

ELLIS & EVERARD (CHEMICALS) LIMITED

FINANCIAL STATEMENTS

30 APRIL 1987



ELLIS & EVERARD (CHEMICALS) LIMITED

FINANCIAL STATEMENTS

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REPORT OF THE DIRECTORSFOR THE YEAR ENDED 30 APRIL 1987

The directors present their annual report and the audited financial statements for the year ended 30 April 1987.

TRADING RESULTS

The result of the year's trading, the financial position of the company and the dividends paid are shown in the annexed accounts.

REVIEW OF OPERATIONS

The principal activity of the company during the period under review was the merchandising and processing of chemicals. The directors are of the opinion that the activities of the company have been successfully developed during the period under review.

TANGIBLE FIXED ASSETS

Movements in tangible fixed assets are disclosed in note 8.

The company's interests in freehold and leasehold land and buildings were revalued as at 30 April 1987 by Messrs Jones Lang Wootton and showed a deficit against book value of £78,819, which has been transferred to the revaluation reserve.

DIRECTORS

The following persons served as directors during the year:

S Everard	D C Walsh
K Hough	F G Cartwright
P S Wood	D I King
J N Phillpotts	G B Ward
J J McKenzie	S B Smith

J J McKenzie, S B Smith and G B Ward were appointed as directors on 1 January 1987. S Everard and D C Walsh resigned as directors on 1 May 1986.

J N Phillpotts and F G Cartwright retire by rotation and being eligible offer themselves for re-election. J J McKenzie, S B Smith and G B Ward having been appointed since the last annual general meeting, retire and offer themselves for re-election.

P S Wood and K Hough are also directors of the ultimate holding company, Ellis & Everard plc, and are not required to record their interests in shares in group companies in the register maintained by this company.

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

At 30 April 1987

At 1 May 1986
or later date of appointment

	Ordinary Shares	Ordinary Share Options	Ordinary Shares Profit Sharing Scheme	Ordinary Shares	Ordinary Share Options	Ordinary Shares Profit Sharing Scheme
J N Phillpotts	1213	10897	1351	1103	8542	1229
F G Cartwright	1161	10897	1283	1056	8542	1167
J J McKenzie	100	3141	-	90	2019	-
S B Smith	-	4297	-	-	2797	-
G B Ward	-	4236	-	-	2736	-

COMPANY STATUS

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1970.

EMPLOYEES

The company continues to place great importance on the health, safety and welfare of its employees and the provisions of the Health and Safety at Work Act 1974. This is supplemented with special training and the maintenance of good communications with our employees.

The company has continued its policy of giving every consideration and assistance to the employment of disabled people.

Employees who become disabled are, wherever possible, encouraged and assisted to continue in their existing jobs or in more suitable alternative jobs, if that becomes necessary.

Job applications from disabled people are considered fully alongside those from the able-bodied and selection for employment is based upon the aptitude and ability to do the job.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The company contributed £567 to charities during the year. No political contributions were made.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of 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

Ellis House
Holme Lane
Bradford
BD4 0PZ

9 July 1987

REPORT OF THE AUDITORS TO THE MEMBERS OF
ELLIS & EVERARD (CHEMICALS) LIMITED

We have audited the financial statements on pages 4 to 13 in accordance with approved 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 1987, 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.


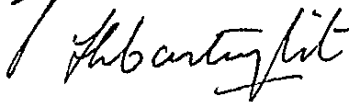
Peat Marwick McLintock
PEAT MARWICK McLINTOCK
Chartered Accountants

Bradford
9 July 1987

ELLIS & EVERARD (CHEMICALS) LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 30 APRIL 1987

	<u>Note</u>	<u>1987</u> <u>£</u>	<u>1986</u> <u>£</u>
<u>TURNOVER</u>	2	46959718	42745214
Cost of sales		35638621	32468751
<u>GROSS PROFIT</u>		11321097	10276463
Distribution costs		3113217	3004568
Administration expenses		5607565	4991191
<u>OPERATING PROFIT</u>	3	2600315	2280704
Interest payable (net)	4	166122	223863
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		2434193	2056841
Taxation on profit on ordinary activities	6	864000	767832
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		1570193	1289009
Dividends	7	797396	785759
<u>RETAINED PROFIT FOR THE FINANCIAL YEAR</u>	15	772797 =====	503250 =====

ELLIS & EVERARD (CHEMICALS) LIMITEDBALANCE SHEET AT 30 APRIL 1987

	<u>Note</u>	<u>1987</u> <u>£</u>	<u>1986</u> <u>£</u>
<u>FIXED ASSETS</u>			
Tangible fixed assets	8	5280510	5157669
<u>CURRENT ASSETS</u>			
Stocks	9	5654409	4886147
Debtors	10	7647677	6318627
Cash at banks and in hand		859108	284294
		14161194	11489068
<u>CREDITORS DUE WITHIN ONE YEAR</u>	11	11273602	9067349
<u>NET CURRENT ASSETS</u>		2887592	2421719
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		8168102	7579388
<u>CREDITORS DUE AFTER ONE YEAR</u>	12	10774	11038
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	13	785000	890000
<u>NET ASSETS EMPLOYED</u>		7372328	6678350
<u>CAPITAL AND RESERVES</u>			
Called up share capital	14	800000	800000
Share premium account	15	825543	825543
Revaluation reserve	15	233821	312640
Revenue reserve	15	5512964	4740167
These accounts were approved by the board of directors on 9 July 1987 and are signed on their behalf by			
J N PHILLPOTTS			
F G CARTWRIGHT			
		7372328	6678350
		=====	=====

Directors

ELLIS & EVERARD (CHEMICALS) LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30 APRIL 1987

	<u>£</u>	<u>1987</u>	<u>£</u>	<u>£</u>	<u>1986</u>	<u>£</u>
<u>SOURCE OF FUNDS</u>						
Profit on ordinary activities before taxation			2434193			2056841
Adjustment for items not involving the movement of funds:						
Depreciation	695550			635942		
(Profit)/Loss on sale of tangible fixed assets	<u>(10087)</u>	<u>685463</u>		<u>3107</u>	<u>639049</u>	
<u>TOTAL GENERATED FROM OPERATIONS</u>			3119656			2695890
<u>FUNDS FROM OTHER SOURCES</u>						
Sale of tangible fixed assets-external	23853			59507		
-inter group	-			5391		
Repayment of corporation tax	<u>3406</u>	<u>27259</u>		-	<u>64898</u>	
			3146915			2760788
<u>APPLICATION OF FUNDS</u>						
Creditors falling due after one year	264			186		
Purchase of tangible fixed assets-external	910976			1158345		
-inter group	-			9755		
Dividends paid	797396			785759		
Tax paid	674465			466162		
Group relief paid	<u>180682</u>	<u>2563783</u>		<u>322097</u>	<u>2742284</u>	
			583132			18504
<u>INCREASE/(DECREASE) IN WORKING CAPITAL</u>						
Stocks	768262			48498		
Debtors	1329050			198651		
Creditors due within one year (excluding inter group short term borrowings)	<u>(2035287)</u>	<u>62025</u>		<u>723534</u>	<u>970683</u>	
			521107			(952179)
			=====			=====
<u>MOVEMENT IN NET LIQUID FUNDS</u>						
Opening balance			(2585871)			(1633692)
Closing balances:						
Cash at banks and in hand	859108			284294		
Bank overdrafts/loans	(28872)			(335594)		
Inter company loans/borrowings	<u>(2895000)</u>	<u>(2064764)</u>		<u>(2534571)</u>	<u>(2585871)</u>	
Movement during the year			521107			(952179)
			=====			=====

ELLIS & EVERARD (CHEMICALS) LIMITED30 APRIL 1987NOTES ON THE FINANCIAL STATEMENTS1. ACCOUNTING POLICIESAccounting 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	-	10 to 50 years
Leasehold properties	-	the unexpired period of each lease or such shorter period as is considered appropriate
Plant, machinery and vehicles	-	4 to 15 years

Deferred taxation

Provision is made for deferred taxation under the liability method, except where, in the opinion of the directors, the liability is unlikely to arise 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 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 merchanting of chemicals, excluding VAT, but including sales within the group. There were no exports during the year.

3. OPERATING PROFIT

	<u>1987</u> <u>£</u>	<u>1986</u> <u>£</u>
Operating profit is arrived at after charging:		
Depreciation	695550	635942
Loss on sale of tangible fixed assets		3107
Directors' emoluments (note 5)	103989	62010
Auditors' remuneration	15250	14300
Hire & rental charges - plant & vehicles	232618	223021
- property	171289	155167
	=====	=====

After crediting:

Profit on sale of tangible fixed assets	10087	
	=====	=====

4. INTEREST PAYABLE (NET)

Interest receivable:

Inter group	-	72
Short term deposits and loans	3568	15912
	<u>3568</u>	<u>15984</u>

Interest payable:

Bank overdrafts	5037	9780
Loans repayable after five years	772	774
Inter group	163881	229293
	<u>169690</u>	<u>239847</u>
Interest payable (Net)	<u>166122</u>	<u>223863</u>
	=====	=====

5. EMPLOYEES

	<u>1987</u> <u>£</u>	<u>1986</u> <u>£</u>
Employee costs during the year amounted to:		
Wages and salaries	3288291	2997923
Social security costs	220848	212781
Other pension costs	192389	256224
Compensation, ex gratia and net redundancy payments	48145	27932
	<u>3749673</u> =====	<u>3494860</u> =====

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

	<u>1987</u>	<u>1986</u>
Manual	156	156
Other	251	250
	<u>407</u> ===	<u>406</u> ===

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

Chairman	-	-
Highest paid director	36246	25992
Other directors:		

	<u>1987</u>	<u>1986</u>
£ 0 - £5,000	5	5
£ 5,001 - £10,000	2	-
£25,001 - £30,000	-	1
£30,001 - £35,000	1	-

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Taxation on the profit for the year:

Corporation tax at 35.0% (1986 - 39.6%)	965000	855000
Deferred taxation	(105000)	(77000)
	<u>860000</u>	<u>778000</u>
Under/(over) provision in previous years	4000	(10168)
	<u>864000</u> =====	<u>767832</u> =====

7. DIVIDENDS

Paid: Interim	285396	304759
Paid: Final	512000	481000
	<u>797396</u> =====	<u>785759</u> =====

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 1986	3460151	3704021	80495	7244667
Additions	84518	589125	237333	910976
Disposals	-	(327403)	-	(327403)
Revaluation	(633163)	-	-	(633163)
Reclassifications	80494	119255	(199749)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1987	2992000	4084998	118079	7195077
	<hr/>	<hr/>	<hr/>	<hr/>
At professional valuation 1987	2992000	-	-	2992000
At cost	-	4084998	118079	4203077
	<hr/>	<hr/>	<hr/>	<hr/>
	2992000	4084998	118079	7195077
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 30 April 1986	406399	1680599	-	2086998
Charge for the year	147945	547605	-	695550
Disposals	-	(313637)	-	(313637)
Revaluation	(554344)	-	-	(554344)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1987	-	1914567	-	1914567
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 April 1987	2992000	2170431	118079	5280510
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1986	3053752	2023422	80495	5157669
	<hr/>	<hr/>	<hr/>	<hr/>

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

	<u>1987</u> £	<u>1986</u> £
Freehold	2156000	2166027
Long leasehold	719000	694640
Short leasehold	117000	193085
	<hr/>	<hr/>
	2992000	3053752
	<hr/>	<hr/>

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

	<u>1987</u> £	<u>1986</u> £
Cost	3558170	3393158
Depreciation	<hr/> 704727	<hr/> 575988
	<hr/>	<hr/>
Net book value	2853443	2817170
	<hr/>	<hr/>

The non-depreciable element of land and buildings amounts to £1072000 (1986 - £537103). The company's freehold and leasehold buildings were revalued on an existing use basis as at 30 April 1987 by Messrs Jones Lang Wootton, Chartered Surveyors, other than for certain properties being considered for disposal, where an open market valuation basis has been adopted.

9. STOCKS

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Raw materials	4659124	4013329
Containers and consumables	995285	872818

	<u>5654409</u>	<u>4886147</u>
	=====	=====

10. DEBTORS

Trade debtors	7379676	6066087
Amounts owed by fellow subsidiaries	136074	143722
Other debtors	9174	8093
Prepayments and accrued income	122753	100725

	<u>7647677</u>	<u>6318627</u>
	=====	=====

11. CREDITORS DUE WITHIN ONE YEAR

Current instalments on secured loan (note 12)	233	182
Bank overdrafts	28872	335594
Trade creditors	6365080	4477934
Amounts owed to parent company:		
Trading amounts	73210	53053
Advance corporation tax	256867	180767
Short term borrowings	2895000	2534571
Amounts owed to fellow subsidiaries:		
Trading amounts	211244	89677
Advance corporation tax	189370	196465
Corporation tax	522615	474361
Value added tax	202273	260520
Other creditors	173729	196121
Accruals	355109	268104

	<u>11273602</u>	<u>9067349</u>
	=====	=====

12. CREDITORS DUE AFTER ONE YEAR

Secured loan:

9.667% mortgage loan 1986/2005 repayable in instalments (secured on a property)	11007	11220
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Current instalments (note 11)	<u>(233)</u>	<u>(182)</u>
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	<u>10774</u>	<u>11038</u>
	=====	=====

Repayable:

1 - 2 years	236	185
2 - 5 years	940	600
5 years and over	9598	10253

	<u>10774</u>	<u>11038</u>
	=====	=====

13. <u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	1987 <u>£</u>	1986 <u>£</u>
Taxation deferred by accelerated capital allowances	785000 =====	890000 =====
Movements in accelerated capital allowances were:		
Balance at 30 April 1986	890000	967000
Transfer profit and loss account	(105000)	(77000)
Balance at 30 April 1987	785000 =====	890000 =====
14. <u>SHARE CAPITAL</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 1986 and 30 April 1987	825543 =====	
<u>Revaluation reserve</u>		
Balance at 30 April 1986	312640	
Revaluation deficit	(78819)	
Balance at 30 April 1987	233821 =====	
<u>Revenue reserve</u>		
Balance at 30 April 1986	4740167	
Retained profit for the financial year	772797	
Balance at 30 April 1987	5512964 =====	

16. <u>FUTURE OPERATING LEASE COMMITMENTS</u>	1987	1986
	<u>£</u>	<u>£</u>
Property rentals due within 1 year		
On leases expiring: within 1 year	12000	2315
within 2 - 5 years	30900	24130
after 5 years	143132	115482
	<hr/>	<hr/>
	186032	141927
	=====	=====
Other lease rentals due within 1 year		
On commitments expiring: within 1 year	35852	42331
within 2 - 5 years	119583	68907
	<hr/>	<hr/>
	155435	111238
	=====	=====
17. <u>CAPITAL COMMITMENTS</u>		
Capital expenditure committed	49000	15000
Capital expenditure authorised by the directors but not yet committed	<hr/>	<hr/>
	2378000	259000
	<hr/>	<hr/>
	2427000	274000
	=====	=====

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 1987 amounted to £250000 (1986 - £449000).

The company has guaranteed the borrowings of a fellow subsidiary which at 30 April 1987 amounted to \$10500000 (£6323000) (1986 - \$7000000 (£4513000)).

19. PENSIONS

The majority of employees are members of the Ellis & Everard Company Pension Scheme and are contracted out of the upper tier of the State Pension Scheme. The Scheme provides pension benefits related to service and final earnings and also lump sum death benefits and dependants' pensions. It is constituted as an independent and statutorily approved trust fund whose assets are invested independently.

The company's contribution is currently almost double that paid by the members, the rate being that recommended by the Actuary. In making his recommendation, the Actuary takes into account the effect of estimated future earnings increases on both past and future service benefits and the estimated rate of earnings on the funds invested.

The last actuarial valuation of the Scheme was carried out as at 1st January 1986. The results showed that the Scheme's Fund was sufficient to secure benefits accrued to the valuation date in full and that the recommended contribution rate is sufficient to provide the balance of benefits expected to accrue in the future.

20. HOLDING COMPANY

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