

**DIRECTORS**

D.T. Wilkinson  
R.J. Buckland  
R.J.B. Creed  
W.J. Chiddicks  
R.E. Spate (Retired 30th June 1988)  
R.G. Turton  
H.A. Walpole  
G. Sell (Retired 19th January 1988)

**REPORT OF THE DIRECTORS**

The directors submit herewith their report and the accounts for the 53 weeks ended 1st January, 1989.

**ACTIVITIES**

The company continued throughout the period to manufacture, distribute and merchant chemicals together with allied products, there being no significant changes in activities during the period.

**BUSINESS REVIEW**

The overall performance of the company's activities during the period continued at a satisfactory level with most parts of the business contributing to the up turn in results. Prospects for 1989 are considered reasonable whilst results for 1990 should benefit from a proposed £6 million investment in a new formaldehyde/resin plant at Cowie, Scotland. This plant is to be tied to the supply of resins to a major particleboard customer whose site it would adjoin. The plant is expected to be ordered shortly and is expected to be commissioned in early 1990.

**FINANCIAL REVIEW**

**(a) Profit**

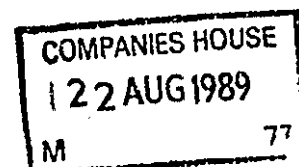
The profit and loss account for the period shows:

	£000
Profit on ordinary activities before taxation	2,650
Tax on profit on ordinary activities	(866)
	-----
Retained profit after taxation	1,784
	=====

**(b) Fixed Assets**

Movements in the tangible fixed assets of the company during the period are set out on page 9 note 7.

In the opinion of the directors the market value of freehold and leasehold land and buildings owned at 1st January 1989 was £1,200,000 (book value £474,000).



BLAGDEN CAMPBELL CHEMICALS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

OTHER MATTERS

(a) Directors

Mr G. Sell retired as a director on 19th January 1988, and Mr R.E.Spate retired on the 30th June 1988

Mr R.J. Buckland and Mr W.C. Chiddicks retire by rotation and, being eligible, offer themselves for re-election.

The directors, excluding directors of the ultimate holding company, had the following interests in shares of the company's ultimate holding company, Blagden Industries PLC, at the beginning and end of the period:


<u>Blagden Industries PLC</u> <u>25p Ordinary shares</u>	<u>Unexercised Share Options</u>	
	<u>28.12.87</u>	<u>1.1.1989</u>
W.J. Chiddicks	6,400	9,700
R.G. Turton	8,100	12,500
H.A. Walpole	5,700	8,400

There were no significant contracts entered into by the company either during or at the end of the financial period in which any of the directors had a material interest.

(b) Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Deloitte Haskins & Sells as auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

  
W.J. CHIDDICKS  
Secretary

Tonman House,  
63-77 Victoria Street,  
St. Albans,  
AL1 3LR

17th March 1989

BLAGDEN CAMPBELL CHEMICALS LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF BLAGDEN CAMPBELL CHEMICALS LIMITED

We have audited the accounts set out on pages 4 to 12 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's affairs at 1st January 1989 and of its profit and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte Haskins & Sells*

DELOITTE HASKINS & SELLS  
Chartered Accountants

London

17th March 1989

# BLAGDEN CAMPBELL CHEMICALS LIMITED

## ACCOUNTING POLICIES

### (a) BASIS OF ACCOUNTING

The company prepares its annual accounts on the historical cost basis of accounting.

### (b) TAXATION

Taxation is provided on the basis of the profits included in the profit and loss account adjusted for fiscal purposes. Provision for deferred taxation is made, using the liability method, for all timing differences except those which, in the opinion of the directors, are not expected to reverse in the foreseeable future.

### (c) DEPRECIATION OF TANGIBLE FIXED ASSETS

No depreciation is provided on freehold land. With this exception, depreciation is calculated to reduce by equal annual instalments the amounts of the tangible fixed assets to their estimated realisable value during their working lives and is charged at the following principal rates per annum:

Plant and equipment	6.6% - 12.0%
Motor vehicles	20.0%
Freehold	2.0%

### (d) STOCK VALUATION

Stocks are valued at the lower of cost and net realisable value, on a basis consistent with previous years. Cost consists of direct material costs and where appropriate an addition for labour, works and administrative overheads.

### (e) TURNOVER

Turnover comprises the invoiced value of goods sold and amounts charged to customers for services rendered. Taxes levied on turnover are excluded.

### (f) RESEARCH AND DEVELOPMENT

Research and development expenditure is written off as incurred against profit on ordinary activities before taxation.

### (g) PENSIONS

Pensions for existing employees are funded, at rates determined by independent actuaries, by annual contributions from employees and from participating companies. Company contributions are charged to profit and loss account for the period in which they arise. The various schemes are set up under separate trusts and their assets are completely separate from the assets of the group companies.

### (h) TRANSLATION OF FOREIGN CURRENCIES

Current assets and liabilities in overseas currencies are translated into sterling at the rates effective at the balance sheet date. Exchange differences arising from trading operations are accounted for within operating profit in the period in which they occur.

### (i) GOODWILL

Goodwill being the excess of the purchase consideration over the fair value of net tangible assets at the date of their acquisition, is written off to reserves in the period in which it arises.

### (j) LEASES

Operating lease costs are charged to the profit and loss account as incurred.

BLAGDEN CAMPBELL CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE 53 WEEKS ENDED 1ST JANUARY 1989

	<u>NOTES</u>	<u>1988</u> (53 weeks) £000	<u>1987</u> (52 weeks) £000
TURNOVER	1	32,318	28,646
Cost of sales		(27,497)	(24,124)
GROSS PROFIT		4,821	4,522
Distribution costs		(1,726)	(1,487)
Administrative expenses		(840)	(1,120)
Other operating income		2	-
OPERATING PROFIT	2	2,257	1,915
Exceptional item	3	347	-
PROFIT BEFORE INTEREST		2,604	1,915
Net interest receivable	5	46	27
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,650	1,942
Taxation	6	(866)	(755)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,784	1,187
DIVIDENDS		-	(910)
RETAINED PROFIT	13	1,784	277

BLAGDEN CAMPBELL CHEMICALS LIMITED

BALANCE SHEET AS AT 1ST JANUARY 1989

	<u>Notes</u>	<u>1988</u> £000	<u>1987</u> £000
FIXED ASSETS			
Tangible assets	7	4,262	3,285
CURRENT ASSETS			
Stocks	8	3,629	2,881
Debtors	9	6,859	5,762
Cash at bank and in hand		1,196	568
		-----	-----
		11,684	9,211
CREDITORS: amounts falling due within one year	10	(10,685)	(9,019)
		-----	-----
NET CURRENT ASSETS		999	192
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		5,261	3,477
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	11	(373)	(373)
		-----	-----
NET ASSETS		4,888	3,104
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Share premium account		128	128
Profit and loss account	13	4,759	2,975
		-----	-----
SHAREHOLDERS' FUNDS		4,888	3,104
		=====	=====

The accounts on pages 4 to 12 were approved by the Board of Directors on 17th March 1989 and are signed on its behalf by:

*D.T. Wilkinson*  
*R.J. Buckland*

D.T. Wilkinson )  
R.J. Buckland ) Directors

# BLAGDEN CAMPBELL CHEMICALS LIMITED

## NOTES TO THE ACCOUNTS

### 1. GEOGRAPHICAL ANALYSIS OF TURNOVER

	<u>1988</u> £000	<u>1987</u> £000
United Kingdom	29,340	26,503
Western Europe	1,745	1,045
Other	1,233	1,098
	-----	-----
	32,318	28,646
	=====	=====

### 2. OPERATING PROFIT

(a) The operating profit is arrived at after taking into account:

Directors' emoluments (note 2(b))	169	234
Depreciation of tangible fixed assets	366	332
Operating lease rentals:		
Plant and equipment	322	306
Land and buildings	75	68
Auditors' remuneration	28	25
Loss on disposal of tangible fixed assets	23	1
	=====	=====

(b) Directors' emoluments:

The Chairman received no emoluments from the company during the period (1987 - Nil)

The emoluments of the other directors, excluding pension contributions, were as follows:

	<u>1988</u> £000	<u>1987</u> £000
Highest paid director	62	54
	=====	=====

Others:

	<u>Number</u>	<u>Number</u>
Up to £5,000	1	1
£5,001 to £10,000	2	-
£15,001 to £20,000	-	1
£20,001 to £25,000	2	1
£25,001 to £30,000	1	3
£30,001 to £35,000	-	1
	=====	=====

### 3. EXCEPTIONAL ITEMS

	<u>1988</u> £000	<u>1987</u> £000
Insurance claim in respect of loss of profits and reinstatement of plant following Hexamine plant fire	347	-
	=====	=====

BLAGDEN CAMPBELL CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

4. EMPLOYEES

	<u>1988</u> <u>Number</u>	<u>1987</u> <u>Number</u>
(a) Average number of employees during the period	121 =====	112 =====
(b) Employee costs, including director's emoluments:		
	<u>1988</u> <u>£000</u>	<u>1987</u> <u>£000</u>
Wages and salaries	1,430	1,258
Social security costs	115	89
Pension costs	124	97
	1,669 =====	1,444 =====

5. NET INTEREST RECEIVABLE

Interest receivable	51	35
Interest payable	(5)	(8)
	46 =====	27 =====

6. TAX CHARGE ON ORDINARY ACTIVITIES

Corporation tax at 35%

Charge for the period	886	705
Adjustments of prior periods	(20)	50
	866 =====	755 =====

The charge for the period is stated after an excess of capital allowances over depreciation amounting to £54,000 (1937 - excess of depreciation over capital allowances £23,000).

BLAGDEN CAMPBELL CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Plant, machinery and equipment £000	Total £000
<u>COST</u>			
At 28th December 1987	954	4,699	5,653
Additions	4	1,375	1,379
Disposals	-	(73)	(73)
	-----	-----	-----
At 1st January 1989	958	6,001	6,959
	=====	=====	=====
<u>DEPRECIATION</u>			
At 28th December 1987	453	1,915	2,368
Charges to profit and loss account	31	335	366
Disposals	-	(37)	(37)
	-----	-----	-----
At 1st January 1989	484	2,213	2,697
	-----	-----	-----
<u>NET BOOK VALUE</u>			
1st January 1989	474	3,788	4,262
	=====	=====	=====
28th December 1987	501	2,784	3,285
	=====	=====	=====
		<u>1988</u>	<u>1987</u>
		£000	£000

Capital expenditure authorised by  
the directors and not provided for  
in the accounts

6,520 650

of which contracts have been placed for

=====

8. STOCKS

Raw materials	781	588
Finished goods	2,848	2,293
	-----	-----
	3,629	2,881
	=====	=====

BLAGDEN CAMPBELL CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

	<u>1988</u> £000	<u>1987</u> £000
9. DEBTORS		
Amounts falling due within one year:		
Trade debtors	6,270	5,663
Amounts owed by group companies	214	-
Prepayments and accrued income	153	93
Other debtors	222	6
	-----	-----
	6,859	5,762
	=====	=====
10. CREDITORS		
Amounts falling due within one year:		
Trade creditors	4,374	3,594
Amounts owed to group companies	5,872	4,586
Corporation tax	83	397
Other taxes and social security	202	343
Accruals	154	99
	-----	-----
	10,685	9,019
	=====	=====
11. DEFERRED TAXATION		
Amount Provided		
Tax effect of timing differences due to:		
Accelerated capital allowances	306	306
Capital gains	67	67
	-----	-----
	373	373
	=====	=====
Full Potential		
Tax effect of timing differences due to:		
Accelerated capital allowances	981	927
Capital gains 67 67		
	-----	-----
	1,048	994
	=====	=====

**BLAGDEN CAMPBELL CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS** (Continued)

	<u>1988</u> £000	<u>1987</u> £000
12. SHARE CAPITAL		
Authorised, allotted, called up and fully paid 1,000 ordinary shares of £1 each	1 =====	1 =====

13. RESERVES

At 28th December 1987	2,975
Retained profit for the period	1,784
	-----
At 1st January 1989	4,759
	=====

14. PENSION COMMITMENTS

The company operates pension schemes for its employees. The most recent valuations of the funds by independent actuaries indicated that there were sufficient assets in each fund to secure the benefits of existing pensioners and to provide paid-up pensions to present employees on the basis of present salaries and credited periods of service.

15. CONTINGENT LIABILITY

	<u>1988</u> £000	<u>1987</u> £000
Guarantees given to secure amounts in favour of the holding company	- =====	9,619 =====

16. LEASING COMMITMENTS

The company had annual commitments at 1st January, 1989 under operating leases expiring as follows:

	<u>Land and Buildings</u>		<u>Plant and Equipment</u>	
	<u>1988</u> £000	<u>1987</u> £000	<u>1988</u> £000	<u>1987</u> £000
Within one year	-	-	271	254
Between one and five years	75	68	42	47
After five years	-	-	9	5
	---	---	---	---
	75	68	322	306
	===	===	===	===

The total annual commitments under operating leases amount to £397,000 (1987 £374,000).

17. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Blagden Industries PLC, incorporated in Great Britain.

BLAGDEN CAMPBELL CHEMICALS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE 53 WEEKS ENDED 1st JANUARY 1989

	<u>1988</u> £000	<u>1987</u> £000
SOURCE OF FUNDS:		
Profit on ordinary activities before taxation	2,650	1,942
Items not involving the movement of funds:		
Depreciation	366	332
Loss on disposal of tangible fixed assets	23	1
	-----	-----
Total generated from trading operations	3,039	2,275
FUNDS FROM OTHER SOURCES:		
Proceeds on disposal of tangible fixed assets	13	36
	-----	-----
	3,052	2,311
	-----	-----
APPLICATION OF FUNDS:		
Dividend paid	-	(910)
Purchase of tangible fixed assets	(1,379)	(591)
Group relief paid	(1,180)	(567)
Tax paid	-	(179)
	-----	-----
	2,559	(2,247)
	-----	-----
INCREASE IN WORKING CAPITAL	493	64
	=====	=====
Comprising:		
Increase/(Decrease) in stocks	748	(13)
Increase in debtors	883	709
Increase/(Decrease) in amounts due from group companies	214	(94)
(Increase) in trade creditors, other taxes and social security, and accruals	(694)	(38)
(Increase) in amounts due to group companies	(1,286)	(657)
	-----	-----
	(135)	(93)
Movement in net liquid funds:		
Increase in bank balances	628	55
Decrease in bank overdrafts	-	102
	-----	-----
Increase in liquid funds	628	157
	-----	-----
	493	64
	=====	=====