



Registered No. 741008

WARNER-JENKINSON EUROPE LIMITED

Report and Financial Statements

30 September 1997

Oldmedow Road
Hardwick Industrial Estate
King's Lynn
Norfolk
PE30 4LA





WARNER-JENKINSON EUROPE LIMITED

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WARNER-JENKINSON EUROPE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J N Elgar
R G Pickles
M A Wick
S C Raymonds

SECRETARY

Gravitas Company Secretarial Services
110 Cannon Street
London
EC4N 6AR

REGISTERED OFFICE

Oldmedow Road
King's Lynn
Norfolk
PE30 4LA

BANKERS

ABN Amro Bank NV
101 Moorgate
London
EC2M 6SB

SOLICITORS

Nicholson, Graham & Jones
110 Cannon Street
London
EC4N 6AR

AUDITORS

Deloitte & Touche
Chartered Accountants
Leda House
Station Road
Cambridge
CB1 2RN



WARNER-JENKINSON EUROPE LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 September 1997.

PRINCIPAL ACTIVITY

The company's principal activity is the manufacture and distribution of synthetic and natural colours and additives for the food, pharmaceutical and cosmetic industries.

REVIEW OF THE BUSINESS

Turnover increased with advances made in specialist markets, however, margins were affected by price, competition, exchange rates and product mix.

DIVIDENDS AND TRANSFERS TO RESERVES

The results of the company for the year are set out in detail on Page 6.

The directors do not recommend the payment of a dividend and a retained profit of £954,873 has been transferred to reserves.

FUTURE PROSPECTS

The company continues to emphasise the importance of providing excellent customer service and expects growth in the markets served.

FIXED ASSETS

Changes in tangible fixed assets during the year are summarised in note 8 to the accounts.

DIRECTORS AND THEIR INTERESTS

The present directors are shown on Page 1.

All Directors served throughout the year.

None of the directors had a beneficial interest in the shares of the company or had any interests in shares of group companies at the end of the year.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors.



WARNER-JENKINSON EUROPE LIMITED

DIRECTORS' REPORT

ELECTIVE RESOLUTION

At the Annual General Meeting held on the 29 December 1993 elective resolutions were passed to dispense with the following requirements

- a) To lay directors' reports and financial statements before the members in general meeting.
- b) To hold Annual General Meetings
- c) To appoint Auditors annually.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the Company has been continued through the newsletter in which employees have also been encouraged to present their suggestions and views on the Company performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees are encouraged to participate directly in the success of the business through the application of T.Q.M. techniques, such as cross functional team work. The Company is committed to Continuous Improvement by investing in the training of employees, and in February 1997 achieved the "Investors in People" award.

SAFETY

Whilst the Company has a reputation for high safety standards, we remain committed to improving our accident prevention systems further. Our safety audit scheme continues to provide a useful measure of site performance against British Safety Council Standards, as well as identifying areas for improvement.

The Company achieved a 4 star rating during the year.

Approved by the Board of Directors
and signed on behalf of the Board

Gravitas Company Secretarial Services

8 April 1998



WARNER-JENKINSON EUROPE LIMITED

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 as at the end of the financial year 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;
- prepare the financial statements on a 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.



WARNER-JENKINSON EUROPE LIMITED

AUDITORS' REPORT TO THE MEMBERS OF WARNER-JENKINSON EUROPE LIMITED

We have audited the financial statements on pages 6 to 17 which have been prepared under the accounting policies set out on pages 9 and 10.

Respective Responsibilities of Directors and Auditors

As described on page 4 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 of the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Chartered Accountants and
Registered Auditors

Deloitte & Touche

24. Apr 1998

Leda House
Station Road
Cambridge
CB1 2RN



WARNER-JENKINSON EUROPE LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 30 September 1997

		1997	1996
	Note	£	£
TURNOVER	2.	22,067,516	19,006,593
Cost of sales		16,774,541	13,858,755
Gross profit		<u>5,292,975</u>	<u>5,147,838</u>
Distribution costs		1,966,270	1,760,840
Administrative expenses		1,471,727	1,051,718
		<u>3,437,997</u>	<u>2,812,558</u>
OPERATING PROFIT		<u>1,854,978</u>	<u>2,335,280</u>
Bank interest receivable		7,947	7,988
Interest payable and similar charges	4.	(432,647)	(298,353)
		<u>(424,700)</u>	<u>(290,365)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5.	1,430,278	2,044,915
Tax on profit on ordinary activities	6.	475,405	579,006
PROFIT FOR THE FINANCIAL YEAR		<u>954,873</u>	<u>1,465,909</u>

STATEMENT OF MOVEMENT ON RESERVES

	Profit and Loss Account £
At 1 October 1996	5,419,979
Retained profit for the year	954,873
At 30 September 1997	<u>6,374,852</u>

All activities derive from continuing operations.



WARNER-JENKINSON EUROPE LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1997

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profit for the year and the profit for the preceding year. No statement of total recognised gains and losses has therefore been prepared.

Similarly, there have been no movements in shareholders' funds other than the profit for the year and the profit for the preceding year. No reconciliation of movements in shareholders' funds has therefore been prepared.



WARNER-JENKINSON EUROPE LIMITED

BALANCE SHEET at 30 September 1997

		1997 £	1996 £
	Note		
FIXED ASSETS			
Intangible assets	7.	65,329	84,928
Tangible assets	8.	5,303,554	5,115,371
Investments	9.	100	100
		<u>5,368,983</u>	<u>5,200,399</u>
CURRENT ASSETS			
Stocks	10.	5,521,877	4,706,332
Debtors	11.	5,726,875	4,596,279
Cash at bank and in hand		151,240	13,476
		<u>11,399,992</u>	<u>9,316,087</u>
CREDITORS: amounts falling due within one year	12.	<u>10,082,772</u>	<u>8,844,999</u>
NET CURRENT ASSETS		<u>1,317,220</u>	<u>471,088</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,686,203	5,671,487
PROVISIONS FOR LIABILITIES AND CHARGES	14.	<u>(224,300)</u> <u>6,461,903</u>	<u>(164,457)</u> <u>5,507,030</u>
CAPITAL AND RESERVES			
Called up share capital	15.	87,051	87,051
Profit and loss account		6,374,852	5,419,979
EQUITY SHAREHOLDERS' INTERESTS		<u>6,461,903</u>	<u>5,507,030</u>

These financial statements were approved by the Board of Directors

on **- 8 APR 1998**

Signed on behalf of the Board of Directors



WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30 September 1997

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting Convention

The financial statements are prepared under the historical cost convention.

Intangible Fixed Assets

Intangible fixed assets represent payments for the goodwill on the purchase of Visionrule Limited together with the costs of acquisition. Amortisation is being charged at a rate of 20% per annum on a straight line basis.

Tangible Fixed Assets

Depreciation is not provided on freehold land. On other assets it is provided at rates calculated to write off the assets over their estimated useful lives. The rates of depreciation are as follows:

Freehold Buildings	4% per annum on cost
Plant and Machinery	10% per annum on cost
Motor Vehicles	25% per annum on written down value
Computer Equipment	20% per annum on cost

Stocks

Stocks and works in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred Taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.



WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30 September 1997

1. ACCOUNTING POLICIES (Cont'd)

Leases

Operating lease rentals are charged to income in equal amounts over the lease term.

Pension Costs

The company operates money purchase contributory pension schemes for which contributions are charged monthly in the profit and loss account as they accrue.

Foreign Currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling on the balance sheet date or if appropriate at a forward contract rate. These translation differences are dealt with in the profit and loss account.

2. TURNOVER

Turnover represents amounts derived from the provision of goods which fall within the company's ordinary activities after deduction of value added tax. Turnover arises from the sales of synthetic and natural colours in the UK and abroad.

Geographical analysis of turnover:

	1997	1996
	£	£
United Kingdom	8,824,503	7,638,265
Overseas	13,243,013	11,368,328
	<u>22,067,516</u>	<u>19,006,593</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1997	1996
	£	£
Directors' emoluments		
Management remuneration	110,586	97,311
Pension contributions to money purchase schemes	8,580	8,183
	<u>119,166</u>	<u>105,494</u>

Transactions involving directors

J N Elgar is a partner of Nicholson, Graham & Jones, the company's solicitors.

Charges for services rendered by the firm in the year amounted to £43,017 (1996 - £77,061).

During the year 1 director (1996 - 1) was a member of a money purchase pension scheme.



WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30 September 1997

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (Cont'd)

Average number of persons employed	1997	1996
Production	86	88
Sales and distribution	44	37
Administration	22	20
	<u>152</u>	<u>145</u>

Staff costs during the year (including directors)	1997 £	1996 £
Wages and salaries	3,064,447	2,836,849
Social Security costs	279,237	249,240
Pension costs	268,556	265,999
	<u>3,612,240</u>	<u>3,352,088</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Bank loans, overdrafts and other loans	22,478	10,304
Group interest	410,169	288,049
	<u>432,647</u>	<u>298,353</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging:	1997 £	1996 £
Depreciation and amortisation		
Owned Assets	539,378	422,831
Amortisation	19,599	13,066
Auditors' Remuneration		
Audit fees	21,300	19,500
Other services	20,000	10,000
Rentals under operating leases		
Hire of plant & machinery	20,686	16,443
Other operating leases	217,376	198,337



WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30 September 1997

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997	1996
	£	£
Taxation is based on the result for the year and comprises:		
Corporation Tax @ 32% (1996 - 33%)	415,401	78,650
Group relief payable	-	447,774
Deferred taxation	67,228	164,457
	<u>482,629</u>	<u>690,881</u>
Adjustments to prior years' tax provisions		
Group relief payable	-	75,534
Corporation tax	161	(84,735)
Deferred taxation	(7,385)	(102,674)
	<u>475,405</u>	<u>579,006</u>

The tax charge for the year has increased by £24,000 (1996 - £24,000) due to depreciation on capital expenditure which did not qualify for capital allowances and other disallowable expenditure.

7. INTANGIBLE FIXED ASSETS

COST	Goodwill
	£
At 1 October 1996 and at 30 September 1997	<u>97,994</u>
AMORTISATION	
At 1 October 1996	13,066
Provided during year	19,599
At 30 September 1997	<u>32,665</u>
NET BOOK VALUE	
At 30 September 1997	<u>65,329</u>
At 30 September 1996	<u>84,928</u>



WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30 September 1997

8. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
COST				
At 1 Oct 1996	2,226,370	5,432,385	37,076	7,695,831
Additions	241,744	499,691	-	741,435
Disposals	-	(14,999)	-	(14,999)
At 30 Sept 1997	2,468,114	5,917,077	37,076	8,422,267

DEPRECIATION

At 1 Oct 1996	232,636	2,316,025	31,799	2,580,460
Charge for the year	75,019	463,040	1,319	539,378
Disposals	-	(1,125)	-	(1,125)
At 30 Sept 1997	307,655	2,777,940	33,118	3,118,713

NET BOOK VALUE

At 30 Sept 1997	2,160,459	3,139,137	3,958	5,303,554
At 30 Sept 1996	1,993,734	3,116,360	5,277	5,115,371

Included in freehold land and buildings is land with a cost of £507,267.

9. INVESTMENTS HELD AS FIXED ASSETS

Name of Company	Registered In	Holding	Voting Rights
Visionrule Limited	England	Ordinary Shares	100%

The Company's principal activity is the production of fine chemicals.

	1997 £	1996 £
Purchase Cost of Shares	100	100
Net Book Value	100	100



WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30 September 1997

9. INVESTMENTS HELD AS FIXED ASSETS (Cont'd)

Consolidated accounts have not been prepared as the company's immediate parent company, Universal Foods (UK) Ltd, prepares consolidated accounts.

10. STOCKS

	1997	1996
	£	£
Raw materials and consumables	1,156,772	1,094,517
Work in progress	308,373	265,639
Finished goods and goods for resale	4,056,732	3,346,176
	<u>5,521,877</u>	<u>4,706,332</u>

In the opinion of the directors, the estimated replacement costs exceed the above costs by an amount which is not material.

11. DEBTORS

	1997	1996
	£	£
Trade debtors	4,493,314	4,009,626
Amounts owed by group undertakings -		
Fellow subsidiaries	859,740	287,172
Other debtors	288,600	244,300
Prepayments and accrued income	76,747	55,181
Corporation tax	8,474	-
	<u>5,726,875</u>	<u>4,596,279</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997	1996
	£	£
Bank overdraft (Note 13)	601,361	46,440
Trade creditors	1,813,474	1,550,228
Amounts owed to group undertakings -		
Subsidiary	132	132
Fellow subsidiaries	6,373,721	6,605,699
Corporation tax	494,773	5,726
Other taxes and social security	82,426	81,647
Other creditors	24,356	68
Accruals and deferred income	692,529	555,059
	<u>10,082,772</u>	<u>8,844,999</u>



WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 September 1997

13. **BANK OVERDRAFT**

	1997	1996
	£	£
Due within one year		
Bank overdraft	<u>601,361</u>	<u>46,440</u>

The bank overdraft is guaranteed by the Parent Company and fellow subsidiaries within the UK group.

14. **PROVISIONS FOR LIABILITIES AND CHARGES**

	£
Deferred taxation	
Balance at 1 October 1996	164,457
Provision Current Year	67,228
Prior Year	<u>(7,385)</u>
Balance at 30 September 1997	<u>224,300</u>

The amounts provided in the accounts and the amounts not provided are as follows:

	Provided 1997 £	Provided 1996 £	Not Provided 1997 £	Not Provided 1996 £
Capital allowances in advance of depreciation	275,105	191,005	31,905	45,839
Other timing differences	<u>(50,805)</u>	<u>(26,548)</u>	-	-
	<u>224,300</u>	<u>164,457</u>	<u>31,905</u>	<u>45,839</u>



WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 September 1997

15. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted and fully paid 87,051 ordinary shares of £1 each	<u>87,051</u>	<u>87,051</u>

16. FINANCIAL COMMITMENTS

	1997 £	1996 £
Capital commitments		
Contacted for but not provided	<u>59,448</u>	<u>252,031</u>

Operating lease commitments

At 30 September 1997, the company was committed to making the following payments during the next year in respect of operating leases:

	Other £	Land & buildings £
Leases which expire:		
Within 1 year	14,403	12,960
Within 2 to 5 years	105,722	-
After 5 years	-	70,092
	<u>120,125</u>	<u>83,052</u>

17. CONTINGENT LIABILITIES

The company has entered into cross guarantees in respect of bank facilities of group undertakings. At 30 September 1997 the net amount drawn down under the facilities by other group undertakings was £176,658 (1996 - £931,910).

The company was a party at 30 September 1997 to a guarantee to ABN Amro Bank NV in respect of Customs and Excise duty and value added tax on imports of £200,000. No liability is expected to arise in the normal course of business.



WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30 September 1997

18. **ULTIMATE PARENT COMPANY**

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is Universal Foods Corporation, a company incorporated in the United States of America. This is the parent undertaking of the largest group for which group accounts are prepared. The parent undertaking of the smallest such group is Universal Foods (UK) Limited, a company registered in England and Wales. Universal Foods (UK) Limited is the immediate controlling party of Warner-Jenkinson Europe Limited. Copies of the group financial statements of Universal Foods Corporation are filed at the Securities and Exchange Commission, Washington DC. Copies of the group financial statements of Universal foods (UK) Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

19. **RELATED PARTY DISCLOURES**

During the year the company has entered into transactions with Universal Foods Corporation and fellow subsidiaries. The company is exempt from disclosing these transactions as group financial statements of Universal Foods Corporation are publicly available.

J N Elgar is a partner of Nicholson, Graham & Jones, the company's solicitors. During the year the company paid this firm £43,017 for services rendered. At the year end £24,221 was outstanding.