

WD-40 COMPANY LIMITED

ANNUAL REPORT

31 AUGUST 2000

Registered in England and Wales - Number 1755958



WD-40 COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2000

The directors present their annual report of the company for the year ended 31 August 2000.

Principal activities and review of the business

The company continues to manufacture and market WD-40 and 3-IN-ONE in markets across UK, Europe, Middle East and Africa.

The results for the year were satisfactory.

Review of business and future developments

The company expects to launch its new product Lava, a new heavy duty hand cleaning brand acquired by the US parent company in 1999.

Millennium and European Monetary Union

The directors have assessed the impact of all experiences since 31 December 1999 in relation to the year 2000, and have considered whether our previous conclusions on year 2000 financial impacts need to be amended and whether there are any significant new matters that have a financial statement impact. We continue to monitor our significant customers, vendors and service providers and to date we have no information that indicates that there is any significant year 2000 issues to be addressed. Our contingency plans remain in place for all business-critical systems. We have considered in particular the impact of the year 2000 issue on amounts and disclosures in the financial statements and other related public information. We are satisfied, based on our evaluation, that the annual report properly reflects the impact of this issue.

The company is aware of the implications of the European Monetary Union, for its systems, and other aspects of its operations. Local management is responsible for ensuring that any necessary systems, and other aspects of its operations. Local management is responsible for ensuring that any necessary systems modifications and other initiatives are planned and completed. It is not anticipated that any incremental expenditure will be incurred to ensure compliance with necessary requirements.

Results and dividends

The profit for the year after taxation amounted to £1,569,000 (1999 - £2,437,000).

Dividends of £1,000,000 were paid in respect of the year (1999 - £1,300,000).

Directors

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

K S Gallon
G O Ridge
W Noble

The directors had no disclosable interest in the shares of the company or any other group undertakings during the year.

Payment of creditors

The company's policy is to pay all suppliers within agreed credit terms. Average creditor days was 26 (1999 - 31).

WD-40 COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2000 (CONTINUED)

Statement of directors' responsibilities

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 11 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.

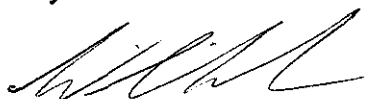
The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

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, PricewaterhouseCoopers, shall be deemed to be re-appointed for subsequent financial years in accordance with Section 386 of the Companies Act 1985.

By Order of the Board



W Noble
Director

26th September 2000

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

We have audited the financial statements on pages 4 to 11, which have been prepared under the historical cost convention and the accounting policies set out in Note 1 to the Financial Statements.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Milton Keynes

26th September 2000

WD-40 COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2000

	Notes	2000 £'000	1999 £'000
Turnover	2	21,929	24,142
Cost of sales		(11,391)	(12,963)
Gross profit		10,538	11,179
Distribution costs		(1,164)	(1,149)
Administration expenses		(7,133)	(6,568)
Operating profit	3	2,241	3,462
Interest receivable and similar income		77	112
Profit on ordinary activities before taxation		2,318	3,574
Tax on profit on ordinary activities	4	(749)	(1,137)
Profit for the financial year		1,569	2,437
Retained profit brought forward		6,289	5,152
		7,858	7,589
Dividends paid		(1,000)	(1,300)
Retained profit carried forward		6,858	6,289

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

The notes on pages 6 to 11 form part of these accounts.

WD-40 COMPANY LIMITED

BALANCE SHEET - 31 AUGUST 2000

	Notes	£'000	2000 £'000	1999 £'000
Fixed assets				
Intangible assets	6		685	752
Tangible assets	5		1,390	1,400
			2,075	2,152
Current assets				
Stock	7	1,523		480
Debtors	8	6,810		6,415
Cash at bank and in hand		1,072		1,501
			9,405	8,396
Creditors: amounts falling due within one year	9		(4,337)	(3,956)
Net current assets			5,068	4,440
Total assets less current liabilities			7,143	6,592
Provision for liabilities and charges	10		(35)	(53)
			7,108	6,539
Capital and reserves				
Share capital	11		250	250
Profit and loss account			6,858	6,289
Equity shareholders' funds	16		7,108	6,539

Approved by the Board on 25th September 2000



W Noble

The notes on pages 6 to 11 form part of these accounts.

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 2000

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.

Operating Lease

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Tangible Fixed assets

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%
Computers	-	25%-33⅓%

No depreciation is provided on freehold land.

Goodwill and Intangible assets

Goodwill arising on the acquisitions of companies and brand rights is amortised over its estimated useful life of 15 years.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation, which is calculated using the liability method on all timing differences. Provision is made for deferred tax only to the extent that is probable that an actual liability or asset will crystallise.

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 2000 (continued)

1 ACCOUNTING POLICIES (Continued)

Pension costs

Employees of WD-40 Limited are members of a defined contribution money purchase scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The cost of providing pensions to employees is charged to the profit and loss account as it is incurred.

Cashflow Statement

The company is a wholly owned subsidiary of WD-40 Inc. and is included in the financial statements of WD-40 Inc. which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

2 TURNOVER

	2000 £'000	1999 £'000
Geographical analysis of turnover:		
UK/Eire	7,148	9,139
Europe	11,892	11,643
Africa/Middle East	2,889	3,360
	21,929	24,142

The sale and repurchase with a contract packer was included in the 1999 comparatives, totalling £1,273,000. This transaction has been excluded from the reported figures for 2000.

3 OPERATING PROFIT

	2000 £'000	1999 £'000
Operating profit is stated after charging/(crediting):		
Wages and Salaries	2,039	1,941
Social security costs	338	334
Other pension costs	202	179
Total Staff Costs	2,579	2,454
Depreciation	326	249
Amortisation of goodwill	67	67
Operating lease charges		
Other	65	65
Loss (profit) on sale of fixed assets	(4)	16
Exchange Loss	9	3
Auditors' remuneration for audit services	20	19

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 2000 (continued)

4 TAXATION

	2000 £'000	1999 £'000
The taxation charge based on profit for the year is made up as follows:		
Corporation tax at 30% (1999: 30.58%)	759	1,140
Double tax relief	(46)	-
Deferred tax (note 10)	(18)	(5)
Overseas tax	54	2
	749	1,137

5 TANGIBLE FIXED ASSETS

	Freehold land £'000	Building £'000	Plant, tools and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 September 1999	117	716	68	762	509	2,172
Additions	-	-	-	112	290	402
Disposals	-	-	-	(47)	(235)	(282)
At 31 August 2000	117	716	68	827	564	2,292
Depreciation						
At 1 September 1999	-	221	55	314	182	772
Charge for year	-	18	4	162	142	326
Disposals	-	-	-	(42)	(154)	(196)
At 31 August 2000	-	239	59	434	170	902
Net book amount						
At 31 August 2000	117	477	9	393	394	1,390
At 31 August 1999	117	495	13	448	327	1,400

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 2000 (continued)

5 TANGIBLE FIXED ASSETS

Capital commitments:

	2000 £'000	1999 £'000
Future capital expenditure not provided for in the accounts for which contracts have been placed	21	21

6 INTANGIBLE FIXED ASSETS

	2000 £'000	1999 £'000
Goodwill at cost	998	998
Less: amortisation	(313)	(246)
Net book value	685	752

The goodwill relates to the acquisition of the 3-IN-ONE brand rights during 1995/96 for the UK, Europe and Middle East. The goodwill is being amortised on a straight-line basis over 15 years.

7 STOCK

	2000 £'000	1999 £'000
Raw materials	6	8
Work in progress	15	32
Stock held at packers	408	-
Finished goods	1,094	440
	1,523	480

The stock held at packers relates to stock for which legal title had passed to the contract packer but will be sold back to WD-40 Company Limited. In 1999, this stock totalled £384,000 and is excluded from the 1999 stock balances.

8 DEBTORS

	2000 £'000	1999 £'000
Trade debtors	5,877	5,710
Prepayments and accrued income	933	705
	6,810	6,415

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 2000 (continued)

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £'000	1999 £'000
Trade creditors	1,646	1,395
Amounts owed to group undertakings	932	640
Taxation and social security	590	978
Accruals and deferred income	1,169	943
	<u>4,337</u>	<u>3,956</u>

10 DEFERRED TAXATION

	2000 £'000	1999 £'000
Excess of capital allowances claimed over depreciation	72	82
Other timing differences	(37)	(29)
	<u>35</u>	<u>53</u>
At 1 st September 1999	53	58
Credit to the profit and loss account	(18)	(5)
At 31 st August 2000	<u>35</u>	<u>53</u>

There is no unprovided potential deferred tax liability.

11 SHARE CAPITAL

	2000 £'000	1999 £'000
Authorised:		
500,000 ordinary shares of £1 each	500	500
Issued, allotted and fully paid:		
250,000 ordinary shares of £1 each	250	250

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.

WD-40 COMPANY LIMITED

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 2000 (continued)

13 DIRECTORS' EMOLUMENTS

	2000 £'000	1999 £'000
Emoluments	156	157
Pension contributions (1 director)	22	21

14 EMPLOYEES

The average weekly number of persons employed in the company was 63 (1999 - 55).

	2000	1999
Employees by category:		
Sales and marketing	38	35
Administration	25	20

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
Profit for the financial year	1,569	2,437
Dividends	(1,000)	(1,300)
Net increase in shareholders' funds	569	1,137
Opening shareholders' funds	6,539	5,402
Closing shareholders' funds	7,109	6,539

16 ULTIMATE HOLDING COMPANY

The ultimate holding company is WD-40 Company inc. 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 inc., 1061 Cudahy Place, San Diego, California, 92110, USA. The company has taken advantage of paragraph 3 of FRS 8 'Related Party Disclosures' not to disclose transactions with members of the WD-40 group.

17 FINANCIAL COMMITMENTS

At 31st August 2000 the company had annual commitments under non-cancellable operating leases expiring as follows:

	2000	1999
Within one year	55	48
Within two to five years	16	27
	71	75