
Between one and two years	99·04	93·32	10·09	-
Between two and five years	25·14	-	14·88	-
After five years	3·02	-	7·10	-
	127·20	93·32	32·07	-
	191·20	101·36	92·83	9·63

* Subject to interest at local market rates

There are contingent liabilities in respect of bills of exchange discounted by subsidiary undertakings amounting to £3·19m (1989, £6·59m).

22 **Provisions for liabilities and charges**

	Deferred tax £m	Pensions £m	Other provisions £m	Total £m
At beginning of year	2·14	16·15	35·65	53·94
Profit and loss account transfer:				
Extraordinary items	-	-	107·55	107·55
Others	6·38	(7·35)	4·59	3·62
Provisions in acquisitions	-	-	0·70	0·70
Utilised during the year	(0·02)	(2·18)	(64·94)	(67·14)
At 29 December 1990	8·50	6·62	83·55	98·67

Other provisions at 29 December 1990 consist primarily of amounts provided for payments due to employees on retirement or termination of their services, for reorganisation and restructuring costs and for costs relating to the integration of Boyle-Midway and other recent acquisitions.

23 **Deferred tax**

The full potential liability for deferred tax, including the amounts shown at Note 16 and at Note 22 but excluding the tax effect of revaluation of fixed assets (including valuations at the date of acquisition of subsidiary undertakings and businesses), is:

	1990 £m	1989 £m
Accelerated capital allowances	39·00	42·00
Stock timing differences	2·00	3·00
Unrelieved losses and timing differences	(14·00)	(4·00)
	27·00	41·00
ACT recoverable thereon	(13·00)	(10·00)
	14·00	31·00

24 **Called up share capital**

	Number of shares	1990 £m	1989 £m
Allotted and fully paid:			
Ordinary shares of 25p each:			
In issue at beginning of year	148,631,021	37·16	37·11
Allotted during the year	420,567	0·10	0·05
In issue at 29 December 1990	149,051,588	37·26	37·16
5% (now 3½% plus tax credit) cumulative preference shares of £1 each	4,500,000	4·50	4·50
Called up share capital		41·76	41·66
Authorised share capital		54·00	54·00

Allotments of ordinary shares of 25p each during the year were:

	Number of shares	Consideration £
In lieu of dividends in cash	135,956	33,989
Under the Share Participation Schemes	34,201	382,709
Under the Executive Share Option Scheme	155,664	926,409
Under the Savings-Related Share Option Scheme	94,746	497,658
	420,567	1,840,765

At 29 December 1990, elections had been received from shareholders which required the allotment of 24,970 ordinary shares of 25p each on 7 January 1991, in lieu of interim dividends otherwise payable in cash on that date

24 Called up share capital continued

Options over ordinary shares of 25p each:

Options were granted under the Reckitt & Colman Executive Share Option Scheme as follows: on 6 April 1990, over 113,868 shares at 1121p each, exercisable by April 2000, and on 5 October 1990, over 26,307 shares at 1219p each, exercisable by October 2000.

On 11 October 1990, the following options were granted under the Reckitt & Colman Savings-Related Share Option Scheme at 975p each: 55,065 shares exercisable by June 1996 and 26,496 shares exercisable by June 1998.

Options outstanding at 29 December 1990 were:

	Number of shares	Price to be paid	Exercisable by
Under the Executive Share Option Scheme:	58,908	522p	Sept 1994
	14,702	533p	Sept 1995
	4,637	813p	Oct 1996
	85,545	954p	April 1997
	166,878	819p	April 1998
	29,911	867p	Sept 1998
	216,408	1065p	April 1999
	108,962	1121p	April 2000
	26,307	1219p	Oct 2000
Under the Savings-Related Share Option Scheme:	13,399	480p	June 1991
	18,588	732p	June 1992
	49,346	469p	July 1992
	18,831	480p	June 1993
	39,282	961p	June 1993
	15,393	732p	June 1994
	45,892	780p	June 1994
	20,842	961p	June 1995
	60,966	977p	July 1995
	21,146	780p	June 1996
	54,604	975p	June 1996
	32,818	977p	July 1997
	26,404	975p	June 1998

25 Share premium account

	1990 £m	1989 £m
At beginning of year	111·56	110·38
Premium on shares allotted during the year	1·73	1·18
Capitalised in lieu of cash dividends	(0·03)	–
At 29 December 1990	113·26	111·56

26 Convertible capital bonds

During March 1990 Reckitt & Colman Capital Finance Limited, a wholly-owned subsidiary undertaking of the parent company, made an issue of £200,832,954 of 9·5% Convertible Capital Bonds 2005. The terms of the bonds allow the holders to convert into Reckitt & Colman shares on 31 July in each of the years 1993 to 2004 and on the maturity date at the initial exchange price of 1263p per Reckitt & Colman share (equivalent to 7·9177 Reckitt & Colman shares per 100 bonds). There is no put option under which bondholders can require Reckitt & Colman Capital Finance Limited to redeem the bonds.

In these circumstances, the directors consider that the convertible capital bonds will become part of the parent company's called-up share capital and, on full conversion, this will result in the issue of 15·9 million ordinary shares of 25p each. For this reason the convertible capital bonds have been recognised on the group balance sheet as part of the equity.

27 Pension schemes

The Group operates a number of pension schemes around the world. The major schemes, which are in the UK, the USA, Australia, South Africa and Germany, are of the defined benefit type with assets held in separate trustee administered funds.

The main scheme in the UK covers the majority of UK employees. The last formal valuation was carried out by R. Watson & Sons, consulting actuaries, as at 5 April 1990 using the projected unit method. The principal actuarial assumptions adopted in the valuation were that over the long term the annual rate of return on investments would be 9·5%, the increase in dividends receivable from the investments held by the scheme would be 4·5% and the increases in the average pensionable remuneration and present and future pensions in payment 7·5% and 5·5% respectively. The market value of the scheme's assets as at the date of valuation was £338·3m. The actuarial value of the assets was sufficient to cover 139% of the benefits that had accrued to members after allowing for expected future increases in pensionable remuneration. Benefit improvements are expected to be introduced during the year 1991/92 which will reduce this funding level to around 118%. In accordance with SSAP 24, the expected remaining surplus is being recognised over a period of 12 years from the effective date of the valuation, this being the estimated average remaining service lives of current employee members. Recognition of the surplus resulted in reducing the charge to the 1990 group profit and loss account in respect of the UK scheme from £6·06m to £0·90m.

For those other schemes which were shown to be in surplus at their last formal actuarial valuation, the surpluses are being spread over the average remaining service lives of current employee members. As a result, in respect of these schemes, the charge to the 1990 profit and loss account has been reduced to nil

28 Emoluments of directors

The number of directors, who discharged their duties as such wholly or mainly in the UK, whose emoluments, excluding pension contributions, fell within the undermentioned ranges was as follows:

	1990	1989
£5,001 - £10,000	2	1
£10,001 - £15,000	3	5
£70,001 - £75,000	–	1
£130,001 - £135,000	–	1
£135,001 - £140,000	–	1
£140,001 - £145,000	–	1
£145,001 - £150,000	1	1
£155,001 - £160,000	1	–
£160,001 - £165,000	1	1
£165,001 - £170,000	–	1
£170,001 - £175,000	1	–
£175,001 - £180,000	1	–
£185,001 - £190,000	1	–
£240,001 - £245,000	–	1
£280,001 - £285,000	1	–
Emoluments of the chairman	£148,317	£138,030
Emoluments of the highest paid director	£284,116	£242,226

29 Number of staff

The average number of persons employed by the group during the year was:

	1990	1989
UK	4,600	5,300
Europe (excluding UK)	3,300	2,800
North America	4,000	3,500
Australasia & Asia	3,500	3,200
Africa	2,100	2,100
Latin America	6,300	5,100
	23,800	22,000

30 Principal subsidiary undertakings

The undernoted subsidiary undertakings, each of which is wholly-owned by the group and included in the consolidation, in the opinion of the directors principally contributed to the amounts of the profit or assets of the group:

	Country of incorporation or registration, and operation	Class of share
Reckitt & Colman Products Limited	United Kingdom	Ordinary Preference
Reckitt & Colman Australia Limited	Australia	Ordinary
*Representações Reckitt & Colman Brasil Limitada**	*Brazil*	*Ordinary*
Reckitt & Colman	France	Ordinary
Reckitt & Colman South Africa (Pty) Limited*	South Africa	Ordinary
Reckitt & Colman Inc.	USA	Ordinary

* The shares in these subsidiary undertakings are held by the parent company. Otherwise the shares are held by subsidiary undertakings.

As permitted by s.231(3) and s.231(5) of the Companies Act 1985, particulars of other subsidiary and associated undertakings are not shown above.

31 Acquisition of businesses

	1990 £m
Cost of acquisitions	740·75
Less: *Amount not paid in year*	(26·69)
	714·06
Integration costs	32·16
Effect on flow of funds	746·22
Represented by:	
Goodwill	185·46
Trade marks	455·11
Fixed assets	60·98
Stock	37·25
Debtors	54·07
Creditors	(46·65)
	746·22

31 **Acquisition of businesses** continued

During 1990 the group purchased the Boyle-Midway household product and the depilatory businesses of American Home Products Corporation. The majority of the Boyle-Midway units were acquired on 29 June 1990. The businesses located in Germany, Mexico, Taiwan and France were acquired subsequently on 6 July, 31 July, 31 August and 3 October respectively. Sales and profit have been consolidated into these group accounts from those dates

The purchase consideration agreed with American Home Products Corporation, plus fees and costs associated with the acquisition, amounted to £712·78m, of which £25·01m was paid in January 1991. The consideration paid to American Home Products Corporation reflected the value of the net assets, including intangible assets, of the Boyle-Midway business as at 29 June 1990. In those cases where acquisition was delayed, interest paid from 29 June 1990 to the date each acquisition was made has been charged, on consolidation, as part of the cost of acquisition. This interest amounted to £2·56m.

The trading profits of the Boyle-Midway businesses acquired were as follows:

	£m
1989 full year	58
1990 pre-acquisition	25*
1990 post-acquisition	32

* The Boyle-Midway businesses are located in twenty-four countries. In ten of those countries only assets were acquired. In these cases, it has not been possible to inspect accounts for the purposes of establishing the amounts of profit earned in the pre-acquisition period of 1990 and estimates have been included for them. These estimates amount to 12·4% of the amount shown.

The pre-acquisition results for 1990 reflect trading for the period 1 January 1990 to 29 June 1990 for the businesses in the USA, Canada and France. For the remainder of the businesses the period was 1 November 1989 to 29 June 1990.

In addition the group acquired two small businesses in Europe and one in Australia.

	Boyle-Midway £m	Others £m	Total £m
Fair value of purchase consideration, including fees and costs	712·78	27·97	740·75
Goodwill arising	158·71	26·75	185·46
Fair value of intangible assets acquired	455·11	–	455·11
Fair value of net tangible assets acquired	98·96	1·22	100·18
	712·78	27·97	740·75

31 Acquisition of businesses continued

Net tangible assets acquired

	Book value £m	Fair value adjustments £m	Accounting policy adjustments £m	Total £m
Boyle·Midway*				
Land, buildings, plant and equipment	44·71	15·10	0·65	60·46
Current assets/(liabilities):				
Stock	38·74	(2·28)	0·31	36·77
Debtors	52·36	–	(0·87)	51·49
Creditors	(50·67)	–	0·91	(49·76)
	85·14	12·82	1·00	98·96
Other businesses	1·30	(0·12)	0·04	1·22
All acquisitions	86·44	12·70	1·04	100·18

Goodwill arising on acquisitions during the year has been deducted from reserves (see accounting policy on page 27).

Provisions for the costs of integrating the Boyle·Midway businesses amounting to £45·90m have been charged as extraordinary items, in accordance with the group's accounting policy (see page 27 and Note 7).

32 Disposal of businesses

The group disposed of its fine art & graphics businesses in the UK and the USA on 19 July 1990. In October 1990 agreement was reached to dispose of the Conimex oriental foods business in the Netherlands. The following information is disclosed relating to these disposals:

	Fine art & graphics £m	Conimex £m	Total £m
Proceeds of disposal	58·32	26·45	84·77
Net borrowing of businesses at disposal	3·07	3·02	6·09
Effect on cash flow	61·39	29·47	90·86
Represented by:			
Fixed assets	7·82	5·11	12·93
Stock	16·13	2·22	18·35
Debtors	8·60	1·29	9·89
Creditors	(5·78)	(3·24)	(9·02)
Profit on disposal taken to extraordinary items*	34·62	24·09	58·71
	61·39	29·47	90·86
Trading profit to date of disposal in 1990	0·85	2·27	3·15

* These businesses were acquired more than ten years ago and it is not possible to ascertain the amount of purchased goodwill which arose on acquisition

33 Directors' interests in transactions with the company

No director was materially interested in any contract of significance entered into by the company or any of its subsidiaries during the year, other than:

1 the grant of options under the Executive Share Option Scheme at 1121p per ordinary share of 25p each, exercisable by April 2000 to: Mr C. C. C. Brown, 7,136 shares; Mr I. G. Dobbie, 6,423 shares; Mr R. M. M. Foster, 7,137 shares; Mr P. J. Maydon, 7,494 shares.

2 the grant of options under the Savings-Related Share Option Scheme at 975p per ordinary share of 25p each, exercisable by June 1996 over 192 shares to Mr R. M. M. Foster.

3 the exercise, on 1 February 1990, of options under the Savings-Related Share Option Scheme over 1,577 ordinary shares of 25p each at 469p per share, by Sir Michael J. Colman, by Mr J. St. Lawrence, and by Mr P. C. Knee.

4 the exercise of options under the Executive Share Option Scheme on 6 September 1990 by Mr P. J. Maydon over 40,000 ordinary shares of 25p each at 522p per share, on 25 September 1990 by Mr J. St. Lawrence over 34,000 ordinary shares of 25p each at 522p per share, on 26 September 1990 by Mr J. St. Lawrence over 24,468 ordinary shares of 25p each at 522p per share, on 1 November 1990 by Mr R. M. M. Foster over 10,018 ordinary shares of 25p each at 533p per share, and on 23 November 1990 by Mr I. G. Dobbie over 9,512 ordinary shares of 25p each at 533p per share.

5 the acquisition of ordinary shares of 25p each by way of scrip dividends on 5 January 1990 by: Mr C. C. C. Brown, 11 shares; Mr I. G. Dobbie, 15 shares; Mr P. C. Knee, 285 shares; Mr P. J. Maydon, 23 shares; Mr J. St. Lawrence, 59 shares; Mr K. H. Walley, 3 shares, and on 5 July 1990 by: Mr I. G. Dobbie, 27 shares; Mr P. C. Knee, 586 shares; Mr P. J. Maydon, 41 shares; Mr J. St. Lawrence, 133 shares.

6 the acquisition on 2 April 1990 of 9·5% Convertible Capital Bonds 2005 of Reckitt & Colman Capital Finance Limited at the issue price of 100p per bond by: Mr C. C. C. Brown, 1,695 bonds; Mr I. G. Dobbie, 2,225 bonds; Mr P. J. Maydon, 3,337 bonds; Mr J. St. Lawrence, 10,811 bonds; Mr K. H. Walley, 544 bonds.

34 Directors' interests in the share capital of the company

	Ordinary shares		Options over Ordinary shares under the Executive Share Option Scheme			
	29 Dec 1990	31 Dec 1989	29 Dec 1990	31 Dec 1989	Expiry date	Option price
Sir Michael J. Colman Bt	228,857	226,744	48,349	48,349	Sept 1994	522p
			7,141	7,141	Apr 1997	954p
J. St. Lawrence	39,678	6,373	–	58,468	Sept 1994	522p
			8,700	8,700	Apr 1997	954p
			29,911	29,911	Sept 1998	867p
C. C. C. Brown	1,256	1,245	5,686	5,686	Apr 1997	954p
			15,866	15,866	Apr 1998	819p
			16,508	16,508	Apr 1999	1065p
			7,136	–	Apr 2000	1121p
A. J. Dalby	2,000	2,000	–	–		
I. G. Dobbie	10,024	1,634	–	9,512	Sept 1995	533p
			22,600	22,600	Apr 1997	954p
			13,304	13,304	Apr 1999	1065p
			6,423	–	Apr 2000	1121p
R. M. M. Foster	11,632	2,231	–	10,018	Sept 1995	533p
			20,754	20,754	Apr 1997	954p
			16,207	16,207	Apr 1999	1065p
			7,137	–	Apr 2000	1121p
G. J. Hearne CBE	1,000	–*	–	–		
P. C. Knee	26,269	33,415	–	–		
J-C. Larréché	1,000	1,000	–	–		
P. J. Maydon	16,949	2,449	10,649	50,649	Sept 1994	522p
			5,739	5,739	Apr 1997	954p
			12,850	12,850	Apr 1999	1065p
			7,494	–	Apr 2000	1121p
V. L. Sankey	891	891	5,450	5,450	Apr 1997	954p
			15,335	15,335	Apr 1998	819p
M. R. Valentine	500	500	–	–		

*At date of appointment

34 Directors' interests in the share capital of the company continued

Options over Ordinary shares under the Savings-Related Share Option Scheme

	29 Dec 1990	31 Dec 1989	Expiry date	Option price
Sir Michael J. Colman Bt	–	1,577	July 1990	469p
J. St. Lawrence	–	1,577	July 1990	469p
	1,105	1,105	July 1995	977p
C. C. C. Brown	1,010	1,010	June 1992	732p
	368	368	July 1995	977p
R. M. M. Foster	469	469	July 1992	469p
	458	458	June 1993	480p
	601	601	June 1994	732p
	552	552	July 1995	977p
	192	–	June 1996	975p
P. C. Knee	–	1,577	July 1990	469p
P. J. Maydon	461	461	June 1994	780p
	437	437	June 1995	961p
	429	429	July 1997	977p
V. L. Sankey	461	461	June 1994	780p

At 31 December 1989 and at 29 December 1990 Mr C. C. C. Brown, Mr I. G. Dobbie, Mr R. M. M. Foster and Mr V. L. Sankey each beneficially owned 100 preference shares.

At 31 December 1989 and at 29 December 1990 Sir Michael J. Colman was interested as a trustee in 69,852 ordinary shares of 25p each.

At 29 December 1990 9·5% Convertible Capital Bonds of Reckitt & Colman Capital Finance Limited were held by: Mr C. C. C. Brown, 1,695 bonds; Mr I. G. Dobbie, 2,225 bonds; Mr P. J. Maydon, 3,337 bonds; Mr J. St. Lawrence, 10,811 bonds.

Except as set out above, no person who was a director (or a member of a director's family) on 29 December 1990 had any beneficial interest or interests as a trustee in any subsidiary of the company.

There were no changes in directors' interests in shares, or options to acquire shares, of the company or its subsidiaries from 29 December 1990 to 26 March 1991, save for the acquisition of ordinary shares of 25p each by way of scrip dividend on 7 January 1991: Mr C. C. C. Brown, 11 shares; Mr P. C. Knee, 26 shares; Mr P. J. Maydon, 165 shares; Mr J. St. Lawrence, 392 shares.

Report of the auditors

To the members of Reckitt & Colman plc

We have audited the financial statements on pages 25 to 51 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 29 December 1990 and of the profit and source and application of funds of the group for the financial year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse

CHARTERED ACCOUNTANTS

Southwark Towers
32 London Bridge Street
London SE1 9SY

26 March 1991

Shareholders' information

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company.

The company had received the following notices of substantial interest (3%) in its ordinary share capital as at 26 March 1991:

Barclays Bank PLC (non-beneficial)	5,354,321 shares	3·60%
Prudential Corporation group of companies	6,750,476 shares	4·53%

Ordinary shareholders 29 December 1990

Analysis of registered shareholdings:

Size of holding	Number	% of total	Shares held	% of total
1–500	16,900	50·1	4,565,438	3·1
501–1,000	8,420	25·0	6,300,169	4·2
1,001–5,000	6,887	20·4	13,486,933	9·0
5,001–10,000	540	1·6	3,988,028	2·7
10,001–50,000	621	1·9	14,144,032	9·5
50,001–100,000	105	0·3	7,831,282	5·3
100,001 upwards	221	0·7	98,735,706	66·2
	33,703	100·0	149,051,588	100·0

Shareholders' calendar

1991

Annual general meeting	22 May
Payment of half-yearly preference dividend	1 July
Payment of final ordinary dividend	8 July
Announcement of interim results	5 September

1992

Payment of half-yearly preference dividend	January
Payment of interim ordinary dividend	January
Preliminary announcement of 1991 results	March
Issue of annual report	April
Annual general meeting	May

Notice of meeting

Notice is hereby given that the thirty-eighth annual general meeting of the company will be held at the New Connaught Rooms, 15 Great Queen Street, London WC2 on Wednesday 22 May 1991 at 11.00 am for the purposes shown and to consider and, if thought fit, to pass the resolutions set out below, of which resolutions 1 to 7 inclusive are by way of ordinary business. Resolutions 8 to 11 inclusive are by way of special business. Resolutions 8 to 10 inclusive will be proposed as ordinary resolutions and resolution 11 as a special resolution.

1 That the report of the directors and annual financial statements for the 1990 financial year, which ended on 29 December 1990, be and hereby are adopted.

2 That a final dividend of 21·75 pence per ordinary share be paid on 8 July 1991 to all ordinary shareholders on the register on 19 April 1991.

3 That Sir Michael J. Colman, who retires by rotation, be re-elected as a director.

4 That Mr A.J. Darby, who retires by rotation, be re-elected as a director.

5 That Mr R.M.M. Foster, who retires by rotation, be re-elected as a director

6 That Mr P.J. Maydon, who retires by rotation, be re-elected as a director.

7 That Price Waterhouse be re-appointed as auditors and that the directors be authorised to fix their remuneration.

8 That, pursuant to article 149 of the company's articles of association, the company be and it is hereby authorised to make market purchases (within the meaning of section 163(3) of the Companies Act 1985) of ordinary shares of 25p each in the capital of the company ("ordinary shares") upon and subject to the following conditions:

(a) the maximum number of ordinary shares which may be purchased is 7,452,000 ordinary shares,

(b) the maximum price at which ordinary shares may be purchased is 5% above the average of the middle market quotations for the ordinary shares as taken from The Stock Exchange Daily Official List for the ten business days preceding the date of purchase and the minimum price is 25p per ordinary share, in both cases exclusive of expenses, and

(c) the authority to purchase conferred by this resolution shall expire at the conclusion of the annual general meeting of the company to be held in 1992 save that the company may before such expiry enter into a contract to purchase ordinary shares under which such purchase will or may be completed or executed wholly or partly after the expiration of this authority and may make a purchase of ordinary shares in pursuance of any such contract.

9 That the directors be and they are hereby generally authorised pursuant to article 150 of the articles of association of the company:

(a) to exercise the power contained in article 150 so that to the extent determined by the board, the holders of ordinary shares be permitted to elect to receive new ordinary shares of 25p each in the capital of the company, credited as fully paid, instead of cash in respect of the whole or some part of any interim and final dividends resolved by the board to be paid or declared, as the case may be, for the financial year of the company ending on 4 January 1992, and

(b) to capitalise a sum equal to the aggregate nominal amount of new ordinary shares falling to be allotted pursuant to elections made as aforesaid out of any amount standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution as the board may determine, and apply such a sum in paying up in full the appropriate number of such unissued ordinary shares and to allot such ordinary shares to the members of the company making such elections in accordance with their respective entitlements.

10 That the directors be and they are hereby generally and unconditionally authorised to exercise the power of the company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) up to an aggregate nominal amount of £12,000,000 provided that this authority shall expire on the date of the next annual general meeting of the company after the passing of this resolution, save that the company may before such expiry make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

11 That the directors be and they are hereby further empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94 of that Act) pursuant to the authority referred to above as if section 89(1) of the Companies Act 1985 did not apply to such allotment provided that this power shall be limited:

(a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders, where the equity securities respectively attributable to the interests of ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £1,863,000

and shall expire on the date of the next annual general meeting of the company after the passing of this resolution, save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

By order of the board

P.D. Saltmarsh SECRETARY
One Burlington Lane
London W4 2RW

26 April 1991

NOTE: A member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, to vote on the member's behalf. A proxy need not also be a member. The appointment of a proxy does not preclude a member from attending and voting in person. The numbers set beside the resolutions 1 to 11 appear in the same order on the proxy forms sent to ordinary shareholders.

The following documents will be available for inspection at One Burlington Lane, London W4 on any weekday (except Saturdays and public holidays) during normal business hours and at the New Connaught Rooms, 15 Great Queen Street, London WC2 for a period of 15 minutes prior to the annual general meeting and during the meeting:

1 A statement of all transactions of each of the directors and of their family interests in each class of the share capital of the company and any of its subsidiaries.
2 Copies of all contracts of service whereunder directors of the company are employed by the company or any of its subsidiaries at the date of this notice (other than contracts expiring or determinable by the employing company without payment of compensation within one year).

Five year summary

	1990 £m	1989 £m	1988 £m	1987 £m	1986 £m
Sales to customers	1,763·6	1,565·8	1,394·0	1,492·6	1,329·4
Trading profit	252·6	220·1	197·9	180·1	153·0
Interest payable less other income	(17·4)	(2·7)	(6·6)	(12·5)	(13·5)
Profit on ordinary activities before taxation	235·2	217·4	191·3	167·6	139·5
Tax on profit on ordinary activities	(77·5)	(76·2)	(69·4)	(64·2)	(51·7)
Minority interests	(1·0)	(1·1)	(1·6)	(2·0)	(1·9)
Coupon on convertible capital bonds	(4·9)	–	–	–	–
Preference dividends	(0·2)	(0·2)	(0·2)	(0·2)	(0·2)
Earnings attributable to ordinary shareholders	151·6	139·9	120·1	101·2	85·7
Extraordinary items	(21·3)	(17·1)	7·7	16·1	0·4
Ordinary dividends	(50·7)	(44·2)	(37·9)	(32·2)	(27·4)
Added to other reserves	79·6	78·6	89·9	85·1	58·7
Employment of capital:					
Fixed assets	984·9	544·8	467·3	437·9	472·4
Net current assets	156·7	184·6	168·4	175·9	115·6
Total assets less current liabilities	1,141·6	729·4	635·7	613·8	588·0
Creditors due after more than one year	(398·8)	(74·8)	(72·4)	(101·4)	(117·9)
Provisions for liabilities and charges	(98·6)	(53·9)	(33·8)	(31·0)	(34·2)
Minority interests	(8·1)	(9·1)	(9·6)	(9·4)	(7·8)
Total net assets	636·1	591·6	519·9	472·0	428·1
Capital employed:					
Called up share capital	41·8	41·7	41·6	41·6	41·6
Share premium account	113·3	111·6	110·4	110·0	109·4
Other reserves	280·2	438·3	367·9	320·4	277·1
Convertible capital bonds	200·8	–	–	–	–
	636·1	591·6	519·9	472·0	428·1
Statistics:					
Trading profit to sales to customers	14·3%	14·1%	14·2%	12·1%	11·5%
Net interest to trading profit (times covered)	14·5x	81·5x	30·1x	14·4x	11·3x
Earnings per ordinary share:					
On shares in issue	101·9p	94·2p	80·9p	68·2p	57·8p
Fully diluted	100·5p	–	–	–	–
Dividends per ordinary share	34·0p	29·8p	25·5p	21·7p	18·5p
Dividend cover (on full distribution basis)	2·5x	2·6x	2·6x	2·6x	2·5x
Indexed comparisons (base 1985 = 100):					
Retail Price Index	135·3	123·8	114·9	107·6	103·8
Dividends per ordinary share	212·5	185·9	159·4	135·6	115·6