

UNITROYAL CHEMICAL LIMITED

97324

REPORT AND ACCOUNTS

FOR THE PERIOD

FROM 13TH MARCH 1986
(DATE OF INCORPORATION)

TO 31ST OCTOBER 1986

RECEIVED
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UNIROYAL CHEMICAL LIMITED

REPORT AND ACCOUNTS
FOR THE PERIOD FROM
13TH MARCH 1986 (DATE OF INCORPORATION) TO 31ST OCTOBER 1986

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UNIROYAL CHEMICAL LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and accounts for the period from 13th March 1986 (date of incorporation) to 31st October 1986.

ACTIVITIES AND BUSINESS REVIEW

Uniroyal Chemical Limited was incorporated on 13th March 1986 and acquired the Chemical Division of Uniroyal Limited on 23rd June 1986. The whole of the company's share capital was acquired by Uniroyal Chemical Company Inc on 18th July 1986. Throughout the period the principal activities of the company were the marketing and distribution of agricultural and industrial chemicals.

The trading profit for the period, after taxation, amounted to £64,000 which has been added to reserves.

Turnover was £1,546,000 for the period and the directors believe that it will increase in the future.

DIRECTORS

The directors who held office during the period were:

J C Milne (Chairman, (Appointed 6th June 1986, Resigned 29th August 1986)
R J Pimentle (USA Chairman) (Appointed 28th August 1986)
M S Coutts (Appointed 13th March 1986, Resigned 6th June 1986)
D Hardie (Appointed 13th March 1986, Resigned 6th June 1986)
R Alvine (USA) (Appointed 6th June 1986, Resigned 29th August 1986)
K J Sulewski (USA) (Appointed 28th August 1986)
F Manganella (USA) (Appointed 28th August 1986)
M J Duchesne (USA) (Appointed 28th August 1986)
W J Cook (USA) (Appointed 28th August 1986)
G H Fickenschier (USA) (Appointed 28th August 1986)

DIRECTOR'S INTERESTS

The directors and their families have had no interest in the share capital of Uniroyal Chemical Limited since the date of incorporation.

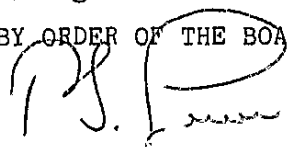
EMPLOYEE PARTICIPATION

Employees at all levels are actively encouraged to contribute their ideas and suggestions through the Company Suggestions Scheme. Information on business performance and future plans is communicated to all employees through regular meetings.

EMPLOYMENT OF DISABLED PERSONS

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

BY ORDER OF THE BOARD


P S Lewis
Secretary

24 APRIL 1987

REPORT OF THE AUDITORS

TO THE MEMBERS OF UNIROYAL CHEMICAL LIMITED

We have audited the accounts on pages 4 to 12 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st October 1986 and of its profit and source and application of funds for the thirty-three weeks then ended and comply with the Companies Act 1985.

DeLoitte Haskins & Sells

DELOITTE HASKINS & SELLS

Chartered Accountants

Edinburgh

8th May 1987

UNIROYAL CHEMICAL LIMITED

ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historical cost convention.

Turnover

Turnover represents sales invoiced to third parties during the period and is stated net of sales taxes and allowances.

Fixed Assets

Land, buildings, machinery, equipment and vehicles are stated in the balance sheet at cost less depreciation.

Depreciation

Depreciation is calculated to write off the cost of the assets in equal annual instalments over the estimated life of the assets, at the following annual rates:

Land	Nil
Buildings	4%
Machinery, equipment and fixtures	6 1/2-25%
Vehicles	25%

Leased Assets

The rentals under operating leases are charged to the profit and loss account generally on a straight-line basis over the term of the lease.

Stocks

The basis of valuation of stocks is the lower of cost and estimated net realisable value.

Foreign Currency Assets and Liabilities

Balances in foreign currencies have been translated into sterling using year end rates of exchange. Differences on exchange arising from the translation of foreign currency balances and conversions of foreign currency transactions during the period are included in profit on ordinary activities.

Deferred Taxation

Deferred taxation is provided using the liability method for timing differences to the extent that it is possible that a liability will crystallise.

UNIROYAL CHEMICAL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM 13TH MARCH 1986 (DATE OF INCORPORATION)
TO 31ST OCTOBER 1986

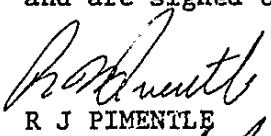
	<u>Notes</u>	£000
TURNOVER	2	1,546
COST OF SALES		<u>1,410</u>
GROSS PROFIT		136
OTHER OPERATING EXPENSES	3	<u>115</u>
TRADING PROFIT		21
OTHER INCOME/(EXPENSES)	4	36
INTEREST PAYABLE	5	(2)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>55</u>
TAXATION	7	9
PROFIT FOR THE FINANCIAL PERIOD		<u><u>64</u></u>

UNIROYAL CHEMICAL LIMITED

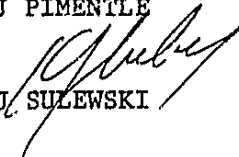
BALANCE SHEET AT 31ST OCTOBER 1986

	<u>Notes</u>	£000
FIXED ASSETS		
Tangible assets	8	654
CURRENT ASSETS		
Stocks	9	899
Debtors	10	1,752
Investment in subsidiary	11	1,576
Cash in bank and in hand		11
		4,238
CURRENT LIABILITIES		
Creditors - amounts falling due within one year	12	2,987
NET CURRENT ASSETS		1,251
TOTAL ASSETS LESS CURRENT LIABILITIES		1,905
PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred taxation	14	(144)
NET ASSETS		1,761
CAPITAL AND RESERVES		
Called-up share capital	15	1,697
Profit and loss account		64
		1,761

The accounts were approved by the Board of Directors on 24 APRIL 1987 and are signed on its behalf by:


R J PIMENTLE

DIRECTOR


K J SULEWSKI

DIRECTOR

UNIROYAL CHEMICAL LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE PERIOD FROM 13TH MARCH 1986 (DATE OF INCORPORATION)
TO 31ST OCTOBER 1986

£000

SOURCE OF FUNDS

Funds from operations:

Profit on ordinary activities before taxation 55

Adjustment for items not involving the movement of funds:

Depreciation 28

Total Generated from Operations 83

Funds from other sources:

Shares issued in consideration of the acquisition
of Uniroyal Limited Chemical Division (See note 16) 1,697

1,780

APPLICATION OF FUNDS

Acquisition of net assets of Chemical Division (See note 16) 1,697

Purchase of tangible fixed assets 10

1,707

73

MOVEMENT IN WORKING CAPITAL

Increase in stocks 94 ✓

Increase in debtors 417 ✓

(Increase) in creditors (450)

61

Movement in net liquid funds:

Net increase in bank and cash funds 12 ✓

73

UNIROYAL CHEMICAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 13TH MARCH 1986 (DATE OF INCORPORATION)
TO 31ST OCTOBER 1986

1. INCORPORATION AND REORGANISATION

Uniroyal Chemical Limited was incorporated on 13th March 1986 and acquired the Chemical Division of Uniroyal Limited on 23rd June 1986 in consideration for the allotment of 1,697,370 ordinary shares of £1 each being the book value of the net assets of the Chemical Division at that date. On 18th July 1986 the whole of the company's share capital was acquired by Uniroyal Chemical Company Inc. The purpose of these transactions was to enable the ultimate holding company, Uniroyal Inc, to dispose of its worldwide business as a separate entity. This disposal took place on 30th October 1986

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>Turnover</u>	<u>Profit before taxation</u>
	£000	£000
Agricultural chemicals	120	42
Industrial chemicals	1,426	13
	<u>1,546</u>	<u>55</u>

Profit on ordinary activities before taxation is stated after charging:

	£000
Depreciation of tangible fixed assets	28
Operating lease rentals	8
Auditors' remuneration	11
	<u>47</u>

3. OTHER OPERATING EXPENSES

	£000
Distribution costs	54
Administrative expenses	61
	<u>115</u>

UNIROYAL CHEMICAL LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

4. OTHER INCOME/(EXPENSES)

	£000
Bank interest receivable	17
Foreign exchange loss	(2)
Service fees received from holding company	45
Other	(24)
	<hr/>
	36
	<hr/>

5. INTEREST PAYABLE

	£000
Bank overdraft	2
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6. DIRECTORS' AND EMPLOYEES' REMUNERATION

	£000
Other emoluments	8
	<hr/>

The directors' emoluments (excluding pensions and pension contributions) included amounts paid to:
The Chairman

2

The number of other directors who received amounts in the following ranges was:

£0 - £5,000	8
£5,001 - £10,000	1
	<hr/>

Staff costs during the period:

	£000
Wages and salaries	38
Social security costs	4
Other pension costs	-
	<hr/>
	42
	<hr/>

The average weekly number of persons employed by the company during the period in the following categories was:

Selling and distribution	10
Administration	9
Research and Development and Technical Service	16
	<hr/>
	35
	<hr/>

The costs of certain employees are recharged to the company's holding company.

The company operates a pension scheme for staff. On the recommendation of the consulting actuary and with the agreement of the scheme's trustees, the company has paid no employer's contributions to the Staff Pension and Life Assurance Scheme. The scheme was created in July 1986 with a transfer of assets, determined by consulting actuaries, from the equivalent Uniroyal Limited scheme. The scheme has no unfunded liabilities.

UNIROYAL CHEMICAL LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

7. TAXATION

	£000
United Kingdom corporation tax	
Current at 35%	25
Deferred	(34)
	<u>(9)</u>

The tax charge for the period is lower than the statutory rate of 35% owing to an adjustment to the balance of deferred taxes transferred from Uniroyal Limited (see note 16).

8. TANGIBLE FIXED ASSETS

	Freehold and heritable land and buildings £000	Machinery equipment and vehicles £000	Total £000
Cost			
Transferred from Uniroyal Ltd on 23rd June 1986	522	379	901
Additions	1	10	11
Disposals	(30)	(2)	(32)
At 31st October 1986	<u>493</u>	<u>387</u>	<u>880</u>
Depreciation			
Transferred from Uniroyal Ltd on 23rd June 1986	76	153	229
Charge for the period	6	22	28
Disposals	(30)	(1)	(31)
At 31st October 1986	<u>52</u>	<u>174</u>	<u>226</u>
Net Book Value			
At 31st October 1986	<u>441</u>	<u>213</u>	<u>654</u>

9. STOCKS

	£000
Finished goods	899

10. DEBTORS

	£000
Trade debtors	1,163
Amounts due from fellow subsidiaries	468
Other debtors	68
Prepayments and accrued income	53
	<u>1,752</u>

UNITROYAL CHEMICAL LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)

11. INVESTMENT IN SUBSIDIARY

	£000
Shares at cost	1,576
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The company has one dormant subsidiary whose balance sheet is not consolidated with that of the company on the grounds of the company's intention to liquidate the subsidiary during the coming year (Note 13).

12. CREDITORS

	£000
Amounts falling due within one year:	
Bank overdraft	38
Trade creditors	155
Amounts due to group companies (Note 13)	2,480
Corporation tax	25
Other tax and social security	23
Accruals and deferred income	266
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	2,987
	<hr/>

13. AMOUNTS DUE TO GROUP COMPANIES

	£000
Holding company	289
Fellow subsidiaries	615
Subsidiary company (Note 11)	1,576
	<hr/>
	2,480
	<hr/>

14. DEFERRED TAXATION - TOTAL LIABILITY

	£000
Accelerated depreciation at 35%	144
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15. CALLED-UP SHARE CAPITAL

	£000
Authorised	
5,000,000 ordinary shares of £1	5,000
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Allotted, called-up, and fully paid	
1,697,372 ordinary shares of £1	1,697
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UNIROYAL CHEMICAL LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

16. NET ASSETS TRANSFERRED

An analysis of the assets transferred from Uniroyal Limited at net book values follows:

Net assets acquired	£000	Discharged by:	£000
Fixed assets	672	Shares issued at par	1,697
Stock	805		
Debtors	1,335		
Investment in Subsidiary	1,576		
Bank overdraft	(39)		
Creditors and			
Accrued liabilities	(2,474)		
Deferred taxation	(178)		
	<u>1,697</u>		<u>1,697</u>

17. COMMITMENTS UNDER OPERATING LEASES

	Plant and machinery
	£000
Annual commitments under non-cancellable operating leases expiring:	
Within 1 year	6
Between 2-5 years	16
	<u>22</u>

18. ULTIMATE HOLDING COMPANY

On 30th October 1986 Avery Inc which is incorporated in the United States of America, became the ultimate holding company.