



Registered No. 741008

WARNER-JENKINSON EUROPE LIMITED

Report and Financial Statements

30 September 1999

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

R G Pickles

M A Wick

D Foell

#### 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 1999.

### 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. Margins improved slightly over prior year but were still affected by price, competition, and product mix.

### DIVIDENDS AND TRANSFERS TO RESERVES

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

A final dividend of £100,000 was paid in the year and a retained profit of £1,052,474 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.

### YEAR 2000 COMPLIANCE

The directors have assessed the risks posed by the year 2000 problem and are in the process of implementing a new computer system which the vendors have certified as being year 2000 compliant. All other operational aspects have also been reviewed and appropriate action initiated.

### DIRECTORS AND THEIR INTERESTS

The present directors are shown on Page 1.



## WARNER-JENKINSON EUROPE LIMITED

### DIRECTORS' REPORT

#### DIRECTORS AND THEIR INTERESTS - continued

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.

#### 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 retained a 5 star rating during the year.

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

Gravitas Company Secretarial Services

14. Nov. 1999.



## 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 in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 1999 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*

*19. Nov. 1999.*

Leda House  
Station Road  
Cambridge  
CB1 2RN



# WARNER-JENKINSON EUROPE LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1999

		1999	1998
	Note	£	£
TURNOVER	2.	24,351,816	23,867,195
Cost of sales		<u>18,360,799</u>	<u>18,037,508</u>
Gross profit		<u>5,991,017</u>	<u>5,829,687</u>
Distribution costs		2,358,983	2,284,395
Administrative expenses		<u>1,564,528</u>	<u>1,336,310</u>
		<u>3,923,511</u>	<u>3,620,705</u>
OPERATING PROFIT		<u>2,067,506</u>	<u>2,208,982</u>
Bank interest receivable		16,782	8,702
Interest payable and similar charges	4.	<u>(365,567)</u>	<u>(527,169)</u>
		<u>(348,785)</u>	<u>(518,467)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5.	1,718,721	1,690,515
Tax on profit on ordinary activities	6.	566,247	594,491
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>1,152,474</u>	<u>1,096,024</u>
Dividends		100,000	0
PROFIT RETAINED FOR THE FINANCIAL YEAR		<u><u>1,052,474</u></u>	<u><u>1,096,024</u></u>

## STATEMENT OF MOVEMENT ON RESERVES

	Profit and Loss Account £
At 1 October 1998	7,470,876
Retained profit for the year	<u>1,052,474</u>
At 30 September 1999	<u><u>8,523,350</u></u>

All activities derive from continuing operations.





WARNER-JENKINSON EUROPE LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1999

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 1999

		1999 £	1998 £
	Note		
FIXED ASSETS			
Intangible assets	7.	26,131	45,730
Tangible assets	8.	6,651,510	6,181,396
Investments	9.	100	100
		<u>6,677,741</u>	<u>6,227,226</u>
CURRENT ASSETS			
Stocks	10.	6,260,186	5,698,132
Debtors	11.	5,817,490	4,164,156
Cash at bank and in hand		211,063	250,561
		<u>12,288,739</u>	<u>10,112,849</u>
CREDITORS: amounts falling due within one year	12.	<u>9,805,595</u>	<u>8,355,130</u>
NET CURRENT ASSETS		<u>2,483,144</u>	<u>1,757,719</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,160,885	7,984,945
PROVISIONS FOR LIABILITIES AND CHARGES	14.	<u>(550,484)</u> <u>8,610,401</u>	<u>(427,018)</u> <u>7,557,927</u>
CAPITAL AND RESERVES			
Called up share capital	15.	87,051	87,051
Profit and loss account		8,523,350	7,470,876
EQUITY SHAREHOLDERS' INTERESTS		<u>8,610,401</u>	<u>7,557,927</u>

These financial statements were approved by the Board of Directors  
on **19 NOV 1999**  
Signed on behalf of the Board of Directors



## WARNER-JENKINSON EUROPE LIMITED

### NOTES TO THE ACCOUNTS

for the year ended 30 September 1999

#### 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 1999

### 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:

	1999	1998
	£	£
United Kingdom	9,704,743	9,035,940
Overseas	14,647,073	14,831,255
	<u>24,351,816</u>	<u>23,867,195</u>

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1999	1998
	£	£
Directors' emoluments		
Management remuneration	127,076	132,447
Pension contributions to money purchase schemes	10,167	9,104
	<u>137,243</u>	<u>141,551</u>

During the year 1 director (1998 - 1) was a member of a money purchase pension scheme.



WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30 September 1999

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

Average number of persons employed	1999	1998
Production	93	90
Sales and distribution	46	46
Administration	28	27
	<u>167</u>	<u>163</u>

Staff costs during the year (including directors)	1999 £	1998 £
Wages and salaries	3,675,935	3,410,911
Social Security costs	360,349	328,352
Pension costs	308,692	268,257
	<u>4,344,976</u>	<u>4,007,520</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Bank loans, overdrafts and other loans	14,815	36,206
Group interest	<u>350,752</u>	<u>490,963</u>
	<u>365,567</u>	<u>527,169</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging:	1999 £	1998 £
Depreciation and amortisation		
Owned Assets	738,035	604,173
Amortisation	19,599	19,599
Auditors' Remuneration		
Audit fees	22,660	22,000
Other services	9,220	13,500
Rentals under operating leases		
Hire of plant & machinery	16,251	18,772
Other operating leases	291,776	294,350



# WARNER-JENKINSON EUROPE LIMITED

## NOTES TO THE ACCOUNTS

for the year ended 30 September 1999

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999	1998
Taxation is based on the result for the year and comprises:	£	£
Corporation Tax @ 31%/30% (1998 - 31%)	438,173	391,773
Deferred taxation	<u>123,466</u>	<u>186,657</u>
	561,639	578,430
Adjustments to prior years' tax provisions		
Corporation tax	4,608	-
Deferred taxation	<u>-</u>	<u>16,061</u>
	<u>566,247</u>	<u>594,491</u>

The tax charge for the year is higher in relation to the Accounts profit 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 1998 and at 30 September 1999	<u>97,994</u>
AMORTISATION	
At 1 October 1998	52,264
Provided during year	<u>19,599</u>
At 30 September 1999	<u>71,863</u>
NET BOOK VALUE	
At 30 September 1999	<u>26,131</u>
At 30 September 1998	<u>45,730</u>



# WARNER-JENKINSON EUROPE LIMITED

## NOTES TO THE ACCOUNTS

for the year ended 30 September 1999

### 8. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
<b>COST</b>				
At 1 Oct 1998	2,504,916	7,328,229	37,076	9,870,221
Additions	45,571	1,178,463	-	1,224,034
Disposals	-	(17,338)	-	(17,338)
At 30 Sept 1999	<u>2,550,487</u>	<u>8,489,354</u>	<u>37,076</u>	<u>11,076,917</u>
<b>DEPRECIATION</b>				
At 1 Oct 1998	386,484	3,268,234	34,107	3,688,825
Charge for the year	80,715	656,578	742	738,035
Disposals	-	(1,453)	-	(1,453)
At 30 Sept 1999	<u>467,199</u>	<u>3,923,359</u>	<u>34,849</u>	<u>4,425,407</u>
<b>NET BOOK VALUE</b>				
At 30 Sept 1999	<u>2,083,288</u>	<u>4,565,995</u>	<u>2,227</u>	<u>6,651,510</u>
At 30 Sept 1998	<u>2,118,432</u>	<u>4,059,995</u>	<u>2,969</u>	<u>6,181,396</u>

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.

	1999 £	1998 £
Purchase Cost of Shares	<u>100</u>	<u>100</u>
Net Book Value	<u>100</u>	<u>100</u>



WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30 September 1999

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**

	1999	1998
	£	£
Raw materials and consumables	937,100	822,883
Work in progress	442,178	159,474
Finished goods and goods for resale	4,880,908	4,715,775
	<u>6,260,186</u>	<u>5,698,132</u>

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

11. **DEBTORS**

	1999	1998
	£	£
Trade debtors	4,129,564	3,237,157
Amounts owed by group undertakings -		
Fellow subsidiaries	1,109,476	711,344
Other debtors	400,487	125,444
Prepayments and accrued income	177,963	90,211
	<u>5,817,490</u>	<u>4,164,156</u>

12. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1999	1998
	£	£
Bank overdraft (Note 13)	899,416	375,491
Trade creditors	2,395,992	1,349,434
Amounts owed to group undertakings -		
Subsidiary	132	132
Fellow subsidiaries	5,187,193	5,600,151
Corporation tax	297,875	441,775
Other taxes and social security	102,964	87,951
Other creditors	996	18,212
Accruals and deferred income	921,027	481,984
	<u>9,805,595</u>	<u>8,355,130</u>





WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 30 September 1999

13. **BANK OVERDRAFT**

	1999	1998
	£	£
Due within one year		
Bank overdraft	<u>899,416</u>	<u>375,491</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 1998	427,018
Provision Current Year	123,466
Prior Year	-
Balance at 30 September 1999	<u>550,484</u>

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

	Provided 1999 £	Provided 1998 £	Not Provided 1999 £	Not Provided 1998 £
Capital allowances in advance of depreciation	553,904	442,518	14,093	15,359
Other timing differences	(3,420)	(15,500)	-	-
	<u>550,484</u>	<u>427,018</u>	<u>14,093</u>	<u>15,359</u>



# WARNER-JENKINSON EUROPE LIMITED

## NOTES TO THE ACCOUNTS

for the year ended 30 September 1999

### 15. CALLED UP SHARE CAPITAL

	1999 £	1998 £
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

	1999 £	1998 £
Capital commitments		
Contracted for but not provided	<u>22,473</u>	<u>38,129</u>

#### Operating lease commitments

At 30 September 1999, 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	16,772	12,960
Within 2 to 5 years	125,829	36,000
After 5 years	-	70,092
	<u>142,601</u>	<u>119,052</u>

### 17. CONTINGENT LIABILITIES

The company has entered into cross guarantees in respect of bank facilities of group undertakings. At 30 September 1999 the net amount drawn down under the facilities by other group undertakings was £Nil (1998 - £Nil).

The company was a party at 30 September 1999 to a guarantee to ABN Amro Bank NV in respect of Customs and Excise duty and value added tax on imports of £400,000, and a BAC's payment guarantee of £370,000.

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 1999

#### 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 DISCLOSURES**

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.

#### 20. **CASHFLOW**

The company is a wholly owned subsidiary of Universal Foods (UK) Limited and cashflows of the company are included in the consolidated group cashflow statement of Universal Foods (UK) Limited. Consequently the company is exempt from the requirement to publish a cashflow statement.