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WILLIAM BLYTHE AND CO LIMITED

26 SEPTEMBER 1976



WILLIAM BLYTHE AND CO LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the audited accounts for the year to 26 September 1976.

ACTIVITIES

The company is engaged in the manufacture and sale of heavy inorganic chemicals.

FIXED ASSETS

The detailed statement given as note 7 to the accounts reflects the changes in the fixed assets.

DIRECTORS

The following persons were directors of the company throughout the accounting year:

JD Horner (Chairman)	F Smith
PM Shaw (Managing Director)	J Wilkinson
J Meakin	G Lloyd-Watts
TS Smith	G Ringwood
TG Robson	

DIRECTORS' INTERESTS

None of the directors or their families was interested in the company's shares during the year under review.

Directors' interests in the parent company, Hickson and Welch (Holdings) Limited, were as follows:

	<u>50p Ordinary Shares</u>		<u>8½% Unsecured Loan</u>	
	<u>26.9.76</u>	<u>28.9.75</u>	<u>Stock 1989/94</u>	
	<u>26.9.76</u>	<u>28.9.75</u>	<u>26.9.76</u>	<u>28.9.75</u>
J Meakin	-	19	-	-
G Ringwood	300	200	-	-
F Smith	218	218	-	-
TS Smith	2,000	2,000	-	-
J Wilkinson	393	393	281	281

The interests of Mr JD Horner and Mr PM Shaw do not fall to be shown by virtue of the Companies (Disclosure of Directors' Interests) (Exceptions) No 3 Regulations 1968.

WILLIAM BLYTHE AND CO LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

TURNOVER

The gross sales for the year amounted to £10,248,906 (£7,450,102 - 1975) derived wholly from the company's manufacturing and merchanting of chemicals.

EXPORTS

The aggregate value of goods exported from the UK by the company amounted to £3,398,745 (£2,455,869 - 1975).

TRADING RESULTS

	Year to 26.9.76	Year to 28.9.75
	£	£
Profit for the year before taxation	1,024,107	783,704
Share of profit of associated company	-	2,694
	<u>1,024,107</u>	<u>786,398</u>
Taxation	519,551	382,653
Share of taxation of associated company	-	1,536
	<u>519,551</u>	<u>384,189</u>
Profit after taxation, before extraordinary items	504,556	402,209
Extraordinary items:- (Charge)/Release provision for diminution in value of investment in subsidiary	3,488	(116,709)
	<u>508,044</u>	<u>285,500</u>
Dividend received from a subsidiary	27,021	12,101
	<u>535,065</u>	<u>297,601</u>
Dividend proposed	<u>110,000</u>	<u>121,000</u>
Retained profit for the year transferred to reserves	<u>£425,065</u>	<u>£176,601</u>

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WILLIAM BLYTHE AND CO LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

AUDITORS

The auditors, Price Waterhouse & Co, have expressed their willingness to continue in office in accordance with Section 159 of the Companies Act 1948.

BY ORDER OF THE BOARD

TW Barton
Secretary

14 December 1976

Registered Office:
Holland Bank Works
Church
Accrington

Place of Registration and Company No:
England - 35648



YORK HOUSE,
YORK STREET,
MANCHESTER M2 4WS

AUDITORS' REPORT TO THE MEMBERS OF WILLIAM BLYTHE & CO LIMITED

In our opinion the accounts on pages 5 to 11, which have been prepared under the historical cost convention give, under that convention, a true and fair view of the state of the company's affairs at 26 September 1976 and of its profit for the year then ended and comply with the Companies Acts 1948 and 1967.

Price Waterhouse & Co.

Chartered Accountants

14 December 1976

WILLIAM BLYTHE AND CO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 26 SEPTEMBER 1976

1975			
£7,450,102	TURNOVER (Note 2)		£10,248,906
783,181	TRADING PROFIT FOR THE YEAR AFTER CHARGING (AND CREDITING) THE FOLLOWING ITEMS:		1,024,107
159,998	Depreciation	196,828	
7,323	(Profit)/Loss on retirements and sales of fixed assets	(10,207)	
8,580	Hire of plant and machinery	34,825	
(14,630)	Government grant released	(14,547)	
43,384	Bank interest payable	26,563	
-	Interest receivable	(5,978)	
49,868	Directors' emoluments (Note 3)	56,097	
4,160	Auditors' remuneration	5,000	
2,694	SHARE OF PROFIT OF ASSOCIATED COMPANY (Note 9)	-	
	DIVIDENDS RECEIVABLE:		
523	Quoted investments gross including imputed tax credit	-	
12,101	Dividend receivable from a subsidiary	27,021	
798,499	PROFIT FOR THE YEAR BEFORE TAXATION AND EXTRAORDINARY ITEM	1,051,128	
384,189	TAXATION (Note 4)	519,551	
414,310	PROFIT FOR THE YEAR BEFORE EXTRAORDINARY ITEM	531,577	
	Extraordinary item:		
(116,709)	(Charge)/Release - provision for losses of a subsidiary (Note 8)	3,488	
297,601	PROFIT FOR THE YEAR AFTER TAXATION AND EXTRAORDINARY ITEM	535,065	
121,000	DIVIDENDS PROPOSED	110,000	
£176,601	RETAINED PROFIT TRANSFERRED TO RESERVES	£425,065	

The annexed notes form part of these accounts.

WILLIAM BLYTHE AND CO LIMITED

BALANCE SHEET - 26 SEPTEMBER 1976

1975

EMPLOYMENT OF CAPITAL

2,098,900	Fixed assets (Note 7)	2,389,639
212,510	Interests in subsidiaries (Note 8)	109,146
-	Quoted investments	-
13,658	Interest in associated company (Note 9)	12,458

CURRENT ASSETS

1,183,752	Stocks	1,926,638
1,177,375	Debtors and prepayments	2,025,420
222,152	Amounts owing by fellow subsidiaries	144,203
2,620	Cash	5,349
<u>2,585,899</u>		<u>4,101,610</u>

CURRENT LIABILITIES AND PROVISIONS

875,228	Creditors and accrued charges	1,445,909
236,213	Corporation tax	260,368
53,020	Amount owing to holding company	53,008
833	Amounts owing to fellow subsidiaries	320,141
517,283	Bank overdraft	-
-	Amount overdrawn on joint bank account (Note 11)	360,693
33,280	Unrealised profits on stocks held within the group	33,280
121,000	Proposed dividend	110,000
<u>1,836,857</u>		<u>2,583,399</u>

749,042 NET CURRENT ASSETS 1,518,211

£3,074,110 £4,029,454

CAPITAL EMPLOYED

1,013,070	Issued share capital (Note 5)	1,013,070
1,105,099	Reserves (Note 6)	1,530,164
2,118,169		2,543,234
838,901	Deferred taxation	1,376,595
117,040	Government grants	109,625
<u>£3,074,110</u>		<u>£4,029,454</u>

DIRECTORS

JD Horner - Chairman
FM Shaw - Managing Director

The annexed notes form part of these accounts.

WILLIAM BLYTHE AND CO LIMITED

NOTES TO THE ACCOUNTS - 26 SEPTEMBER 1976

1 ACCOUNTING POLICIES

Depreciation

Fixed assets are written off evenly over their expected useful lives.
The significant rates of depreciation are:

Freehold buildings and long-leasehold property	25 years (4%)
Plant and machinery	12 years (8.33%)
Others (including motor vehicles)	- years (20%)

Government Grants

Government grants in respect of each year's expenditure have been credited to profit and loss account over the average life of the relevant assets.

Stock Valuation

Stocks are stated at the lower of cost and net realisable value. An appropriate portion of overhead expenditure is included in the cost of manufactured products.

Deferred Taxation

Provision is made at the rate of corporation tax ruling at the balance sheet date and arises from the allocation for taxation purposes of income, expenditure and depreciation to periods different from those used for accounting purposes and from the benefit of stock appreciation relief claimed.

2 TURNOVER

Turnover represents the value of goods invoiced during the year, less returns and allowances and includes sales to other group companies amounting to £1,111,866 (1975 - £913,261).

3 DIRECTORS' EMOLUMENTS

	<u>1976</u>	<u>1975</u>
	<u>£</u>	<u>£</u>
Fees	-	-
Management remuneration	55,078	49,868
Pension to a former director	1,019	-
	<u>56,097</u>	<u>49,868</u>

WILLIAM BLYTHE AND CO LIMITED

NOTES TO THE ACCOUNTS - 26 SEPTEMBER 1976 (CONTINUED)

3 DIRECTORS' EMOLUMENTS (continued)
Excluding pension contributions these were as follows:

	<u>1976</u>	<u>1975</u>
	<u>£</u>	<u>£</u>
Chairman	Nil	Nil
Highest paid director	14,676	13,495

Other directors were in the following ranges:

Not more than £2,500	3	3
£2,501 - £5,000	1	1
£5,001 - £7,500	1	2
£7,501 - £10,000	3	2

4 TAXATION

The charge for taxation, which is based on the profit for the year at the rate of 52% (1975 - 52%) is made up as follows:

	<u>1976</u>	<u>1975</u>
	<u>£</u>	<u>£</u>
UK Corporation Tax:		
Current year	21,500	218,000
Prior year adjustments:		
Group relief received	(5,200)	-
Other	(34,443)	(12,004)
Share of associated company taxation	-	1,536
Deferred Tax:		
Current year	519,500	188,500
Prior year adjustment	18,194	(11,843)
	<u>£519,551</u>	<u>£384,189</u>

5 SHARE CAPITAL

	<u>Authorised</u>	<u>Issued and fully paid</u>
At 26 September 1976 and 28 September 1975		
Ordinary shares of £1 each	<u>£1,250,000</u>	<u>£1,013,070</u>

WILLIAM BLYTHE AND CO LIMITED

NOTES TO THE ACCOUNTS - 26 SEPTEMBER 1976 (CONTINUED)

6 RESERVES

Unappropriated profits at 28 September 1975	1,105,099
Retained profit for year	<u>425,065</u>
Unappropriated profits at 26 September 1976	<u><u>£1,530,164</u></u>

The unappropriated profits include £469,875 relating to reserves at the date of the acquisition of the shares in the company by Hickson & Welch (Holdings) Limited and £1,158 for the share of profits of an associated company (Note 9).

7 FIXED ASSETS

	<u>Land and Buildings</u>	<u>Plant and Equipment</u>	<u>Total</u>
Cost or revaluation as at 28 September 1975	752,487	1,771,313	2,523,800
Additions during year	62,452	390,748	453,200
Disposals during year	(6,250)	(19,774)	(26,024)
Inter-company transfers	47,432	13,390	60,822
	<u>856,121</u>	<u>2,155,677</u>	<u>3,011,798</u>
Depreciation as at 28 September 1975	64,666	360,234	424,900
Charge for the year	25,763	171,065	196,828
Disposals	(2,183)	(10,033)	(12,216)
Inter-company transfers	5,679	6,968	12,647
	<u>93,925</u>	<u>528,234</u>	<u>622,159</u>
Net Book Amount at 26 September 1976	<u><u>£762,196</u></u>	<u><u>£1,627,443</u></u>	<u><u>£2,389,639</u></u>

The majority of the fixed assets were professionally revalued by FS Airey Entwistle and Co as at March 1972 on a going concern basis and updated by the directors as at 1 October 1972.

	<u>Land and Buildings</u>		<u>Plant and Equipment</u>
	<u>Freeholds</u>	<u>Long Leaseholds</u>	
At valuation 1960	28,409	1,930	-
At revaluation 1972	353,973	61,528	810,077
At cost	406,781	3,500	1,345,600
	<u><u>£789,163</u></u>	<u><u>£66,958</u></u>	<u><u>£2,155,677</u></u>

NOTES TO THE ACCOUNTS - 26 SEPTEMBER 1976 (CONTINUED)

8 INTERESTS IN SUBSIDIARIES

The company owns the whole of the issued share capital of Michael Uttley Limited and of Blythe Plastics Engineering Limited, companies incorporated in England.

	<u>1976</u>	<u>1975</u>
	<u>£</u>	<u>£</u>
Cost of shares	48,100	48,100
Amounts owing by subsidiaries	174,267	281,119
	<u>222,367</u>	<u>329,219</u>
Less: Provision for losses (see below)	113,221	116,709
	<u>£109,146</u>	<u>£212,510</u>

Statement in accordance with Section 15(4) of the second schedule of the Companies Act 1967:

Group accounts are not submitted as William Blythe and Co Limited is a wholly owned subsidiary of Hickson and Welch (Holdings) Limited, incorporated in England. The following financial information relates to the accounts of Michael Uttley Limited and Blythe Plastics Engineering Limited.

	<u>£</u>
Retained loss of the subsidiaries at the beginning of the year	(116,709)
Profits of the subsidiaries for the year	30,509
	<u>(86,200)</u>
Dealt with in the accounts of the company	(27,021)
	<u>(113,221)</u>
Retained loss of the subsidiaries at the end of the year	<u>£(113,221)</u>

9 INTEREST IN ASSOCIATED COMPANY

The company owns 40% of the issued share capital of G & A Plastics Limited, a company incorporated in England.

	<u>1976</u>	<u>1975</u>
	<u>£</u>	<u>£</u>
Cost of shares	7,500	7,500
Loan, repayable on demand, bearing interest at 14% per annum	3,800	5,000
Share of post-acquisition profits after taxation (see below)	1,158	1,158
	<u>£12,458</u>	<u>£13,658</u>

12.
WILLIAM BLYTHE AND CO LIMITED

NOTES TO THE ACCOUNTS - 26 SEPTEMBER 1976 (CONTINUED)

9 INTEREST IN ASSOCIATED COMPANY (continued)

The amount of £1,158 included above represents the company's share of post acquisition profits in G & A Plastics Limited as shown by that company's audited accounts at 30 April 1975. The directors do not consider it appropriate at present to include any amount in respect of the company's share of the results of G & A Plastics Limited for the year to 30 April 1976, being its latest available audited accounts, which showed a profit before tax of £2,806 and a taxation charge of £1,939.

10 CAPITAL COMMITMENTS

	<u>1976</u> <u>£</u>	<u>1975</u> <u>£</u>
Amounts authorised by the board for which contracts have been placed	237,908	29,000
Amounts authorised by the board not yet committed	255,433	30,000

11 CONTINGENT LIABILITIES

The company, together with other group companies, has given joint and several guarantees in respect of bank credit facilities totalling £3,000,000 afforded to the holding company of which £1,900,000 had been taken up at 26 September 1976.

The company together with certain other group companies is also jointly and severally liable for the overdraft on the group joint bank account. At 26 September 1976 the company's additional contingent liability amounted to £223,527.

12 ULTIMATE HOLDING COMPANY

The ultimate holding company is Hickson and Welch (Holdings) Limited, a company incorporated in England.