

WD-40 COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 AUGUST 1991

1755958
COMPANIES HOUSE
25 APR 1992

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Registered in England and Wales - Number 1755958

WD-40 COMPANY LIMITED

DIRECTORS' REPORT

The directors present their report and the audited accounts of the company for the year ended 31 August 1991.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The sales results for the year were excellent, returning an 18.7% growth of prior year, and were in fact the highest sales achievement since the company was formed in 1985/86.

The growth has come from all major trading regions, the UK, Europe, Middle East and Africa, but the UK growth of some 22% was a first class performance, given the severity of the recession and the impact this had on the automotive trade in particular.

With sales over budget, expenses well controlled, operating earnings were 7% over budget and 18% over prior year.

Profit after tax was 33% over budget and 48% over last year: the main reason for this was the substantial amount of interest received on our deposit accounts.

1990/91 was an excellent year most capably supported by a first rate team spirit throughout the company.

Looking forward, we have formed the French branch and will introduce UK marketing strategies to increase our presence in this important market: similar organisations will be set up in Spain and Italy during the first half year; headcount is being increased to meet these new commitments.

RESULTS FOR THE YEAR

The profit for the year after taxation amounted to £1,034,000 (1990 - £699,000). The directors proposed, declared and paid an ordinary dividend of £412,000 during the year (1990 - Nil).

DIRECTORS

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

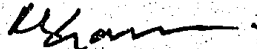
JS Barry
KS Gallon
REG Sheppard (retired 30 September 1990)
M Tamblin


WD-40 COMPANY LIMITED

AUDITORS

The auditors, Price Waterhouse 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


KS Gallon
Secretary

30 March 1992
10 September 1991


10 Sicket Road
St Albans
Herts AL1 3JX

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Price Waterhouse



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

We have audited the accounts 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 at 31 August 1991 and of the profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants
and Registered Auditor

30 March 1992
13 September 1991

WD-40 COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 1991

	<u>Note</u>	<u>1991</u> £'000	<u>1990</u> £'000
TURNOVER	2	8,290	6,982
COST OF SALES		4,085	3,383
GROSS PROFIT		4,205	3,599
Distribution costs		464	335
Sales and general administration		2,428	2,330
OPERATING PROFIT	3	1,313	934
Interest receivable		239	158
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,552	1,092
Tax on profit on ordinary activities	4	518	393
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,034	699
BALANCE AT 1 SEPTEMBER 1990		3,317	2,618
		4,351	3,317
DIVIDEND PAID AND PROPOSED		412	-
BALANCE AT 31 AUGUST 1991		£3,939	£3,317

The notes on pages 7 to 12 form part of these accounts.

WD-40 COMPANY LIMITED

BALANCE SHEET - 31 AUGUST 1991

	Note	1991 £'000	1990 £'000
FIXED ASSETS			
Tangible assets	5	934	958
CURRENT ASSETS			
Stock	6	732	642
Debtors	7	1,561	1,381
Cash at bank and in hand		2,330	1,564
		4,623	3,587
CREDITORS (amounts falling due within 1 year)	8	(1,292)	(882)
NET CURRENT ASSETS		3,331	2,705
TOTAL ASSETS LESS CURRENT LIABILITIES		4,265	3,663
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	9	(76)	(96)
		£4,189	£3,567
CAPITAL AND RESERVES			
Share capital	10	250	250
Profit and loss account		3,939	3,317
		£4,189	£3,567

30 March 1992
Approved by the Board on 13 September 1991

M TAMBLYN DIRECTOR

The notes on pages 7 to 12 form part of these accounts.

WD-40 COMPANY LIMITED

SOURCE AND APPLICATION OF FUNDS STATEMENT FOR THE YEAR ENDED 31 AUGUST 1991

	<u>1991</u> £'000	<u>1990</u> £'000
SOURCES OF FUNDS		
Profit on ordinary activities before taxation	1,552	1,092
Adjustment for items not involving the movement of funds:		
Depreciation	115	103
Loss/(Profit) on sale of tangible fixed assets	11	(1)
	<hr/>	<hr/>
Funds generated from operations	1,678	1,194
Funds from other sources:		
Proceeds of sale of tangible fixed assets	36	16
	<hr/>	<hr/>
	1,714	1,210
APPLICATION OF FUNDS		
Dividend paid	(412)	-
Purchase of tangible fixed assets	(138)	(109)
Taxation paid	(499)	(551)
	<hr/>	<hr/>
Working capital increase	665	550
	<hr/>	<hr/>
MOVEMENT IN WORKING CAPITAL		
Stock - increase	90	206
Debtors - increase/(decrease)	180	(494)
Creditors - (increase)/decrease	(371)	287
	<hr/>	<hr/>
	(101)	(1)
MOVEMENT IN NET LIQUID FUNDS		
Increase in bank and cash balances	766	551
	<hr/>	<hr/>
	665	550
	<hr/>	<hr/>

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1991

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 average rates for 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 1991 (CONTINUED)

	<u>1991</u>	<u>1990</u>
	£'000	£'000
2		
TURNOVER		
Geographical analysis of turnover:-		
UK/Eire	5,559	4,640
Europe	1,653	1,377
Africa/Middle East	1,078	965
	<u>8,290</u>	<u>6,982</u>
3		
OPERATING PROFIT		
	<u>1991</u>	<u>1990</u>
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Salaries	647	520
Social security costs	64	55
Other pension costs	89	88
Depreciation	115	103
Loss/(Profit) on sale of fixed assets	11	(1)
Royalties paid	316	301
Auditors' remuneration	12	11
(Gain)/Loss on exchange	(35)	117
	<u></u>	<u></u>
4		
TAXATION		
	<u>1991</u>	<u>1990</u>
	£'000	£'000
The taxation charge based on profit for the year is made up as follows:		
Corporation tax at 33.6% (1990: 35%)	543	367
Deferred tax (Note 9)	(15)	26
Adjustments for prior years - corporation tax	(4)	-
- deferred tax	(6)	-
	<u>518</u>	<u>393</u>

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1991 (CONTINUED)

5 FIXED ASSETS

Tangible assets

	Freehold land £'000	Building £'000	Plant and machinery £'000	Fixtures fittings tools & equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 Sept 1990	117	615	105	244	206	1,287
Additions	-	-	4	30	104	138
Disposals	-	-	-	(51)	(105)	(156)
At 31 Aug 1991	117	615	109	223	205	1,269
Depreciation						
At 1 Sept 1990	-	77	52	122	78	329
Charge for year	-	15	11	35	54	115
Disposals	-	-	-	(51)	(58)	(109)
At 31 Aug 1991	-	92	63	106	74	335
Net book amount						
At 31 Aug 1991	117	523	46	117	131	934
At 31 Aug 1990	117	538	53	122	128	958

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1991 (CONTINUED)

5 FIXED ASSETS (CONTINUED)

Capital commitments:

	<u>1991</u> £'000	<u>1990</u> £'000
Further capital expenditure not provided in the accounts for which contracts placed	Nil	Nil
Expenditure authorised but not contracted	46	55
	<hr/>	<hr/>

6 STOCK

Raw materials	41	30
Work in progress	104	85
Finished goods	587	527
	<hr/>	<hr/>
	732	642
	<hr/>	<hr/>

7 DEBTORS

Trade debtors	1,361	1,175
Prepayments and accrued income	200	206
	<hr/>	<hr/>
	1,561	1,381
	<hr/>	<hr/>

8 CREDITORS (amounts falling due within one year)

Trade creditors	470	398
Amounts owed to group undertakings	24	6
Taxation and social security	430	328
Accruals and deferred income	368	150
	<hr/>	<hr/>
	1,292	882
	<hr/>	<hr/>

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1991 (CONTINUED)

9 DEFERRED TAXATION

	<u>1991</u> £'000	<u>1990</u> £'000
Excess of capital allowances claimed over depreciation	90	100
Other timing differences	(14)	(4)
	<u>76</u>	<u>96</u>

There is no unprovided potential deferred tax liability.

10 SHARE CAPITAL

Authorised:

500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>
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Issued, allotted and fully paid:

250,000 ordinary shares of £1 each	<u>250</u>	<u>250</u>
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11 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

NOTES TO THE ACCOUNTS - 31 AUGUST 1991 (CONTINUED)

12 DIRECTORS EMOLUMENTS

Aggregate directors emoluments, including pension contributions and retirement payments amounted to £144,402 (1990 - £100,625). Included in Directors' emoluments are amounts, excluding pension contributions and retirement payments, payable to:

	<u>1991</u> £'000	<u>1990</u> £'000
The highest paid director	96	71
Other directors		
	<u>Number</u>	<u>Number</u>
£0 - £5,000	1	1
£10,000 - £15,000	1	-
£15,000 - £20,000	-	1

Of the other directors included above, only one received any emoluments in respect of the services to the company (1990 - one).

Aggregate payments on retirement amounted to £23,535 (1990 - Nil) including the estimated money value of private medical benefits and car benefits.

13 EMPLOYEES

The average weekly number of persons employed in the group was 23 (1990 - 21).

14 ULTIMATE HOLDING COMPANY

The ultimate holding company is WD-40 Company incorporated in the United States. Copies of group accounts can be obtained from WD-40 Company, 1061 Cudaly Place, San Diego, California, 92110, USA.