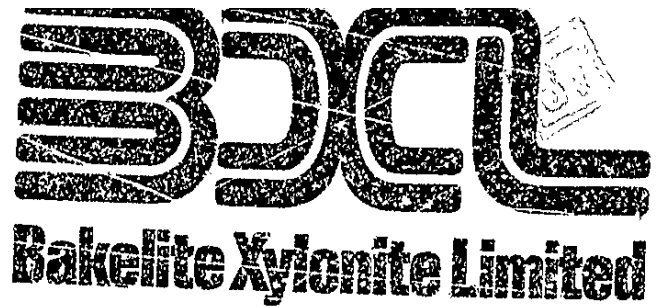


325744/162.



Report and Accounts 1977



Bakelite Xylonite
Limited

Report of the
Directors

325744

Directors' Report for the fifty three weeks ended 31st December, 1977

Activities

On 29th August 1977, the group disposed of its interest in the thermosetting division to B.P. Chemicals Limited.

Trading Results

The profit for the period, after providing for taxation, but before extraordinary profits on disposal of businesses of £3,130,000 (1976 loss of £88,000) amounted to £1,048,000 compared with a profit of £821,000 in the period ended 25th December, 1976.

Exports

Export sales during the period, including goods sold to fellow subsidiaries, amounted to £11,378,000 compared with £13,257,000 in the period ended 25th December, 1976.

Dividend

No interim dividend was paid during the period and no final dividend is recommended.

Directors

The Directors who have served during the period are:

B. Liden (Swedish)	—	Chairman
J.T. Harvey	—	Managing Director
H. Bralsford		
C.D. Collins		
T.J. Fotheringham		
J.W. Luchsinger (USA)		
G.W. Wainwright		
R. Wilson		
E. Lonsdale	—	Appointed 26th May, 1977
M.E. Jöslér (Swiss)	—	Appointed 26th May, 1977
R.O. Harvey	—	Resigned 30th August, 1977
A.A. Boehm (USA)	—	Resigned 30th September, 1977

During the period none of the Directors had any interest in the shares of the Company or any subsidiary and no Directors had any interest in any contracts which were significant to the business of the Group.

Employees

The average weekly number of employees in the group, other than employees who were wholly or mainly employed outside the United Kingdom, was 4272. The aggregate gross remuneration paid to such employees for the period was £16,185,000.

Donations

Charitable donations amounted to £2,551. No political donations were made during the period.

Auditors

Messrs. Hurdman and Cranstoun, Thornton Baker resigned as auditors on 23rd June, 1977 and Messrs. Hurdman and Cranstoun, Chartered Accountants, were appointed in their place. Messrs. Hurdman and Cranstoun have signified their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the next Annual General Meeting.

By Order of the Board

P. Dickens
P.D. Dickens
Secretary
8 Grafton Street
London W1A 2LR
16th March, 1978



Report of the Auditors to
the Members of
Bakelite Xylonite
Limited

We report on the accounts set out on pages 3 to 12. These have been prepared under the historical cost convention.

In our opinion the accounts give, under the accounting convention stated above (so far as affects the members of the holding Company) a true and fair view of the state of affairs at 31st December, 1977 and of the profit and source and application of funds for the fifty three weeks ended on that date and comply with the Companies Acts 1948 and 1967.

Hurman and Crangston

Hurman and Crangston
Chartered Accountants
London
10th March 1978

**Bakelite Xylonite
Limited
and its subsidiaries**

**Consolidated profit and
loss account for the
fifty three weeks ended
31st December, 1977**

	Note	31st December, 1977		25th December, 1976	
		£'000	£'000	£'000	£'000
Turnover	2		<u>72,264</u>		<u>72,825</u>
Profit/(Loss) before taxation and extra- ordinary items					
Group	3		1,464		1,214
Associated company	1		<u>530</u>		<u>688</u>
			1,994		1,902
Taxation	5		<u>946</u>		<u>1,081</u>
			1,048		821
Extraordinary items:					
Profit/(Loss) on disposal of properties and busi- nesses, less taxation			<u>3,130</u>		<u>(88)</u>
			4,178		733
Goodwill written off	1		<u>100</u>		<u>100</u>
			4,078		633
Transfer (to)/from Capital Reserve:					
Arising on disposal of properties and busi- nesses	11	(3,130)		(55)	
Transfer from Revenue Reserve:					
Arising on the disposal of a subsidiary company	11	—	<u>(3,130)</u>	<u>143</u>	<u>88</u>
			948		721
Dealt with in Accounts of:					
Holding company			809		477
Subsidiaries			9		10
Associated company			<u>130</u>		<u>234</u>
			948		721

The comparative figures dated 25th December, 1976 are for the fifty two week period ended on that date.

The notes on pages 7 to 12 form part of these accounts.

**Bakelite Xylonite
Limited
and its subsidiaries**

**Consolidated balance sheet
at 31st December, 1977**

		31st December, 1977		25th December, 1976	
	Note	£'000	£'000	£'000	£'000
Fixed Assets	6		12,897		16,949
Goodwill	1		562		662
Investments	8		1,825		1,077
Net amounts due from holding and fellow subsidiary companies	14		6,861		1,252
Current Assets					
Stock	1 & 9	8,141		11,052	
Debtors		10,093		15,106	
Taxation recoverable		—		1,678	
Cash-Investment deposits		18,844		15,699	
Other cash and bank balances		73		74	
		<u>37,151</u>		<u>43,609</u>	
Less:					
Current Liabilities					
Bank overdrafts		16,565		19,818	
Creditors		8,110		10,631	
Taxation		151		—	
		<u>24,826</u>		<u>30,449</u>	
Net Current Assets			<u>12,325</u>		<u>13,160</u>
			<u>34,470</u>		<u>33,100</u>
Represented by:					
Share Capital	10		11,160		11,160
Reserves	11		18,157		14,079
			<u>29,317</u>		<u>25,239</u>
Deferred Taxation	12		3,963		6,424
Investment and Regional Development Grants	13		1,190		1,437
			<u>34,470</u>		<u>33,100</u>

Directors

J.T. Harvey
T.J. Fotheringham

[Handwritten signatures of J.T. Harvey and T.J. Fotheringham]

The notes on pages 7 to 12 form part of these accounts.

**Bakelite Xylonite
Limited**

**Balance sheet at
31st December, 1977**

		31st December, 1977		25th December, 1976	
	Note	£'000	£'000	£'000	£'000
Fixed Assets	6		12,752		16,819
Goodwill	1		—		20
Subsidiaries	7		153		182
Investments	8		623		5
Net amounts due from holding and fellow subsidiary companies	14		6,861		1,252
Current Assets					
Stock	1 & 9	7,595		10,510	
Debtors		9,772		14,829	
Taxation recoverable		—		1,748	
Cash — Investment deposits		18,844		15,699	
Other cash and bank balances		18		31	
		36,229		42,817	
Less:					
Current Liabilities					
Bank overdrafts		16,565		19,818	
Creditors		7,899		10,436	
		24,464		30,254	
Net Current Assets			11,765		12,563
			32,154		30,841
Represented by:					
Share Capital	10		11,160		11,160
Reserves	11		15,979		11,960
			27,139		23,120
Deferred Taxation	12		3,825		6,284
Investment and Regional Development Grants	13		1,190		1,437
			32,154		30,841

Directors

J.T. Harvey
T.J. Fotheringham

T.J. Fotheringham

The notes on pages 7 to 12 form part of these accounts.

**Barcelite Xylonite
Limited
and its subsidiaries**

**Statement of source and
application of funds for the
fifty three weeks ended
31st December, 1977**

	31st December, 1977		25th December, 1976	
	£'000	£'000	£'000	£'000
Source of funds				
Profit before tax and extraordinary items		1,994		1,902
Extraordinary items before tax		18		(947)
		<u>2,012</u>		<u>955</u>
Adjustments for items not involving the movement of funds.				
Depreciation	2,042		2,333	
(Gain)/Loss on disposal of fixed assets	(15)		*1,644	
Release of investment grants reserve	(444)		(973)	
Associated company — profit before tax for the period	(530)		(688)	
Arising on the disposal of a subsidiary	—		136	
		<u>1,053</u>		<u>2,452</u>
Total generated from operations		<u>3,065</u>		<u>3,407</u>
Funds from other sources				
Tax recovered	1,891		532	
Dividend from associated company	43		43	
Investment grants received	197		91	
Proceeds of disposal of fixed assets	*5,446		715	
		<u>7,577</u>		<u>1,381</u>
		<u>10,642</u>		<u>4,788</u>
Application of funds				
Trade Investment	(618)		—	
Capital expenditure	(3,421)		2,766	
		<u>(4,039)</u>		<u>(2,766)</u>
		<u>6,603</u>		<u>2,022</u>
(Increase)/decrease in working capital				
(Increase)/decrease in stocks	2,911		(2,374)	
(Increase)/decrease in debtors	5,013		(2,584)	
(Decrease)/increase in creditors	(2,521)		1,276	
(Increase)/decrease in amounts due from holding and fellow subsidiary companies	(5,609)		(1,013)	
(Increase)/decrease in cash	(6,397)		2,673	
		<u>(6,603)</u>		<u>(2,022)</u>

* including 5274 (1976 1649) relating to extraordinary items.
The comparative figures dated 25th December, 1976 are for the fifty two week period ended on that date.

**Bakelite Xylonite
Limited
and its subsidiaries**

**Notes to the accounts
for the fifty three weeks
ended 31st December, 1977**

1. Accounting Policies

Historical cost convention

The accounts have been prepared under the historical cost convention.

Basis of consolidation

The group accounts consolidate the accounts of Bakelite Xylonite Limited and all its subsidiaries.

Goodwill represents the excess of the purchase price over the value of the net assets acquired. It is being amortised by annual charges against profits currently at the rate of £100,000.

Associated company

Where the group holds not less than 20% of the share capital of the company which is not a subsidiary and exercises a significant influence on its management policies that company is treated as an associated company. The group's share of the profit of this company is included in the profit and loss account and the group's investment is included in the consolidated balance sheet at cost together with the group's share of post-acquisition reserves.

Depreciation

Depreciation is provided on all fixed assets apart from freehold land at rates which are calculated to write off the cost of the assets over their estimated useful life by equal annual instalments. The estimated useful life of each category of fixed assets is as follows:

Improvements to land	20 years
Buildings	25 or 40 years
Plant and equipment	10 to 18 years
Motor vehicles	3 or 4 years

Capital expenditure on leasehold property is depreciated by equal annual instalments over the term of the lease where this is a shorter period than that scheduled above. Assets qualifying for investment grants or regional development grants are depreciated on their full cost.

Investment and Regional Development grants

Investment and Regional Development grants receivable are credited to the grants account. The appropriate portion is released to profit and loss account on a straight line basis over a period of ten years being the estimated average useful life of the related fixed assets.

Deferred taxation

Deferred taxation is provided by the liability method and principally represents provisions for stock relief and for the excess of tax depreciation over that charged in the accounts, reduced by losses carried forward and by unrelieved advance corporation tax.

No provision has been made for taxation which might arise in the event of profits retained by overseas companies being distributed as dividends.

Stock

Stock and work in progress are valued at the lower of standard cost (which approximates actual cost) and net realisable value. Standard cost consists of materials, direct wages, direct expenses and an allocation of production overheads.

**Bakelite Xylonite
Limited
and its subsidiaries**

**Notes to the accounts
for the fifty three weeks
ended 31st December, 1977
Contd.**

Conversion of foreign currencies

All assets and liabilities in foreign currencies have been converted to sterling at the rates ruling at 31st December, 1977.

Research and development

Expenditure relating to these items is charged against profits in the period in which it is incurred.

Profit and Loss Account

Material gains and losses relating to the disposal of businesses and investments are accounted for in the Profit and Loss Account as extraordinary items and transfers of equivalent amounts made to Capital Reserve in respect of the capital gain or loss.

2. Turnover

Turnover represents the value of sales invoiced during the period.

3. Profit and Loss Account	31st December, 1977	25th December, 1976
	£'000	£'000
Profit/(Loss) before taxation and extraordinary items is arrived at after charging:		
Directors' remuneration (note 4)	50	41
Depreciation (note 6)	2,042	2,333
Hire of plant and machinery	318	351
Net (profit) loss on disposal of fixed assets	(15)	(5)
Adjustment to provisions on termination or restructure of certain trading activities	(37)	456
Interest payable — bank overdrafts	1,704	1,859
— other loans	—	18
Auditors' remuneration	46	46
and after crediting:		
Dividend received — quoted investments	35	—
Interest receivable	1,870	1,610
Investment grants (note 13)	304	439

4. Remuneration

(a) Directors

Emoluments of directors of Bakelite Xylonite Limited:

Fees	—	—
Other emoluments — paid by the company	50	41
— paid by the parent and fellow subsidiary company	—	25
	<u>50</u>	<u>66</u>
Emoluments of the Chairman	—	—
Emoluments excluding pension contributions of highest paid director	24	19

31st December, 1977

25th December, 1976

The number of other directors whose emoluments, excluding pension contributions, fell within the following ranges were:

	Number of directors	
£Nil — £ 2,500	8	5
£ 7,501 — £10,000	—	2
£10,001 — £12,500	1	2
£12,501 — £15,000	1	—

(b) Employees

The number of employees other than directors of the company whose emoluments, excluding pension contributions, exceeded £10,000 were:

	Number of employees	
£10,001 — £12,500	11	12
£12,501 — £15,000	5	5
£15,001 — £17,500	1	1

5. Taxation

£'000

£'000

The taxation charge/(credit) is made up as follows:

Based on the profits/(losses) of the period:

UK Corporation tax at 52% (1976-52%)	671	706
Overseas taxation	10	33
Double taxation relief	(67)	(70)
Corporation tax in respect of prior years	(25)	—
	<hr/> 589	<hr/> 669
Associated company	357	412
	<hr/> 946	<hr/> 1,081

The company is not a close company within the terms of Section 282 of the Income and Corporation Taxes Act 1970.

6. Fixed Assets

	Freehold land and buildings	Short leasehold land and buildings	Plant machinery and equipment	Total
	£'000	£'000	£'000	£'000
(a) Group				
Cost:				
At 25th December, 1976	5,919	109	29,666	35,694
Additions	174	27	3,220	3,421
Disposals and transfers	74	(40)	(1,001)	(967)
Adjustment of disposal of a subsidiary	(2,015)	—	(8,197)	(10,212)
At 31st December, 1977	<hr/> 4,152	<hr/> 96	<hr/> 23,688	<hr/> 27,936
Depreciation:				
At 25th December, 1976	1,864	69	16,812	18,745
Charge for the period	117	8	1,917	2,042
Disposals and transfers	(14)	(22)	(774)	(810)
Adjustment on disposal of a subsidiary	(605)	—	(4,333)	(4,938)
At 31st December, 1977	<hr/> 1,362	<hr/> 55	<hr/> 13,622	<hr/> 15,039
Net book amount at 31st December, 1977	<hr/> 2,790	<hr/> 40	<hr/> 10,066	<hr/> 12,897
Net book amount at 25th December, 1976	<hr/> 4,055	<hr/> 40	<hr/> 12,854	<hr/> 16,949

(b) Company

Cost:

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant machinery and equipment £'000	Total £'000
At 25th December, 1976	5,919	53	29,463	35,435
Additions	174	—	3,134	3,308
Disposals and transfers	(1,941)	(25)	(9,121)	(11,087)
At 31st December, 1977	4,152	28	23,476	27,656
Depreciation:				
At 25th December, 1976	1,864	31	16,721	18,616
Charge for the period	117	2	1,856	1,975
Disposals and transfers	(619)	(7)	(5,061)	(5,687)
At 31st December, 1977	1,362	26	13,516	14,904
Net book amount at 31st December, 1977	2,790	2	9,960	12,752
Net book amount at 25th December, 1976	4,055	22	12,742	16,819

	31st December, 1977 £'000	25th December, 1976 £'000
7. Subsidiaries		
Shares at cost less amount written off		10,885
Due to subsidiaries	11,183	
Due by subsidiaries	(451)	
		10,732
	153	182

The principal operating subsidiary which is wholly owned is:

Transatlantic Plastics Limited

8(a) Investments (unquoted)

	Group		Company	
	31st Dec. 1977 £'000	25th Dec. 1976 £'000	31st Dec. 1977 £'000	25th Dec. 1976 £'000
Associated company:				
Shares at cost	26	26	—	—
Group share of post-acquisition profits and reserves (note 11)	1,176	1,046	—	—
	1,202	1,072	—	—
Other:				
Shares at cost	154	154	154	154
Less amounts written off	150	150	150	150
	4	4	4	4
Loans	1	1	1	1
	5	5	5	5
	1,207	1,077	5	5
(b) Investments (quoted)				
Shares at cost	618	—	618	—
Total	1,825	1,077	623	5

The group holds 50% of the equity shares and all the preference shares of Bakelite Hylam Limited (incorporated in India) which is consolidated as an associated company. In the opinion of the directors the realisable value of the other investments is not less than the value stated above. Dividend received (gross) in the period £43,000 (1976 £43,000).

The quoted investment represents an 11.5% holding in the ordinary share capital of Beralit Tin and Wolfram Limited, a company registered in England. The market value of this investment at 31st December, 1977 amounted to £647,000.

9. Stock	Group		Company	
	31st Dec. 1977	25th Dec. 1976	31st Dec. 1977	25th Dec. 1976
	£'000	£'000	£'000	£'000
Raw materials and supplies	2,291	3,919	2,180	3,827
Work in progress	1,224	1,870	1,224	1,870
Finished goods	4,626	5,263	4,191	4,813
	<u>8,141</u>	<u>11,052</u>	<u>7,595</u>	<u>10,510</u>

10. Share Capital	31st December, 1977	25th December, 1976
	£'000	£'000
Authorised, issued and fully paid; 11,160,370 Ordinary Shares of £1 each	<u>11,160</u>	<u>11,160</u>

11. Reserves	Group			Company	
	Capital	Revenue	Associated company	Capital	Revenue
	£'000	£'000	£'000	£'000	£'000
At 25th December, 1976	8,967	4,066	1,046	8,150	3,810
Profit retained for period	—	3,948	130	—	4,019
Transfer from/to Profit and Loss Account arising on disposal of business	3,130	(3,130)	—	3,130	(3,130)
At 31st December, 1977	<u>12,097</u>	<u>4,884</u>	<u>1,176</u>	<u>11,280</u>	<u>4,699</u>
Totals		<u>18,157</u>			<u>15,979</u>

12. Deferred Taxation	Group	Company
	£'000	£'000
At 25th December, 1976	6,424	6,284
Released in the period	(2,461)	(2,459)
At 31st December, 1977	<u>3,963</u>	<u>3,825</u>

**Bakelite Xylonite
Limited
and its subsidiaries**

Notes to the accounts
for the fifty three weeks
ended 31st December, 1977
Contd.

13. Investment and Regional Development Grants

At 25th December, 1976
Additions

Less:
Release to profit and loss account
Extraordinary item on disposal of business

At 31st December, 1977

Group
£'000

1,437
197

1,634

(304)
(140)

1,190

Company
£'000

1,437
197

1,634

(304)
(140)

1,190

**14. Net amounts due from holding
and fellow subsidiary companies**

Group

31st Dec.
1977

25th Dec.
1976

£'000
7,366

£'000
2,767

Amounts due from holding and
fellow subsidiary companies

Amounts due to holding and
fellow subsidiary companies

505
6,861

1,515
1,252

Company

31st Dec.
1977

25th Dec.
1976

£'000
7,366

£'000
2,767

505
6,861

1,515
1,252

15. Capital Commitments

Group

31st Dec.
1977

25th Dec.
1976

£'000
1,781

£'000
1,160

Contracted but not provided for
in the accounts

Authorised by the directors but
not contracted

1,046
2,827

1,518
2,678

Company

31st Dec.
1977

25th Dec.
1976

£'000
1,775

£'000
1,160

1,046
2,821

1,515
2,675

Commitments are stated before relief from grants where applicable.

16. Ultimate Holding Company

The ultimate parent of the company is Union Carbide Corporation
incorporated in the state of New York, U.S.A.