

139876

ELLIS & EVERARD CHEMICALS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 APRIL 1990

The Directors submit their annual report and the audited financial statements for the year ended 30 April 1990.

ACTIVITIES

The principal activity of the Company is the processing, sale and distribution of chemicals. The Directors are of the opinion that the activities of the Company have been successfully developed during the year.

RESULTS

The profit for the year, the financial position of the Company and the dividends paid are shown in the annexed accounts.

TANGIBLE FIXED ASSETS

Movements in tangible fixed assets are disclosed in note 8.

DIRECTORS AND THEIR SHAREHOLDINGS IN ELLIS & EVERARD PLC

The Directors who served during the year were:-

J.N. PHILLPOTTS	F.G. CARTWRIGHT	G.B. WARD
P.S. WOOD	S.B. SMITH	M.G. KENDALL
S.A. BULL	J.J. MCKENZIE	G.C. BOTTING
R.N. DUFFIN		

G.B. Ward ceased to be a Director on his death on 10 October 1989.

R.N. Duffin was appointed as a Director on 4 January 1990.

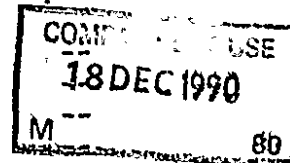
P.S. Wood and F.G. Cartwright resigned as Directors on 4 January 1990.
S.B. Smith resigned as a Director on 21 February 1990.

J.N. Phillpotts and S.A. Bull retire by rotation and being eligible offer themselves for re-election. R.N. Duffin, having been appointed since the last Annual General Meeting, retires and offers himself for re-election.

J.N. Phillpotts is a Director of the ultimate holding company, Ellis & Everard plc, and is not required to record his interest in shares in group companies in the register maintained by this Company.

The interests of the other Directors and their families in the share capital of Ellis & Everard plc are set out below:

	<u>At 30 April 1990</u>			<u>At 1 May 1989</u> <u>or later date of appointment</u>		
	Ordinary Shares	Ordinary Share Options	Savings Related Share Options	Ordinary Shares	Ordinary Share Options	Savings Related Share Options
R.N. DUFFIN	100	15000	5654	--	--	
J.J. MCKENZIE	225	15188	1130	225	10188	
S.A. BULL	--	15610	5654	--	10610	
G.C. BOTTING	--	10000	1884	--	5000	
M.G. KENDALL	--	--	--	--	--	



ELLIS + EVERARD CHEMICALS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 APRIL 1990

EMPLOYEES AND EMPLOYMENT POLICIES

The Company has continued its policy of keeping its employees informed of matters which affect them through the Company magazine, through a broad range of consultative bodies at which employees discuss matters of mutual interest, and through increasing our commitment to employee training and development.

The Company's policy is to give full and fair consideration to applications for employment from disabled people having regard to their particular aptitudes and abilities when related to any suitable opportunities available. Should an employee become disabled, the Company where practicable, seeks to continue the employment and arrange appropriate training.

The Company's policy also provides that selection and promotion of new and existing employees will be determined solely upon merit and the application of criteria which are related to the effective performance of the job and the needs of the business. No applicant or employee will be treated less favourably in employment because of his or her age, colour, disablement, marital status, race, religion or sex.

The Company continues to place great importance on the health, safety and welfare of its employees and believes that it more than complies with the Health and Safety at Work Act 1974.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The Company contributed £ 1603 to charities during the year.
No political contributions were made.

CLOSE COMPANY STATUS

The Company is not a close company under the Income and Corporation Taxes Act 1988. There has been no change since 30 April 1990.

AUDITORS

On 1 January 1990 our auditors changed the name under which they practise to KPMG Peat Marwick McLintock, and accordingly have signed this report in their new name. In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD


R.G. WELBURN
Secretary

46 Peckover Street
Bradford
BD1 5BD

3 July 1990

REPORT OF THE AUDITORS TO THE MEMBERS OF

ELLIS + EVERARD CHEMICALS LIMITED

We have audited the financial statements on pages 4 to 15 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 30 April 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick McLintock
KPMG PEAT MARWICK McLINTOCK
Chartered Accountants

Bradford
3 July 1990

ELLIS + EVERARD CHEMICALS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1990

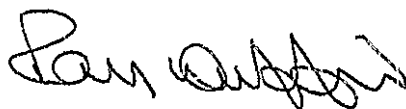
	<u>Note</u>	<u>1990</u> <u>£</u>	<u>1989</u> <u>£</u>
<u>TURNOVER</u>	2	61293733	55197418
Cost of Sales		45831488	41394692
		<hr/>	<hr/>
<u>GROSS PROFIT</u>		15462245	13802726
Distribution costs		3827049	3547193
Administration expenses		7248820	6566641
		<hr/>	<hr/>
<u>OPERATING PROFIT</u>	3	4386376	3688892
Interest payable (net)	4	383183	237427
		<hr/>	<hr/>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		4003193	3451465
Taxation on profit on ordinary activities	6	1433630	1225000
		<hr/>	<hr/>
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		2569563	2226465
Dividends	7	1155000	1195000
		<hr/>	<hr/>
<u>RETAINED PROFIT FOR THE FINANCIAL YEAR</u>	15	1414563 =====	1031465 =====


ELLIS + EVERARD CHEMICALS LIMITED

BALANCE SHEET AT 30 APRIL 1990

	<u>Note</u>	<u>1990</u> £	<u>1989</u> £
<u>FIXED ASSETS</u>			
Tangible fixed assets	8	9094615	8891438
<u>CURRENT ASSETS</u>			
Stocks	9	6153351	6080095
Debtors	10	9497141	7994673
Cash at bank and in hand		1050651	1013995
		16701143	15088763
<u>CREDITORS DUE WITHIN ONE YEAR</u>	11	13744326	13544245
<u>NET CURRENT ASSETS</u>		2956817	1544518
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		12051432	10435956
<u>CREDITORS DUE AFTER ONE YEAR</u>	12	225913	--
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	13	670000	695000
<u>NET ASSETS EMPLOYED</u>		11155519 =====	9740956 =====
<u>CAPITAL AND RESERVES</u>			
Called up share capital	14	800000	800000
Share premium account	15	825543	825543
Revaluation reserve	15	151909	151909
Profit and loss account	15	9378067	7963504
		11155519 =====	9740956 =====

These accounts were approved by the Board of Directors on 3 July 1990 and are signed on their behalf by


R N DUFFIN
Director


G C BOTTING
Director

ELLIS + EVERARD CHEMICALS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30 APRIL 1990

SOURCE OF FUNDS

	1990	1989
	£	£
Profit on ordinary activities before taxation	4003193	3451465
Adjustment for items not involving the movement of funds:		
Depreciation	935502	776107
Profit on sale of tangible fixed assets - external	(39131)	(23340)
- inter group	(846)	(7408)
	895525	745359
<u>TOTAL GENERATED FROM OPERATIONS</u>	<u>4898718</u>	<u>4196824</u>

FUNDS FROM OTHER SOURCES

Sale of tangible fixed assets - external	102427	228111
- inter group	39157	165757
	141584	393868
	5040302	4590692

APPLICATION OF FUNDS

Purchase of tangible fixed assets - external	1226921	3167421
- inter group	13365	490906
Dividends paid	1155000	1195000
Tax paid	1683771	746679
	4079057	5600006
	961245	(1009314)

(INCREASE) / DECREASE IN WORKING CAPITAL

Stocks	(73256)	(1002092)
Debtors	(1502468)	(111556)
Creditors due within one year (excluding inter group short term borrowings)	557017	2567592
	(1018707)	1453944
	(57462)	444630

MOVEMENT IN NET LIQUID FUNDS

Opening balance	(1668371)	(2113001)
Closing balances:		
Cash at bank and in hand	1050651	1013995
Bank overdrafts due within one year	(17571)	(20366)
Bank overdrafts due after one year	(225913)	--
Inter group borrowings	(2533000)	(2662000)
	(1725833)	(1668371)
<u>MOVEMENT DURING THE YEAR</u>	<u>(57462)</u>	<u>444630</u>

ELLIS + EVERARD CHEMICALS LIMITED

30 APRIL 1990

NOTES ON THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Accounting Convention

The accounts are prepared under the historical cost convention adjusted for the revaluation of certain tangible fixed assets.

Depreciation

All tangible fixed assets, other than freehold land and assets in the course of construction, are depreciated on a straight-line basis at annual rates calculated to write off their cost or valuation over the term of their useful lives, as follows:

Freehold buildings
Leasehold properties

- 10 to 50 years
- the unexpired period of each lease or such shorter period as is considered appropriate.
- 4 to 15 years.

Plant, machinery and vehicles

Deferred taxation

Deferred taxation is provided on the liability method to the extent that it is probable a liability will crystallise in the foreseeable future.

Advance corporation tax

Advance corporation tax is carried forward only to the extent that it is recoverable in the foreseeable future.

Stocks

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

Returnable containers

Containers are charged out to customers and credited on return, and a provision is deducted from debtors for the amount by which the estimated amount of credits to be given exceeds the underlying value of containers to be returned.

Leased assets

The Company has no material finance leases. The rental costs of all leased assets are charged against profits as incurred.

2. TURNOVER

Turnover relates to the merchandising of chemicals, excluding VAT, but including sales within the group.

ELLIS + EVERARD CHEMICALS LIMITED

30 APRIL 1990

NOTES ON THE FINANCIAL STATEMENTS

3. OPERATING PROFIT

	<u>1990</u> £	<u>1989</u> £
Operating profit is arrived at after charging:		
Depreciation	935502	776107
Directors' emoluments including pension scheme contributions (note 5)	191440	237112
Auditors' remuneration	13600	13600
Hire and rental charges - plant and vehicles	130682	175383
- property	157880	173366
	=====	=====
After crediting:		
Profit on sale of tangible fixed assets	39977	30748
	=====	=====

4. INTEREST PAYABLE (NET)

Interest receivable:

Inter group	--	19071
	-----	-----

Interest payable:

Loans repayable within 5 years	28951	121400
Inter group	354232	135098
	-----	-----
	383183	256498
	-----	-----
Interest payable (net)	383183	237427
	=====	=====

ELLIS + EVERARD CHEMICALS LIMITED

30 APRIL 1990

NOTES ON THE FINANCIAL STATEMENTS

5. <u>EMPLOYEES</u>	<u>1990</u> <u>£</u>	<u>1989</u> <u>£</u>
Employee costs during the year amounted to:		
Wages and Salaries	4210229	3912853
Social security costs	319853	293071
Other pension costs	270847	274349
Compensation, ex gratia and net redundancy payments	28946	34539
	<hr/>	<hr/>
	4829875	4514812
	=====	=====

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

	<u>1990</u> <u>No.</u>	<u>1989</u> <u>No.</u>
Manual	148	146
Other	241	256
	<hr/>	<hr/>
	389	402
	=====	=====

The emoluments of directors including estimated benefits but excluding pension scheme contributions were:

Highest paid director	36663	50256
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Other directors:

	<u>1990</u> <u>No.</u>	<u>1989</u> <u>No.</u>
£ 0 - 5,000	5	3
£ 5,001 - 10,000	-	1
£ 15,001 - 20,000	1	-
£ 30,001 - 35,000	-	3
£ 35,001 - 40,000	3	-
£ 40,001 - 45,000	-	1

ELLIS + EVERARD CHEMICALS LIMITED

30 APRIL 1990

NOTES ON THE FINANCIAL STATEMENTS

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Taxation on the profit for the year:		
Corporation tax at 35 % (1989 - 35 %)	1450000	1250000
Deferred taxation	(25000)	(25000)
	<hr/>	<hr/>
	1425000	1225000
Under provisiior in prior years	8630	--
	<hr/>	<hr/>
	1433630	1225000
	=====	=====

7. DIVIDENDS

Paid: Interim	400000	430000
Paid: Final	755000	765000
	<hr/>	<hr/>
	1155000	1195000
	=====	=====

ELLIS + EVERARD CHEMICALS LIMITED

30 APRIL 1990

NOTES ON THE FINANCIAL STATEMENTS

8. TANGIBLE FIXED ASSETS

	Land and buildings	Plant, machinery and vehicles	Payments on account and assets in course of construction	Total
	£	£	£	£
Cost or valuation				
At 30 April 1989	6506376	4914443	88566	11509385
Additions	--	--	1226921	1226921
Disposals	(5500)	(665195)	--	(670695)
Inter group - additions	--	13365	--	13365
- disposals	--	(57121)	--	(57121)
Reclassifications	207206	1076257	(1283463)	--
At 30 April 1990	6708082	5281749	32024	12021855
At professional valuation 1987	2673000	--	--	2673000
At cost	4035082	5281749	32024	9348855
	6708082	5281749	32024	12021855
Depreciation				
At 30 April 1989	211052	2406895	--	2617947
Charge for the year	170195	765307	--	935502
Disposals	(5500)	(601899)	--	(607399)
Inter group disposals	--	(18810)	--	(18810)
At 30 April 1990	375747	2551493	--	2927240
Net book value				
At 30 April 1990	6332335	2730256	32024	9094615
	=====	=====	=====	=====
At 30 April 1989	6295324	2507548	88566	8891438
	=====	=====	=====	=====

ELLIS + EVERARD CHEMICALS LIMITED

30 APRIL 1990

NOTES ON THE FINANCIAL STATEMENTS

The net book value of land and buildings is analysed as follows:

	<u>1990</u> £	<u>1989</u> £
Freehold	3696438	3711097
Long leasehold	2469038	2423241
Short leasehold	166859	160986
	<hr/>	<hr/>
	6332335	6295324
	=====	=====

The amount of land and buildings included above at cost or valuation determined according to the historical cost accounting rules is as follows:

	<u>1990</u> £	<u>1989</u> £
Cost	7135156	6933450
Depreciation	1041225	787629
	<hr/>	<hr/>
Net book value	6093931	6145821
	=====	=====

The non-depreciable element of land and buildings amounts to £ 1269000 (1989 - £ 1269000)

9. STOCKS

	<u>1990</u> £	<u>1989</u> £
Goods for resale	4914863	4970096
Containers and consumables	1238488	1109999
	<hr/>	<hr/>
	6153351	6080095
	=====	=====

10. DEBTORS

Trade debtors	9053721	7700549
Amounts owed by fellow subsidiaries	178140	82071
Other debtors	12313	95115
Prepayments and accrued income	252967	116938
	<hr/>	<hr/>
	9497141	7994673
	=====	=====

ELLIS + EVERARD CHEMICALS LIMITED

30 APRIL 1990

NOTES ON THE FINANCIAL STATEMENTS

11. <u>CREDITORS DUE WITHIN ONE YEAR</u>	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Bank overdrafts	17571	20355
Trade creditors	8069331	7882681
Amounts owed to parent company:		
- Trading amounts	219897	105242
- Advance corporation tax	416000	--
- Short term borrowings	2117000	2662000
Amounts owed to fellow subsidiaries:		
- Trading amounts	459511	448025
Advance corporation tax	251667	255000
Corporation tax	915332	1137140
Value added tax	435634	420633
Other creditors	250573	239988
Accruals	591810	372970
	<hr/>	<hr/>
	13744326	13544245
	=====	=====

12. CREDITORS DUE AFTER ONE YEAR

Bank overdraft repayable after 5 years	225913	--
	=====	=====

The bank overdraft repayable after 5 years is drawn down under the groups evergreen facility. This facility can only be withdrawn with 5 years notice.

13. PROVISIONS FOR LIABILITIES AND CHARGES

Full potential liability for taxation deferred by accelerated capital allowances	670000	695000
	=====	=====
Movements in provision for deferred taxation were:		
Balance at 30 April 1989	695000	720000
Transfer to profit and loss account	(25000)	(25000)
	<hr/>	<hr/>
Balance at 30 April 1990	670000	695000
	=====	=====

No provision for deferred taxation is considered necessary on the surplus arising from the revaluation of land and buildings. Should any revalued property be disposed of it is considered that the tax on any capital gain arising would be deferred indefinitely by means of "rollover relief".

ELLIS + EVERARD CHEMICALS LIMITED

30 APRIL 1990

NOTES ON THE FINANCIAL STATEMENTS

14.	<u>SHARE CAPITAL</u>	<u>1990</u> £	<u>1989</u> £
	Authorised, allotted, called up and fully paid:		
	800,000 ordinary shares of £1 each	800000 =====	800000 =====
15.	<u>RESERVES</u>		
	<u>Share premium account</u>		
	Balance at 30 April 1989 and 30 April 1990	825543 =====	
	<u>Revaluation reserve</u>		
	Balance at 30 April 1989 and 30 April 1990	151909 =====	
	<u>Profit and loss account</u>		
	Balance at 30 April 1989	7963504	
	Retained profit for the financial year	1414563	

	Balance at 30 April 1990	9378067 =====	
16.	<u>FUTURE OPERATING LEASE COMMITMENTS</u>		
		<u>1990</u> £	<u>1989</u> £
	Property rentals due within 1 year		
	On leases expiring: - after 5 years	162168 =====	162168 =====
	Other lease rentals due within 1 year		
	On commitments expiring: - within 1 year - within 2 - 5 years	6994 --	46254 15575
		-----	-----
		6994 =====	61829 =====

ELLIS + EVERARD CHEMICALS LIMITED

30 APRIL 1990

NOTES ON THE FINANCIAL STATEMENTS

17. CAPITAL COMMITMENTS

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Capital expenditure committed	739905	202862
Capital expenditure authorised by the directors but not yet committed	1764425	1701488
	<hr/>	<hr/>
	2504330	1904350
	=====	=====

18. CONTINGENT LIABILITIES

There is a fixed charge over certain properties owned by the Company and a floating charge over all other assets, as security for an issue of 7.25 % debenture stock 1987/92 by Ellis & Everard plc. The value of debenture stock in issue at 30 April 1990 amounted to £ 191000 (1989 - £ 214000).

The Company has guaranteed the borrowings of certain other Group companies under evergreen Group borrowing facilities for five years, which at 30 April 1990 amounted to £ 13579000.

19. PENSIONS

The Company is a member of the Ellis & Everard group which operates a number of pension schemes worldwide. The main United Kingdom scheme, the Ellis & Everard Company Pension Scheme (1978) is of the defined benefit type and covers the majority of the employees of the Company. The total pension cost for the Company is shown in note 5. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The scheme was the subject of a full actuarial valuation in 1988, particulars of this valuation are included in the accounts of Ellis & Everard plc.

There were no outstanding or overpaid contributions as at 30 April 1990 (1989 = £ nil).

20. HOLDING COMPANY

The ultimate holding company is Ellis & Everard plc which is incorporated in the United Kingdom.