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WD-40 COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 AUGUST 1986

COMPANIES REGISTRATION  
30 MAY 1987  
M OFFICE 8

*Price Waterhouse*



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WD-40 COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 AUGUST 1986

WD-40 COMPANY LIMITED

DIRECTORS' REPORT

The directors present their report and the audited accounts of the company for the year ended 31 August 1986.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company commenced trading on 6th September 1985, with the manufacture and sale of WD-40, a chemical - petroleum based, maintenance product consumed by end users in homes, factories, garages, farms and offices.

A Company employed sales force is utilised in the UK and exclusive Importers/Distributors are being appointed throughout the remainder of the designated territory which embraces Europe, Africa and Middle East.

As marketing plans and programmes become implemented we anticipate a strong growth in sales volume particularly within Continental Europe.

RESULTS FOR THE YEAR

The profit for the year after taxation amounted to £756,964 (1985 loss - £317,434).

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors of the company, all of whom served throughout the year, are as follows:

JS Barry  
KS Gallon  
REG Sheppard

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board

  
Secretary

6 April 1987

Southwark Towers  
32 London Bridge Street  
London SE1 9SY

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*Price Waterhouse*



AUDITORS' REPORT TO THE MEMBERS OF  
WD-40 COMPANY LIMITED

We have audited the accounts on pages 3 to 10 in accordance with approved auditing standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 August 1986 and of the profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

*Price Waterhouse*

Chartered Accountants

6 April 1987

WD-40 COMPANY LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 1986

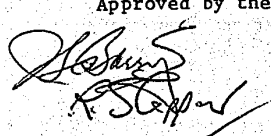
	<u>Notes</u>	<u>1986</u> £	<u>1985</u> £
TURNOVER	2	4,662,922	-
COST OF SALES		(2,173,971)	-
GROSS PROFIT		2,488,951	-
Distribution costs		166,426	-
Sales and general administration		<u>1,293,003</u>	<u>256,407</u>
OPERATING PROFIT/(LOSS)	2	1,029,522	(256,407)
Interest receivable		13,836	64,817
Interest payable to group company		<u>(158,451)</u>	<u>(125,844)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		884,907	(317,434)
Tax on profit on ordinary activities	4	<u>127,943</u>	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		756,964	(317,434)
BALANCE AT 1 SEPTEMBER 1985		<u>(428,155)</u>	<u>(110,721)</u>
BALANCE AT 31 AUGUST 1986		<u>£328,809</u>	<u>£(428,155)</u>

The notes on pages 6 to 10 form part of these accounts.



WD-40 COMPANY LIMITED

BALANCE SHEET - 31 AUGUST 1986

	Notes	1986 £	1985 £
<b>FIXED ASSETS</b>			
Tangible assets	5	985,945	987,118
<b>CURRENT ASSETS</b>			
Stock	6	562,090	85,373
Debtors	7	1,207,553	116,739
Cash at bank and in hand		<u>221,235</u>	<u>154,574</u>
		<u>1,990,878</u>	<u>356,686</u>
CREDITORS (amounts falling due within one year)	8	(1,107,088)	(803,826)
NET CURRENT ASSETS/(LIABILITIES)		<u>883,790</u>	<u>(447,140)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,869,735	539,978
CREDITORS (amounts falling due after more than one year)	8	(1,210,926)	(718,133)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	9	<u>(80,000)</u>	<u>-</u>
		<u>£578,809</u>	<u>£(178,155)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	250,000	250,000
Profit and loss account		328,809	(428,155)
Approved by the Board on 6 April 1987			
			
) DIRECTORS			
		<u>£578,809</u>	<u>£(178,155)</u>

The notes on pages 6 to 10 form part of these accounts.

WD-40 COMPANY LIMITED

SOURCE AND APPLICATION OF FUNDS STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 1986

	<u>1986</u> £	<u>1985</u> £
SOURCES OF FUNDS		
Profit/(loss) on ordinary activities before taxation	884,907	(317,434)
Adjustment for items not involving the movement of funds:		
Depreciation	<u>64,972</u>	<u>15,144</u>
Funds (absorbed by)/generated from operations	949,879	(302,290)
Funds from other sources		
Shares issued	-	235,881
Advance from holding company	167,884	470,523
Proceeds of sale of tangible fixed assets	<u>2,500</u>	<u>-</u>
	1,120,263	404,114
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	(66,299)	(852,046)
Taxation paid	<u>(31,392)</u>	<u>-</u>
	<u>£1,022,572</u>	<u>£(447,932)</u>
MOVEMENT IN WORKING CAPITAL		
Stock - increase	476,717	138,398
Debtors - increase	1,090,814	46,597
Creditors - increase	(611,620)	(439,683)
MOVEMENT IN NET LIQUID FUNDS		
(Decrease)/increase in bank and and cash balances	<u>66,661</u>	<u>(193,244)</u>
	<u>£1,022,572</u>	<u>£(447,932)</u>

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1986

1 ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention.  
The company has adopted the following accounting policies.

(1) Turnover

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

(2) Stock

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

(3) 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% of cost
Buildings	- 2½%
Plant and machinery	- 10%
Fixtures and fittings	- 10% - 20%

No depreciation is provided on freehold land.

(4) 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.

(5) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Differences on exchange are charged or credited to the profit and loss account.



WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1986 (CONTINUED)

2 TURNOVER

	1986 £	1985 £
Geographic Analysis of Turnover:-		
UK/Eire	3,595,000	-
Europe	558,000	-
Africa/Middle East	510,000	-
	<u>£4,663,000</u>	<u>-</u>

PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Profit/(loss) is stated after charging/(crediting):-

	1986 £	1985 £
Salaries	228,582	75,433
Social security costs	23,227	5,374
Other pension costs	14,764	-
Directors' emoluments	60,463	25,375
Depreciation	64,972	15,144
Auditors' remuneration	7,000	3,500
Difference on exchange - (surplus)	<u>(68,570)</u>	<u>(110,033)</u>

The average number of persons employed during the period was 12 (1985 - 4).

3 DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Only one director received emoluments for his services to the company during the year. These emoluments excluding pension contributions amounted to £49,713.

Two other employees received emoluments, excluding pension contributions, within the range £30,000 - £35,000.

4 TAXATION

The taxation charge based on the profit for the year after deducting losses brought forward from previous years, is made up as follows:

	£
Corporation tax at 33%	47,943
Deferred taxation (Note 9)	<u>80,000</u>
	<u>£127,943</u>

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS ~ 31 AUGUST 1986 (CONTINUED)

5 FIXED ASSETS

Tangible assets

	Freehold land £	Buildings £	Plant and machinery £	Fixtures, fittings tools and equipment £	Motor vehicles £	Total £
<u>Cost</u>						
At 1 September 1985	117,758	605,058	93,458	127,954	59,624	1,003,852
Additions	-	8,100	11,654	12,540	34,005	66,299
Disposals	-	-	-	-	(7,312)	(7,312)
At 31 August 1986	117,758	613,158	105,112	140,494	86,317	1,062,839
<u>Depreciation</u>						
At 1 September 1985	-	-	-	-	16,734	16,734
Charge for year	-	15,673	10,077	18,759	20,463	64,972
Disposals	-	-	-	-	(4,812)	(4,812)
At 31 August 1986	-	15,673	10,077	18,759	32,385	76,894
<u>Net Book amount</u>						
At 31 August 1986	£117,758	£597,485	£95,035	£121,735	£53,932	£985,945
At 31 August 1985	£117,758	£605,058	£93,458	£127,954	£42,890	£987,118
Capital commitments:					1986 £	1985 £
Further capital expenditure not provided in the accounts for which contracts placed					£N11	£N11

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1986 (CONTINUED)

		<u>1986</u> £	<u>1985</u> £
6	STOCK		
	Raw materials	27,776 )	85,373
	Work in progress	38,682 )	
	Finished goods	495,632 )	
		<u>£562,090</u>	<u>£85,373</u>
7	DEBTORS		
	Trade debtors	1,131,973	-
	Other debtors	-	63,174
	Prepayments and accrued income	<u>75,580</u>	<u>53,565</u>
		<u>£1,207,553</u>	<u>£116,739</u>
8	CREDITORS (amounts falling due within one year)		
	Trade creditors	<u>494,463</u>	<u>69,923</u>
	Other creditors	8,443	144,496
	Taxation and social security	233,584	5,435
	Accruals	112,026	65,615
	Balance due to group company - advance	-	324,909
	- accrued interest and royalties	46,463	144,644
	- current account	<u>212,109</u>	<u>48,804</u>
		<u>£1,107,088</u>	<u>£803,826</u>
	CREDITORS (amounts falling due after one year)		
	Balance due to group company - advance	<u>1986</u> £ <u>£1,210,926</u>	<u>1985</u> £ <u>£718,133</u>

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1986 (CONTINUED)

		<u>1986</u> £	<u>1985</u> £
6	STOCK		
	Raw materials	27,776 )	85,373
	Work in progress	38,682 )	
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		<u>£562,090</u>	<u>£85,373</u>
7	DEBTORS	<u>1986</u> £	<u>1985</u> £
	Trade debtors	1,131,973	-
	Other debtors	-	63,174
	Prepayments and accrued income	<u>75,580</u>	<u>53,565</u>
		<u>£1,207,553</u>	<u>£116,739</u>
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	CREDITORS (amounts falling due after one year)	<u>1986</u> £	<u>1985</u> £
	Balance due to group company - advance	<u>£1,210,926</u>	<u>£718,133</u>

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1986 (CONTINUED)

9	DEFERRED TAXATION	1986	1985
		£	£
	Excess of capital allowances claimed over depreciation	96,000	-
	Other timing differences	(16,000)	-
		<u>£80,000</u>	<u>-</u>
10	CALLED UP SHARE CAPITAL	1986	1985
	Authorised	<u>£500,000</u>	<u>£500,000</u>
	Allotted and fully paid shares of £1 each	<u>£250,000</u>	<u>£250,000</u>
11	PENSION COMMITMENTS		
	Employees of the Company are 'Contracted-In' to the State Scheme and Employer/Employee contributions are made accordingly. In addition 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.		
12	ULTIMATE HOLDING COMPANY		
	The ultimate holding company is WD - 40 Company incorporated in California.		