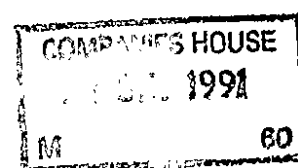




CN 867053

BLAGDEN CHEMICALS LIMITED

Report and Accounts for the 52 weeks ended
30th December 1990



BLAGDEN CHEMICALS LIMITED

DIRECTORS

D.T. Wilkinson
R.J. Buckland
R.J.B. Creed
W.J. Chiddicks
R.G. Turton
H.A. Walpole
A.R. Ariss
J.B. Scanlan

REPORT OF THE DIRECTORS

The directors submit herewith their report and the accounts for the 52 weeks ended 30th December, 1990.

ACTIVITIES

The company continued throughout the period to manufacture, distribute and merchant chemicals together with allied products. There were no significant changes in activities during the period. No dividend was declared in the period.

BUSINESS REVIEW

The overall performance of the company's activities during the period showed an improvement on that of the previous year, despite a downturn in demand. The company benefited from the investment in a new formaldehyde/resin plant at Cowie, Scotland, which became fully operational in the second half of the year.

FINANCIAL REVIEW

(a) Profit

The profit and loss account for the period shows:

	£000
Profit on ordinary activities before taxation	3,188
Tax on profit on ordinary activities	(639)

Profit after taxation transferred to reserves	2,549
	=====

(b) Fixed Assets

Movements in the tangible fixed assets of the company during the period are set out on page 10 note 6.

In the opinion of the directors the market value of freehold and leasehold land and buildings owned at 30th December 1990 was £1,200,000 (book value £413,000).

BLAGDEN CHEMICALS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

OTHER MATTERS

(a) Directors

Mr. D.T. Wilkinson, Mr. R.J. Buckland and Mr. R.G. Turton 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>1.1.1990</u>	<u>30.12.1990</u>
R.G. Turton	17,500	22,900
H.A. Walpole	11,900	11,900
R.J.B. Creed	12,000	12,000
J.B. Scanlan	11,000	15,500
A.R. Ariss	9,800	13,400

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) Employment of Disabled Persons

Applications for employment by disabled persons are always fully considered, bearing in mind the relevant aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled every effort is made to ensure that their employment by the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person who is fortunate enough not to suffer from a disability.

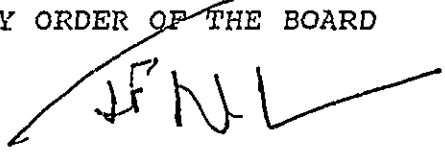
(c) Employee Involvement

The company actively encourages the participation of employees in the business activities of their plants through local works committees and briefing groups. Information is also disseminated through publications and notice board and other announcements.

(d) Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of Coopers & Lybrand Deloitte as auditors to the Company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD


J.F. WILKINSON
Secretary

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

5th April 1991

BLAGDEN CHEMICALS LIMITED

REPORT OF THE AUDITORS
TO THE MEMBERS OF BLAGDEN CHEMICALS LIMITED

We have audited the accounts set out on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30th December, 1990 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.

Coopers & Lybrand Deloitte

COOPERS & LYBRAND DELOITTE
Chartered Accountants

London

5th April 1991

BLAGDEN CHEMICALS LIMITED

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting Standards in the United Kingdom.

A summary of the more important company accounting policies, which have been applied consistantly, are set out below.

(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, including the effect of capitalised interest, to the extent that it is probable that these will reverse in the foreseeable future.

No provision is made for the liabilities which may arise in respect of Capital Gains deferred under Section 115, Capital Gains Tax Act 1979.

(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	5.0% - 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 external 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, on a projected funding basis by annual contributions from employees and from participating companies. Company contributions are charged to profit and loss account so as to spread the cost of pensions at a substantially level percentage of payroll costs over employees' estimated service lives within the company. The various schemes are set up under separate trusts and their assets are completely separate from the assets of the group companies.

BLAGDEN CHEMICALS LIMITED

ACCOUNTING POLICIES (continued)

- (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.
- (k) **CAPITALISED INTEREST**
The cost of major capital projects includes interest capitalised up to the date of commissioning.

BLAGDEN CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ENDED 30TH DECEMBER 1990

	<u>NOTES</u>	<u>1990</u> (52 weeks) £000	<u>1989</u> (52 weeks) £000
TURNOVER	1	39,266	35,054
Cost of sales	*	(32,479)	(28,874)
GROSS PROFIT		6,787	6,180
Distribution costs	*	(2,958)	(2,784)
Administrative expenses	*	(789)	(743)
Other operating income		77	64
OPERATING PROFIT	2	3,117	2,717
Net interest receivable	4	71	86
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,188	2,803
Taxation	5	(639)	(969)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,549	1,834
DIVIDENDS		-	(4,000)
TRANSFERRED TO/(FROM) RESERVES	12	2,549	(2,166)

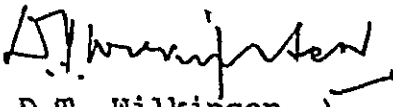
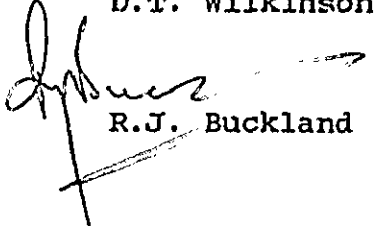
* 1989 comparatives have been adjusted to reflect 1990 reporting.

BLAGDEN CHEMICALS LIMITED

BALANCE SHEET AS AT 30TH DECEMBER 1990

	<u>Notes</u>	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
FIXED ASSETS			
Tangible assets	6	13,765	12,711
CURRENT ASSETS			
Stocks	7	5,129	4,557
Debtors	8	7,773	7,247
Cash at bank and in hand		2,105	1,016
		<u>15,007</u>	<u>12,820</u>
CREDITORS: amounts falling due within one year	9	(22,028)	(21,586)
NET CURRENT LIABILITIES		<u>(7,021)</u>	<u>(8,766)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,744	3,945
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	10	(1,473)	(1,223)
NET ASSETS		<u>5,271</u>	<u>2,722</u>
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Share premium account		128	128
Profit and loss account	12	5,142	2,593
SHAREHOLDERS' FUNDS		<u>5,271</u>	<u>2,722</u>

The accounts on pages 4 to 13 were approved by the Board of Directors on 5th April 1991 and are signed on its behalf by:


D.T. Wilkinson

R.J. Buckland
} Directors

BLAGDEN CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

1. GEOGRAPHICAL ANALYSIS OF TURNOVER

	<u>1990</u> £000	<u>1989</u> £000
United Kingdom	36,436	32,653
Western Europe	2,131	1,659
Other	699	742
	-----	-----
	39,266	35,054
	=====	=====

2. OPERATING PROFIT

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

Directors' emoluments (note 2(b))	273	261
Depreciation of tangible fixed assets	636	457
Operating lease rentals:		
Plant and equipment	413	335
Land and buildings	86	86
Auditors' remuneration	34	30
Loss/(Profit) on disposal of tangible fixed assets	3	(2)
	=====	=====

(b) Directors' emoluments:

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

	<u>1990</u> £000	<u>1989</u> £000
Highest paid director	73	68
	=====	=====

Others:

	<u>Number</u>	<u>Number</u>
Up to £5,000	2	2
£25,001 to £30,000	3	2
£30,001 to £35,000	-	2
£35,001 to £40,000	1	1
£40,001 to £45,000	1	-
	=====	=====

BLAGDEN CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

3. EMPLOYEES

	<u>1990</u>	<u>1989</u>
	<u>Number</u>	<u>Number</u>
(a) Average number of employees during the period	144	126
	=====	=====
(b) Employee costs, including director's emoluments:		
	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>
Wages and salaries	2,261	1,637
Social security costs	139	138
Pension costs	196	168
	-----	-----
	2,596	1,943
	=====	=====

4. NET INTEREST RECEIVABLE

Interest receivable	81	91
Interest payable	(10)	(5)
	-----	-----
	71	86
	=====	=====

In addition, bank interest has been capitalised as part of the cost of plant and equipment (page 10, note 6).

5. TAX CHARGE ON ORDINARY ACTIVITIES

Corporation tax at 35%

Charge for the period	389	116
Adjustments of prior periods	-	3
Deferred	250	850
	-----	-----
	639	969
	=====	=====

The charge for the period is stated after allowing for an excess of capital allowances over depreciation amounting to £462,000 (1989 - £642,000). The charge has been reduced by £276,000 (1989 £220,000) in respect of capitalised items available for offset against profit for fiscal purposes.

The effect of the changes in UK corporation tax rates announced on 19th March, 1991 is not considered material.

BLAGDEN CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

6. TANGIBLE FIXED ASSETS

	Freehold land and <u>buildings</u> £000	Plant, machinery and <u>equipment</u> £000	<u>Total</u> £000
<u>COST</u>			
At 1st January 1990	958	14,855	15,813
Additions	-	1,710	1,710
Disposals	-	(51)	(51)
	-----	-----	-----
At 30th December 1990	958	16,514	17,472
	=====	=====	=====
<u>DEPRECIATION</u>			
At 1st January 1990	516	2,586	3,102
Charges to profit and loss account	31	605	636
Disposals	-	(31)	(31)
	-----	-----	-----
At 30th December 1990	547	3,150	3,707
	-----	-----	-----
<u>NET BOOK VALUE</u>			
30th December 1990	413	13,352	13,765
	=====	=====	=====
1st January 1990	442	12,269	12,711
	=====	=====	=====

Expenditure on plant and equipment during the period includes an amount of £788,000 (1989 £440,000) in respect of capitalised interest.

	<u>1990</u> £000	<u>1989</u> £000
Capital expenditure authorised by the directors and not provided for in the accounts	-	43
	=====	=====
of which contracts have been placed for	-	-
	=====	=====

7. STOCKS

Raw materials	1,472	788
Finished goods	3,657	3,769
	-----	-----
	5,129	4,557
	=====	=====

BLAGDEN CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

	<u>1990</u> £000	<u>1989</u> £000
8. DEBTORS		
Amounts falling due within one year:		
Trade debtors	7,455	7,033
Amounts owed by group companies	10	8
Prepayments and accrued income	199	123
Other debtors	109	83
	-----	-----
	<u>7,773</u>	<u>7,247</u>
	=====	=====
9. CREDITORS		
Amounts falling due within one year:		
Bank loans and overdrafts	-	12
Trade creditors	5,969	5,784
Amounts owed to group companies	15,641	14,467
Corporation tax	-	100
Other taxes and social security	104	205
Accruals	314	1,018
	-----	-----
	<u>22,028</u>	<u>21,586</u>
	=====	=====
10. DEFERRED TAXATION		
Amount Provided		
Tax effect of timing differences due to:		
Accelerated capital allowances	1,406	1,156
Capital gains	67	67
	-----	-----
	<u>1,473</u>	<u>1,223</u>
	=====	=====
Full Potential		
Tax effect of timing differences due to:		
Accelerated capital allowances	2,081	1,619
Capital gains	67	67
	-----	-----
	<u>2,148</u>	<u>1,686</u>
	=====	=====
Movements during the period:		
At 1st January 1990	1,223	
Charges to profit and loss account	250	

At 30th December 1990	<u>1,473</u>	
	=====	

BLAGDEN CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

	<u>1990</u> £000	<u>1989</u> £000
11. SHARE CAPITAL		
Authorised, allotted, called up and fully paid 1,000 ordinary shares of £1 each	1 =====	1 =====

12. RESERVES

At 1st January 1990	2,593
Transferred to profit and loss account	2,549

At 30th December 1990	5,142
	=====

13. PENSION COMMITMENTS

In the U.K. the group operates pension funds for the company's employees of the defined benefit type. These cover the majority of company employees, and have their assets in separate trustee funds administered by professional investment managers. Contributions are based on pension costs across the group as a whole. Information regarding the fund is set out in the financial statements of Blagden Industries PLC.

14. CONTINGENT LIABILITIES

Guarantees given for bank overdraft facilities and letters of credit in respect of group borrowings.	20,448 =====	17,406 =====
--	-----------------	-----------------

15. LEASING COMMITMENTS

The company had annual commitments at 30th December, 1990 under operating leases expiring as follows:

	<u>Land and</u> <u>Buildings</u>		<u>Plant and</u> <u>Equipment</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	£000	£000	£000	£000
Within one year	3	3	327	274
Between one and five years	82	85	94	56
After five years	-	-	1	10
	---	---	---	---
	85	88	422	340
	===	===	===	===

The total annual commitments under operating leases amount to £507,000 (1989 £428,000).

16. ULTIMATE HOLDING COMPANY

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

BLAGDEN CHEMICALS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE 52 WEEKS ENDED 30th DECEMBER 1990

	<u>1990</u> £000	<u>1989</u> £000
SOURCE OF FUNDS:		
Profit on ordinary activities before taxation	3,188	2,803
Items not involving the movement of funds:		
Depreciation	636	457
Loss/(Profit) on disposal of tangible fixed assets	3	(2)
	-----	-----
Total generated from trading operations	3,827	3,258
FUNDS FROM OTHER SOURCES:		
Proceeds on disposal of tangible fixed assets	17	44
	-----	-----
	3,844	3,302
	-----	-----
APPLICATION OF FUNDS:		
Dividend paid	-	(4,000)
Purchase of tangible fixed assets	(1,710)	(8,948)
Group relief paid	(420)	-
Tax paid	(69)	(102)
	-----	-----
	(2,199)	(13,050)
	-----	-----
INCREASE/(DECREASE) IN WORKING CAPITAL	1,645	(9,748)
	=====	=====
Comprising:		
Increase in stocks	572	928
Increase in debtors	524	594
Increase/(Decrease) in amounts due from group companies	2	(206)
Decrease/(Increase) in trade creditors, other taxes and social security, and accruals	620	(2,277)
(Increase) in amounts due to group companies	(1,174)	(8,595)
	-----	-----
	544	(9,556)
Movement in net liquid funds:		
Increase/(Decrease) in bank balances	1,089	(180)
(Decrease)/Increase in bank overdrafts	12	(12)
	-----	-----
Increase/(Decrease) in liquid funds	1,101	(192)
	-----	-----
	1,645	(9,748)
	=====	=====