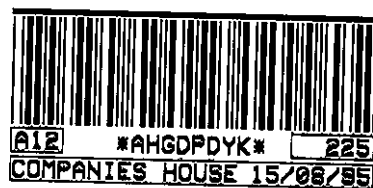


OXFORD CHEMICALS LIMITED
(Registered Number 2201740)

DIRECTORS' REPORT AND ACCOUNTS

30 NOVEMBER 1994



OXFORD CHEMICALS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 30 November 1994.

PRINCIPAL ACTIVITY

The principal activity of the company is the creation and manufacture of aroma chemicals primarily for use in the flavour and fragrance industries.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £334,699 (1993 - £101,020). A dividend of £100,000 was paid to the holders of the Ordinary Shares, leaving a balance of £234,699 for transfer to reserves.

REVIEW OF THE BUSINESS

The company had another successful year in 1994. Turnover grew by 21%, and the company achieved a record pre-tax profit of £481,911. The new production facility became fully operational during the period, and the Company is now well placed to meet demands for its more odorous products. Customer Service levels improved significantly during the year, and this assisted the continuing expansion. Prospects for 1995 are very encouraging.

FUTURE DEVELOPMENTS

The company has budgeted to achieve additional sales growth in 1995 and will continue to make further significant investment in its Teesside facility.

EVENTS SINCE THE BALANCE SHEET DATE

There have been no events since the balance sheet date which materially affect the position of the company.

OXFORD CHEMICALS LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The directors during the year were:

Dr D P Mullis (Chairman)
Mrs J N Mullis (resigned 14 December 1994)
B H Douglas
B Price
P R Cannon
P S Dewar

J Bell and M J F Rogers were appointed as directors and K R F Bird was appointed as Company Secretary on 14 December 1994.

None of the directors holds any shares in the company directly. Directors' interests in the shares of the holding company, Oxford Chemicals International Limited, are disclosed in the accounts of that company.

FIXED ASSETS

The changes in the tangible fixed assets of the company are summarised in note 8 of the accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

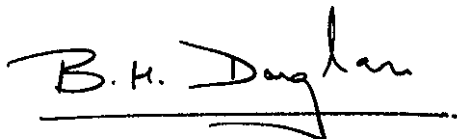
OXFORD CHEMICALS LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITORS

Price Waterhouse have expressed their willingness to be re-appointed as auditors and a resolution to this effect will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in dark ink, appearing to read "B. H. Douglas", is written over a horizontal line.

B H Douglas
Director
17 March 1995

Price Waterhouse



AUDITORS' REPORT TO THE SHAREHOLDERS OF OXFORD CHEMICALS LIMITED

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 2 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 30 November 1994 and its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors

17 March 1995

OXFORD CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 NOVEMBER 1994

	<u>Note</u>	<u>1994</u> £	<u>1993</u> £ (As restated - see note 2)
TURNOVER FROM CONTINUING OPERATIONS	1, 18	5,720,594	4,729,294
Cost of sales		<u>(3,557,588)</u>	<u>(2,906,776)</u>
GROSS PROFIT		2,163,006	1,822,518
Distribution costs		(990,082)	(986,168)
Administrative and other expenses		<u>(626,193)</u>	<u>(635,776)</u>
OPERATING PROFIT		546,731	200,574
Interest receivable and similar income		2,338	2,062
Interest payable and similar charges	7	<u>(67,158)</u>	<u>(60,698)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	481,911	141,938
Tax on profit on ordinary activities	4	<u>(147,212)</u>	<u>(40,918)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		334,699	101,020
DIVIDEND ON ORDINARY SHARES		(100,000)	-
RETAINED PROFIT BROUGHT FORWARD		<u>88,698</u>	<u>(12,322)</u>
RETAINED PROFIT CARRIED FORWARD		<u>323,397</u>	<u>88,698</u>

The company has no recognised gains or losses other than the profit for the year.

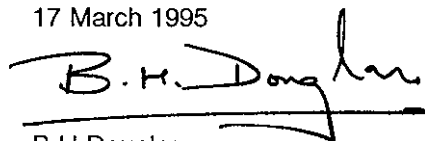
The notes on pages 8 to 17 form part of these accounts.

OXFORD CHEMICALS LIMITED

BALANCE SHEET AS AT 30 NOVEMBER 1994

	Note	1994	1993
		£	£
FIXED ASSETS			
Tangible assets	8	1,562,024	1,414,371
CURRENT ASSETS			
Stocks	9	1,384,082	1,159,070
Debtors	10	1,083,866	889,206
Cash at bank and in hand		<u>202,173</u>	<u>82,280</u>
		2,670,121	2,130,556
CREDITORS: Amounts falling due within one year	11	<u>(1,283,282)</u>	<u>(1,197,013)</u>
NET CURRENT ASSETS		<u>1,386,839</u>	<u>933,543</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,948,863	2,347,914
CREDITORS: Amounts falling due after more than one year	12	(2,247,908)	(2,068,379)
PROVISION FOR LIABILITIES AND CHARGES	13	<u>(148,000)</u>	<u>(66,000)</u>
		552,955	213,535
DEFERRED INCOME	14	229,556	124,835
CAPITAL AND RESERVES			
Called up share capital	15	2	2
Profit and loss account		<u>323,397</u>	<u>88,698</u>
		552,955	213,535

APPROVED BY THE BOARD ON
17 March 1995



B H Douglas
Director

The notes on pages 8 to 17 form part of these accounts.

OXFORD CHEMICALS LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 30 NOVEMBER 1994

	<u>1994</u>	<u>1993</u>
	£	£
Profit on ordinary activities after taxation	334,699	101,020
Dividend paid	<u>(100,000)</u>	<u>-</u>
Net addition to shareholders' funds	234,699	101,020
Opening shareholders' funds	<u>88,700</u>	<u>(12,320)</u>
Closing shareholders' funds	<u>323,399</u>	<u>88,700</u>

The notes on pages 8 to 17 form part of these accounts.

OXFORD CHEMICALS LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994

1 ACCOUNTING POLICIES

The principal accounting policies adopted by the company in the preparation of the accounts are as follows:

(1) Accounting convention

The accounts have been prepared in accordance with the historical cost convention and applicable Accounting Standards.

(2) Depreciation

Depreciation is calculated to write off the cost of the fixed assets over their expected useful lives. The annual rates and bases for this purpose are set out below.

Freehold buildings	4% straight line
Property improvements	10% straight line and 20% straight line
Plant and machinery	10% straight line and 14% straight line
Motor vehicles	25% reducing balance
Computer and hi-tech equipment	25% straight line

(3) Stocks

Stocks are stated at the lower of cost and net realisable value.

(4) Deferred taxation

Provision is made on a liability basis for tax deferred by timing differences to the extent that there is reasonable probability that the tax deferral will crystallise in the foreseeable future.

(5) Hire purchase liability

Provision is made for the outstanding capital elements on hire purchase agreements. Interest is written off over the period of the payments, using the straight-line method.

(6) Turnover

Turnover represents the net invoiced value of sales, excluding value added tax, of goods supplied within the company's ordinary activities.

(7) Foreign currency transactions

Translation differences on foreign currency transactions are dealt with in the profit and loss account.

OXFORD CHEMICALS LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(8) Lease commitments

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

(9) Government grants

Government grants received in respect of capital expenditure are credited to reserves and released to the profit and loss account over the lives of the relevant assets. Grants received in respect of the creation of permanent jobs are released to the profit and loss accounts over a three year period.

(10) Pension costs

Pension costs in respect of the defined contribution scheme are charged to the profit and loss account as incurred.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	<u>1994</u>	<u>1993</u>
	£	£
Auditors' remuneration	15,750	14,650
Depreciation	232,833	176,822
Grant release	(45,279)	(28,500)
Bank interest receivable	<u>(2,338)</u>	<u>(2,062)</u>

In 1994 the Company adopted an improved basis for allocating costs between the principal categories of expense. The 1993 figures have been restated on this new basis so that they provide a true comparative. Operating profit is not affected in either year.

3 EXCEPTIONAL ITEMS

It is estimated that exceptional production costs amounting to approximately £60,000 were incurred in the previous year - 1993 - as a result of the problems encountered in transferring technology and processes from Brackley to Teesside.

OXFORD CHEMICALS LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

4 TAXATION

	<u>1994</u>	<u>1993</u>
	£	£
Corporation Tax:		
Current year	65,100	404
Prior year	112	(5,486)
Deferred taxation:		
Current year	92,000	37,000
Prior year	<u>(10,000)</u>	<u>9,000</u>
Taxation charge/(credit)	<u>147,212</u>	<u>40,918</u>

The corporation tax charge is based upon the current period's results using the small companies rate of tax.

The Company has estimated trading losses of £Nil (1993 - £238,000) which are available for offset against future trading profits.

5 EMPLOYEES

Staff costs including directors:

	<u>1994</u>	<u>1993</u>
	£	£
Wages and salaries	1,304,538	1,177,753
Social security costs	130,605	119,524
Other pension costs	<u>55,073</u>	<u>49,710</u>
	<u>1,490,216</u>	<u>1,346,987</u>

The average number of employees during the year was made up as follows:

	<u>1994</u>	<u>1993</u>
Technical and production	44	42
Sales distribution and administration	<u>30</u>	<u>28</u>
	74	70
	<u>74</u>	<u>70</u>

OXFORD CHEMICALS LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

6 DIRECTORS' EMOLUMENTS

	<u>1994</u>	<u>1993</u>
	£	£
Directors' emoluments (including pension contributions)	<u>311,415</u>	<u>240,780</u>

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

	<u>1994</u>	<u>1993</u>
	£	£
Chairman	<u>67,891</u>	<u>72,490</u>

The chairman was also the highest paid director.

The directors received emoluments, in the following ranges:

	<u>No</u>	<u>No</u>
£0 - £5,000	-	1
£10,001 - £15,000	-	-
£20,001 - £25,000	-	1
£25,001 - £30,000	1	1
£35,001 - £40,000	-	1
£40,001 - £45,000	2	-
£45,001 - £50,000	1	-
£55,001 - £60,000	1	1
£65,001 - £70,000	1	-
£70,001 - £75,000	<u>-</u>	<u>1</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1994</u>	<u>1993</u>
	£	£
On bank loans and overdrafts wholly repayable within five years	57,316	52,548
Hire purchase interest	3,110	7,692
Other loan interest	<u>6,732</u>	<u>458</u>
	<u>67,158</u>	<u>60,698</u>

OXFORD CHEMICALS LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

8 TANGIBLE FIXED ASSETS

	<u>Freehold property</u> £	<u>Short leasehold property</u> £	<u>Plant and machinery</u> £	<u>Fixtures, fittings and equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost						
At 1 December 1993	395,206	9,636	1,386,468	147,157	187,839	2,126,306
Additions	73,137	-	288,409	14,696	10,345	386,587
Disposals	-	-	-	-	(20,704)	(20,704)
At 30 November 1994	468,343	9,636	1,674,877	161,853	177,480	2,492,189
Depreciation						
At 1 December 1993	12,492	6,405	493,916	99,963	99,159	711,935
Charge for year	13,930	972	180,449	15,204	22,278	232,833
Disposals	-	-	-	-	(14,603)	(14,603)
At 30 November 1994	26,422	7,377	674,365	115,167	106,834	930,165
Net book value						
At 30 November 1994	441,921	2,259	1,000,512	46,686	70,646	1,562,024
At 1 December 1993	382,714	3,231	892,552	47,194	88,680	1,414,371

9 STOCKS

	<u>1994</u> £	<u>1993</u> £
Raw materials and consumables	196,366	115,303
Work in progress	100,595	143,056
Finished goods	<u>1,087,121</u>	<u>900,711</u>
	<u>1,384,082</u>	<u>1,159,070</u>

OXFORD CHEMICALS LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

10 DEBTORS

	<u>1994</u>	<u>1993</u>
	£	£
Trade debtors	776,438	625,467
Amounts owed by group undertakings	165,839	167,107
Other debtors	77,624	55,050
Prepayments and accrued income	58,479	36,500
Corporation tax recoverable	<u>5,486</u>	<u>5,082</u>
	1,083,866	889,206
	<u> </u>	<u> </u>

11 CREDITORS: Amounts falling due within one year

	<u>1994</u>	<u>1993</u>
	£	£
Bank loan - ECSC	62,500	62,500
Bank overdraft	331,816	485,469
Trade creditors	514,340	438,740
Other creditors	39,611	49,088
Corporation tax	65,100	-
Other taxation and social security	39,210	35,469
Accruals and deferred income	213,613	110,397
Hire purchase liabilities	<u>17,092</u>	<u>15,350</u>
	1,283,282	1,197,013
	<u> </u>	<u> </u>

OXFORD CHEMICALS LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

12 CREDITORS: Amounts falling due after more than one year

Repayable wholly or partly within five years:

	<u>1994</u>	<u>1993</u>
	£	£
Amounts owed to parent undertaking	1,864,946	1,864,946
Hire purchase liability	7,962	15,933
Bank loan - ECSC	125,000	187,500
Bank loan - Bridging	<u>250,000</u>	<u>-</u>
	2,247,908	2,068,379
	<u> </u>	<u> </u>

The ECSC bank loan of £250,000 is repayable in eight equal half yearly instalments from 1994. Interest is payable at the rate of 10% per annum subject to a rebate of up to 3% per annum from the European Coal and Steel Community for a period of 5 years, 1989-1994.

	<u>1994</u>	<u>1993</u>
	£	£
Repayable in one year or less	<u>62,500</u>	<u>62,500</u>
Repayable in 1-2 years	62,500	62,500
Repayable in 2-5 years	<u>62,500</u>	<u>125,000</u>
	125,000	187,500
	<u> </u>	<u> </u>

The bridging loan facility has been provided pending the advance of a further ECSC loan.

OXFORD CHEMICALS LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

13 PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts, which also represents the full potential liability, is as follows:

	<u>1994</u> £	<u>1993</u> £
Accelerated Capital Allowances, net of trading losses:		
Provision at 1 December 1993	66,000	20,000
Charged/(credited) to profit and loss account	<u>82,000</u>	<u>46,000</u>
Provision at 30 November 1994	<u>148,000</u>	<u>66,000</u>

14 DEFERRED INCOME

	Selective Financial Assistance £	Regional Development grant £	Local Development grant £	Total £
At 1 December 1993	107,495	17,340	-	124,835
Received during the year	100,000	-	50,000	150,000
Released to profit and loss account	<u>(29,784)</u>	<u>(12,996)</u>	<u>(2,499)</u>	<u>(45,279)</u>
At 30 November 1994	<u>177,711</u>	<u>4,344</u>	<u>47,501</u>	<u>229,556</u>

The above grants relate to the company's development of a chemicals plant at Seaton Carew, Teesside.

The Selective Financial Assistance grant is being released to the profit and loss account over the lives of the assets concerned.

The Regional Development grant is being released to the profit and loss account over a 3 year period, and the Local Development grant is being released over a 5 year period.

In certain circumstances these grants may be repayable.

OXFORD CHEMICALS LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

15 SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
	£	£
Authorised		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Issued and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

16 BANK GUARANTEES

The company's bankers hold a legal charge over the freehold property in Teesside to secure the borrowings of the company. In addition, each of the companies in the Oxford Chemicals International Limited Group registered in England has guaranteed the bank borrowings of the others.

17 PENSION COSTS

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

18 TURNOVER

Analysis by geographical destination:

	<u>1994</u>	<u>1993</u>
	£'000	£'000
United Kingdom	1,558	1,452
Continental Europe	2,203	1,730
USA	984	887
Other	<u>976</u>	<u>660</u>
	5,721	4,729
	<u>5,721</u>	<u>4,729</u>

OXFORD CHEMICALS LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

19 ULTIMATE HOLDING COMPANY

The company's ultimate holding company at 30 November 1994 was Oxford Chemicals International Limited, a company registered in England and Wales, which has prepared group accounts incorporating the results of this company. Copies of these accounts can be obtained from Shires Road, Brackley, Northamptonshire, NN13 7EZ.

All of the share capital of Oxford Chemicals International Limited was acquired on 14 December 1994 by Yule Catto & Co plc, a company quoted on the London Stock Exchange.

20 OTHER STATUTORY DISCLOSURE INFORMATION

The company's auditors received fees amounting to £5,800 (1993 - £4,700) in respect of other services