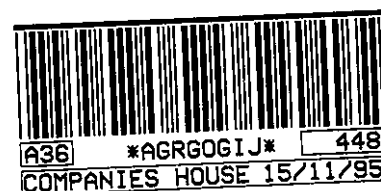


**WD-40 COMPANY LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**31 AUGUST 1995**

Registered in England and Wales - Number 1755958



## **WD-40 COMPANY LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 1995**

The directors present their report and the audited accounts of the company for the year ended 31 August 1995.

#### **Principal activities and review of the business**

The company's principal activities are the manufacture, marketing and sale of WD40.

1994/95 was another record year for WD-40 with European sales nearly 3% over budget and a very healthy 14% over prior year.

The sales growth continues to be broad based but for the first time in the history of the company the international portion of the business is greater than 50% of the whole. Our own branch operations in France, Germany and Spain have had banner years returning substantial growth over prior year as the marketing and selling programmes really begin to take off. Eastern Europe is beginning to show promise, particularly Poland, Russia and Slovenia whilst Hungary and Czechoslovakia are slowly building a firm business base. The Middle East saw a 9% growth over prior year, and this in spite of tough economic trading conditions in that region.

#### **Future developments**

For the new financial year, we will continue to go for growth across all markets, with continued emphasis on our branch operations and maintaining promotional pressures on those markets where the rewards will be high.

Our marketing and promotional effort continue to be highly innovative yet sensitive to the needs of the market place and our attention to expenses and production costs will be thoroughly disciplined.

#### **Results and dividends**

The profit for the year after taxation amounted to £2,584,000 (1994 - £2,218,000).

A dividend of £1,194,000 was paid in respect of the year (1994 - £3,602,000).

#### **Directors**

The directors of the company during the year were as follows:

KS Gallon  
M Tamblyn (resigned 31 July 1995)  
G Schleif

C Kerfoot was appointed to the Board on 11 September 1995

## **WD-40 COMPANY LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 1995 (continued)**

#### **Directors' responsibility for preparing the accounts**

The directors are required by the Companies Act 1985 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 for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 13 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

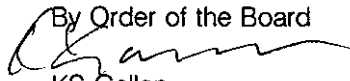
The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

#### **Auditors**

The auditors, Price Waterhouse, shall be deemed to be re-appointed for subsequent financial year in accordance with Section 386 of the Companies Act 1985.

By Order of the Board

  
KS Gallon  
Secretary

2 NOVEMBER 1995

*Price Waterhouse*



**AUDITORS' REPORT TO THE SHAREHOLDERS OF WD-40 COMPANY LIMITED**

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described in the directors' report, 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 31 August 1995 and of its profit and cashflow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

2 NOVEMBER 1995

Chartered Accountants  
and Registered Auditors

# WD-40 COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 1995

	Notes	1995 £'000	1994 £'000
Turnover	2	15,173	13,366
Cost of sales		(6,363)	(5,658)
<b>Gross profit</b>		<b>8,810</b>	<b>7,708</b>
Distribution costs		(802)	(726)
Sales and general administration		(4,237)	(3,797)
<b>Operating profit</b>	3	<b>3,771</b>	<b>3,185</b>
Interest receivable		105	139
<b>Profit on ordinary activities before taxation</b>		<b>3,876</b>	<b>3,324</b>
Tax on profit on ordinary activities	4	(1,292)	(1,106)
<b>Profit on ordinary activities after taxation</b>		<b>2,584</b>	<b>2,218</b>
<b>Retained profit brought forward</b>		<b>3,456</b>	<b>4,840</b>
		6,040	7,058
<b>Dividends paid and proposed</b>		<b>(1,194)</b>	<b>(3,602)</b>
<b>Retained profit carried forward</b>		<b>4,846</b>	<b>3,456</b>

The company's recognised gains and losses consist wholly of the retained profit for the financial year. All company operations are continuing.

The notes on pages 7 to 13 form part of these accounts.

# WD-40 COMPANY LIMITED

## BALANCE SHEET - 31 AUGUST 1995

	Notes	1995 £'000	1994 £'000
<b>Fixed assets</b>			
Tangible assets	5	1,002	928
<b>Current assets</b>			
Stock	6	1,204	1,268
Debtors	7	2,542	2,071
Cash at bank and in hand		3,447	1,734
		<u>7,193</u>	<u>5,073</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(3,077)</u>	<u>(2,242)</u>
<b>Net current assets</b>		4,116	2,831
<b>Total assets less current liabilities</b>		<u>5,118</u>	<u>3,759</u>
<b>Provision for liabilities and charges</b>			
Deferred taxation	9	(22)	(53)
		<u>5,096</u>	<u>3,706</u>
<b>Capital and reserves</b>			
Share capital	10	250	250
Profit and loss account		4,846	3,456
	15	<u>5,096</u>	<u>3,706</u>
Approved by the Board on			

G Schleif  
Chairman

*Gerald Schleif*

2 NOVEMBER 1995

The notes on pages 7 to 13 form part of these accounts.

# WD-40 COMPANY LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 1995

	Notes	<u>1995</u>	<u>1994</u>
		£'000	£'000
<b>Net cash inflow from operating activities</b>	11	3,726	3,256
<b>Net cash (outflow)/inflow on returns on investments and service of finance</b>			
Interest received		105	139
Dividends paid		(1,194)	(3,602)
		<u>          </u>	<u>          </u>
		(1,089)	(3,463)
<b>Taxation</b>			
Corporation tax paid (including advance corporation tax paid)		(676)	(1,364)
<b>Net cash outflow from investing activities</b>			
Purchase of fixed assets		(323)	(132)
Sale of fixed assets		75	26
		<u>          </u>	<u>          </u>
		(248)	(106)
<b>(Decrease)/increase in cash and cash equivalents</b>	11	<u>          </u>	<u>          </u>
		1,713	(1,677)
		<u>          </u>	<u>          </u>

The notes on pages 7 to 13 form part of these accounts.

## WD-40 COMPANY LIMITED

### NOTES TO THE ACCOUNTS - 31 AUGUST 1995

#### 1 Accounting policies

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has adopted the following accounting policies.

##### Turnover

Turnover represents the invoiced value of goods supplied after deduction of settlement discount and value added tax.

##### Stock

Stock has been included in the accounts at the lower of cost and net realisable value.

##### Fixed assets and depreciation

Fixed assets are stated at cost less depreciation, which has been calculated to write off the fixed assets on a straight line basis over their estimated useful lives at the following rates:

Motor vehicles	-	25%
Buildings	-	2½%
Plant and machinery	-	10%
Fixtures and fittings	-	10% - 20%

No depreciation is provided on freehold land.

##### Taxation

The company applies US accounting principles for deferred taxation so as to be consistent with its holding company. Deferred taxation has accordingly been provided in respect of timing differences for taxation purposes relating to the excess of capital allowances over related depreciation. In addition deferred taxation has been provided in respect of other timing differences which are expected to reverse in the foreseeable future. The provision made does not differ significantly from the amount which would be provided under Statement of Standard Accounting Practice No.15 issued by the Accounting Standards Committee in the United Kingdom.

##### Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Trading results are translated at the monthly average rates during the year. Foreign currency exchange differences are dealt with through the profit and loss account.

# WD-40 COMPANY LIMITED

## NOTES TO THE ACCOUNTS - 31 AUGUST 1995 (continued)

<b>2</b>	<b>Turnover</b>	<b>1995</b>	<b>1994</b>
		<b>£'000</b>	<b>£'000</b>
	Geographical analysis of turnover:-		
	UK/Eire	7,523	7,400
	Europe	5,162	3,766
	Africa/Middle East	2,488	2,200
		<hr/>	<hr/>
		15,173	13,366
		<hr/>	<hr/>
<b>3</b>	<b>Operating profit</b>	<b>1995</b>	<b>1994</b>
		<b>£'000</b>	<b>£'000</b>
	Operating profit is stated after charging/(crediting):		
	Salaries	1,184	1,036
	Social security costs	151	137
	Other pension costs	133	108
	Depreciation	164	156
	Loss/(profit) on sale of fixed assets	10	(2)
	Royalties	544	537
	Auditors' remuneration		
	- for audit services	14	13
	- for other services in UK	2	2
	Exchange gain	(104)	(96)
		<hr/>	<hr/>
<b>4</b>	<b>Taxation</b>	<b>1995</b>	<b>1994</b>
		<b>£'000</b>	<b>£'000</b>
	The taxation charge based on profit for the year is made up as follows:		
	Corporation tax at 33% (1994 : 33%)	1,317	1,109
	Deferred tax (Note 9)	(31)	(3)
	Overseas tax	6	-
		<hr/>	<hr/>
		1,292	1,106
		<hr/>	<hr/>

# WD-40 COMPANY LIMITED

## NOTES TO THE ACCOUNTS - 31 AUGUST 1995 (continued)

### 5 Fixed assets

#### Tangible assets:

	Freehold land £'000	Building £'000	Plant, tools and machinery £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 Sept 1994	117	622	136	359	274	1,508
Additions	-	-	-	132	191	323
Disposals	-	-	-	-	(178)	(178)
	<u>117</u>	<u>622</u>	<u>136</u>	<u>491</u>	<u>287</u>	<u>1,653</u>
At 31 Aug 1995	117	622	136	491	287	1,653
	<u>117</u>	<u>622</u>	<u>136</u>	<u>491</u>	<u>287</u>	<u>1,653</u>
<b>Depreciation</b>						
At 1 Sept 1994	-	139	98	225	118	580
Charge for year	-	15	14	57	78	164
Disposals	-	-	-	-	(93)	(93)
	<u>-</u>	<u>154</u>	<u>112</u>	<u>282</u>	<u>103</u>	<u>651</u>
At 31 Aug 1995	-	154	112	282	103	651
	<u>-</u>	<u>154</u>	<u>112</u>	<u>282</u>	<u>103</u>	<u>651</u>
<b>Net book amount</b>						
At 31 Aug 1995	117	468	24	209	184	1,002
	<u>117</u>	<u>468</u>	<u>24</u>	<u>209</u>	<u>184</u>	<u>1,002</u>
At 31 Aug 1994	117	483	38	134	156	928
	<u>117</u>	<u>483</u>	<u>38</u>	<u>134</u>	<u>156</u>	<u>928</u>

# WD-40 COMPANY LIMITED

## NOTES TO THE ACCOUNTS - 31 AUGUST 1995 (continued)

### 5 Fixed assets (continued)

#### Capital commitments:

	1995 £'000	1994 £'000
Future capital expenditure not provided for in the accounts for which contracts have been placed	Nil	Nil
Expenditure authorised but not contracted	250	120

### 6 Stock

	1995 £'000	1994 £'000
Raw materials	35	3
Work in progress	67	93
Finished goods	1,102	1,172
	1,204	1,268

### 7 Debtors

	1995 £'000	1994 £'000
Trade debtors	2,331	1,672
Prepayments and accrued income	211	220
ACT recoverable	-	179
	2,542	2,071

### 8 Creditors : amounts falling due within one year

	1995 £'000	1994 £'000
Trade creditors	1,076	903
Amounts owed to group undertakings	42	30
Taxation and social security	1,095	582
Accruals and deferred income	864	727
	3,077	2,242

# WD-40 COMPANY LIMITED

## NOTES TO THE ACCOUNTS - 31 AUGUST 1995 (continued)

9	<b>Deferred taxation</b>	<b>1995 £'000</b>	<b>1994 £'000</b>
	Excess of capital allowances claimed over depreciation	80	79
	Other timing differences	(58)	(26)
		<hr/>	<hr/>
		22	53
		<hr/>	<hr/>
	There is no unprovided potential deferred tax liability.		
10	<b>Share capital</b>	<b>1995 £'000</b>	<b>1994 £'000</b>
	Authorised:		
	500,000 ordinary shares of £1 each	500	500
		<hr/>	<hr/>
	Issued, allotted and fully paid:		
	250,000 ordinary shares of £1 each	250	250
		<hr/>	<hr/>
11	<b>Cash flow statement</b>		
	<b>Net cash inflow from operating activities:</b>		
		<b>1995 £'000</b>	<b>1994 £'000</b>
	Operating profit	3,771	3,185
	Depreciation	164	156
	Loss/(profit) on sale of fixed assets	10	(2)
	Stock decrease/(increase)	64	6
	Debtors increase	(650)	(282)
	Creditors increase	367	193
		<hr/>	<hr/>
		3,726	3,256
		<hr/>	<hr/>

# WD-40 COMPANY LIMITED

## NOTES TO THE ACCOUNTS - 31 AUGUST 1995 (continued)

### 11 Cash flow statement (continued)

#### Analysis of changes in cash and cash equivalents during the year:

	1995 £'000	1994 £'000
Balance as at 1 September 1994	1,734	3,411
Net cash (outflow)/inflow	1,713	(1,677)
	<hr/>	<hr/>
Balance as at 31 August 1995	3,447	1,734
	<hr/>	<hr/>

### 12 Pension commitments

There is a Group Company Pension/Life Assurance scheme administered by Standard Life. This is a money-purchase non-contributory scheme open to all employees after a qualifying period of service.

### 13 Directors' emoluments

Aggregate directors' emoluments, including pension contributions and retirement payments amounted to £125,631 (1994 - £155,806). Included in directors' emoluments are amounts, excluding pension contributions, payable to:

	1995 £'000	1994 £'000
Chairman	NIL	NIL
	<hr/>	<hr/>
Highest paid director	107	139
	<hr/>	<hr/>
Other directors		
	<hr/>	<hr/>
	1995 Number	1994 Number
Nil - £5,000	3	2
	<hr/>	<hr/>

Of the other directors included above, none received any emoluments in respect of the services to the company (1994 - none).

## WD-40 COMPANY LIMITED

### NOTES TO THE ACCOUNTS - 31 AUGUST 1995 (continued)

#### 14 Employees

The average weekly number of persons employed in the company was 36 (1994 - 34).

#### 15 Reconciliation of movements in shareholders' funds

	1995 £'000	1994 £'000
Profit for the financial year	2,584	2,218
Dividends	(1,194)	(3,602)
	<hr/>	<hr/>
Opening shareholders' funds	1,390	(1,384)
	3,706	5,090
	<hr/>	<hr/>
Closing shareholders' funds	5,096	3,706
	<hr/>	<hr/>

#### 16 Ultimate holding company

The ultimate holding company is WD-40 Company incorporated in the United States. This is the smallest and largest group for which group accounts are prepared including this company. Copies of group accounts can be requested from WD-40 Company, 1061 Cudahy Place, San Diego, California, 92110, USA.