

Aerosol Products Limited

**Directors' report and financial
statements**

Registered number 3843496

30 June 2005



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Directors and advisors

Directors:
BHD Minto
A Lindsay
TNM Seaman

Secretary:
CA Barnet

Registered office:
Middleton Way
Middleton
Manchester
M24 4DP

Registered Number:
3843496

Auditors:
KPMG LLP
St James' Square
Manchester
M2 6DS

Solicitors
Kuit, Steinart, Levy & Co
3 St Mary's Parsonage
Manchester
M3 2RD

Bankers:
Barclays Bank Plc
M1 Corridor Corporate Business Centre
Eagle Point
1 Capability Green
Luton
LU1 3US

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2005.

Principal activities

The company manufactures aerosol products for the household and personal care markets.

Business review

During the year the company continued to develop its operations and to invest in the latest technology.

On 27 June 2005 Robert McBride Ltd purchased 100% of the share capital of Aerosol Products Limited from McBride Holdings plc for a consideration of £7,000,000. On 30 June 2005 Aerosol Products Limited received £7,000,000 for all its trade and assets from Robert McBride Ltd.

Results and dividends

Profit after tax for the year ended 30 June 2005 was £4,476,000 (2004: £636,000).

The directors do not recommend the payment of a final dividend to ordinary shareholders (2004: *£nil*). The retained profit for the year has been transferred to reserves.

Environmental policy

The company places considerable importance on compliance with environmental standards and aims to ensure that it conforms to all relevant legislation and codes of practice.

Political and Charitable Donations

The company made charitable donations during the year of £954 (2004: £756). No political donations were made in the year (2004: *£nil*).

Directors and directors' interests

The directors who held office during the year were as follows:

Dr CHB Honeyborne (Resigned 5 October 2004)
Mr BHD Minto
Mr A Lindsay
Mr PB Loudon (Resigned 6 September 2004)
Mr TNM Seaman
Mr NA Carmichael (Resigned 6 September 2004)

None of the directors are required to retire by rotation.

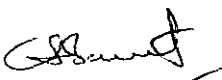
None of the directors had any interest in shares or debentures of the company. The interests of Mr TNM Seaman and Mr A Lindsay as directors of the company's holding company are declared in those accounts and statutory books.

No director, either during or at the end of the financial year, was materially interested in any contract that was significant in relation to the company's business.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



C A Barnet
Secretary

Middleton Way
Middleton
Manchester
M24 4DP

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

St James' Square
Manchester
M2 6DS
United Kingdom

Report of the independent auditors to the members of Aerosol Products Limited

We have audited the financial statements on pages 5 to 18.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc 14 September 2005

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Profit and loss account
for the year ended 30 June 2005

	<i>Note</i>	2005 £000	2004 £000
Turnover		31,159	32,981
Cost of sales		(21,307)	(23,422)
Gross profit		9,852	9,559
Distribution costs		(583)	(812)
Administrative expenses		(7,092)	(7,417)
Operating profit	2-4	2,177	1,330
Profit on disposal of trade and assets	8	2,746	-
Profit before interest and taxation		4,923	1,330
Other interest receivable and similar income	5	-	12
Interest payable and similar charges	6	(445)	(623)
Profit on ordinary activities before taxation		4,478	719
Tax on loss on ordinary activities	7	(2)	5
Profit on ordinary activities after taxation		4,476	724
Undeclared non-equity preference dividend		-	(88)
Retained profit for the year	16	4,476	636

Statement of total recognised gains and losses
for the year ended 30 June 2005

There were no recognised gains or losses in the current or preceding period other than those passing through the profit and loss account.

Balance sheet
at 30 June 2005

	<i>Note</i>	2005 £000	2004 £000
Fixed assets			
Intangible assets	9	-	5,023
Tangible assets	10	-	4,576
		<hr/>	<hr/>
			9,599
Current assets			
Stocks	11	-	972
Debtors due within one year	12	-	1,886
Debtors due after one year	12	7,000	-
		<hr/>	<hr/>
		7,000	1,886
Cash at bank and in hand		-	209
		<hr/>	<hr/>
		7,000	3,067
Creditors: amounts falling due within one year	13	(2)	(9,959)
		<hr/>	<hr/>
Net current assets/(liabilities)		6,998	(6,892)
		<hr/>	<hr/>
Total assets less current liabilities		6,998	2,707
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	14	-	(185)
		<hr/>	<hr/>
Net assets		6,998	2,522
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	1,500	1,500
Preference dividend reserve	16	-	176
Share premium account	16	25,600	25,600
Profit and loss account	16	(20,102)	(24,754)
		<hr/>	<hr/>
Shareholders' funds		6,998	2,522
		<hr/>	<hr/>
Attributable to equity shareholders		(8,178)	(12,654)
Attributable to non-equity shareholders		15,176	15,176
		<hr/>	<hr/>
		6,998	2,522
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 13 September 2005 and were signed on its behalf by:



Director

Reconciliation of movements in shareholders' funds
for the year ended 30 June 2005

	2005 £000	2004 £000
Profit for the financial year	4,476	636
Undeclared non-equity preference dividend	-	88
	<hr/>	<hr/>
Net movement in shareholders' funds	4,476	724
Opening shareholders' funds	2,522	1,798
	<hr/>	<hr/>
Closing shareholders' funds	6,998	2,522
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

Basis of preparation

The financial statements have been prepared under the historical cost convention, applicable accounting standards and the Companies Act 1985.

On 27 June 2005 Robert McBride Ltd purchased 100% of the share capital of Aerosol Products Limited from McBride Holdings plc.

On 30 June 2005 Aerosol Products Limited received £7,000,000 for all its trade and assets from Robert McBride Ltd.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arises on business combinations in respect of acquisitions capitalised.

There is no longer any Goodwill in the accounts of Aerosol Products Limited due to the sale of trade and assets on the 30 June 2005.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	50 years
Leasehold property	-	life of lease
Plant and fixtures	-	10 years
Computer equipment	-	5 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land or assets in the course of construction.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, standard costs are used. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate portion of attributable overheads.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or at the contracted rate if covered by a forward exchange contract.

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised in the balance sheet and depreciated over their useful lives. The interest element is charged to the profit and loss account over the term of the contract.

Operating leases are charged to the profit and loss account on a straight line basis over the life of the operating lease.

Turnover

Turnover represents the amounts, excluding value added tax, derived from the provision of goods to Robert McBride Limited during the period.

Pensions

The company participates in the Robert McBride Pension Fund. The assets of the schemes are held separately from those of the company in independently administered funds. The scheme is a multi-employer scheme in which the company is unable to identify its share of the underlying assets and liabilities. Contributions to the scheme are charged to the profit and loss account in the year in which they are payable in accordance with SSAP 24.

Research and development expenditure

Expenditure on research and development is written off against profits in the period in which it is incurred.

Notes (continued)

2 Operating profit

Operating profit/loss is stated after charging

	2005 £000	2004 £000
Depreciation	738	641
Amortisation of goodwill	324	327
Operating leases – hire of plant and machinery	12	70
Auditors' remuneration	16	15
Research and development expenditure	169	250
	<u> </u>	<u> </u>

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2005	2004
Operations	192	197
Finance and administration	33	29
	<u> </u>	<u> </u>
	225	226
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2005 £000	2004 £000
Wages and salaries	3,840	3,757
Social security costs	338	327
Other pension costs	147	119
	<u> </u>	<u> </u>
	4,325	4,203
	<u> </u>	<u> </u>

4 Directors' emoluments

During the year the company paid fees of £14,486 (2004: £25,000) for the services of the chairman, Dr Christopher Honeyborne. None of the other directors received any remuneration for their work as directors of the company.

Notes (continued)

5 Other interest receivable and similar income

	2005 £000	2004 £000
Bank interest	-	12

6 Interest payable and similar charges

	2005 £000	2004 £000
On other loans	445	623

7 Taxation

	2005 £000	2004 £000
Tax charge for the period	2	1
Adjustment in respect of prior period	-	(6)
Total current tax and tax on loss on ordinary activities	2	(5)

Factors affecting the tax charge/credit for the period

The current tax credit for the period is lower (2004: *lower*) than the standard rate of corporation tax in the UK (30%, 2004: 19%). The difference is explained below:

	2005 £000	2004 £000
Loss on ordinary activities before tax	4,478	719
Current tax at 30% (2004: 19%)	1,343	136
Effects of:		
Tax on expenses not deductible for tax purposes (primarily goodwill amortisation)	(722)	64
Tax on capital allowances for the year in excess of depreciation	213	118
Tax on other timing differences	-	(2)
Tax on losses carried forward	-	(6)
Adjustments in respect of prior periods	-	(31)
Utilisation of losses	(832)	(284)
Total current tax charge	2	(5)

Notes (continued)

8 Profit on Disposal of Trade and Assets

On 30 June 2005 the company sold its trade and assets to Robert McBride Ltd, a related company, for a profit of £2,746,000.

9 Intangible fixed assets

	Goodwill £000
<i>Cost</i>	
At beginning and end of year	17,455
Disposals	(17,455)
	<hr/>
At end of year	-
<i>Amortisation</i>	
At beginning of year	12,432
Charged in year	324
Disposals	(12,756)
	<hr/>
At end of year	-
	<hr/>
Net book value	
At 30 June 2005	-
	<hr/>
At 30 June 2004	5,023
	<hr/>

10 Tangible fixed assets

	Freehold property £000	Plant and fixtures £000	Total £000
<i>Cost</i>			
At beginning of year	1,207	6,464	7,671
Additions	48	578	626
Disposals	(1,255)	(7,042)	(8,297)
At end of year	-	-	-
<i>Depreciation</i>			
At beginning of year	142	2,953	3,095
Charged in year	44	694	738
Disposals	(186)	(3,647)	(3,833)
At end of year	-	-	-
Net book value			
At 30 June 2005	-	-	-
At 30 June 2004	1,065	3,511	4,576

Notes (continued)

11 Stocks

	2005 £000	2004 £000
Raw materials and consumables	-	969
Finished goods	-	3
	<hr/>	<hr/>
	-	972
	<hr/>	<hr/>

12 Debtors

	2005 £000	2004 £000
<i>Amounts falling due within one year</i>		
Trade debtors	-	1,497
Other debtors	-	108
Prepayments and accrued income	-	281
	<hr/>	<hr/>
	-	1,886
<i>Amounts falling due after one year</i>		
Amounts due from group undertakings	7,000	0
	<hr/>	<hr/>
	7,000	1,886
	<hr/>	<hr/>

13 Creditors: amounts falling due within one year

	2005 £000	2004 £000
Obligations under finance leases and hire purchase contracts	-	136
Trade creditors	-	4,829
Amounts owed to group undertakings	-	2,274
Taxation and social security	2	577
Other creditors	-	39
Accruals and deferred income	-	2,104
	<hr/>	<hr/>
	2	9,959
	<hr/>	<hr/>

Notes (continued)

14 Creditors: amounts falling due after more than one year

	2005 £000	2004 £000
Obligations under finance leases and hire purchase contracts	-	185

15 Called up share capital

	2005 Number	2004 Number	2005 £	2004 £
<i>Authorised</i>				
Equity: Ordinary A shares of £1 each	-	450	-	450
Ordinary B shares of £1 each	-	450	-	450
Ordinary shares of £1 each	900	-	900	-
A Preference shares of £0.10 each	-	11,000,000	-	1,100,000
B preference shares of £0.10 each	-	4,001,000	-	400,100
Preference shares of £0.10 each	15,001,000	-	1,500,100	-
	<u>15,001,900</u>	<u>15,001,900</u>	<u>1,501,000</u>	<u>1,501,000</u>
	Number	Number	£	£
<i>Allotted, called up and fully paid</i>				
Equity: Ordinary A shares of £1 each	-	50	-	50
Ordinary B shares of £1 each	-	50	-	50
Ordinary shares of £1 each	100	-	100	-
A Preference shares of £0.10 each	-	11,000,000	-	1,100,000
B preference shares of £0.10 each	-	4,001,000	-	400,100
Preference shares of £0.10 each	15,001,000	-	1,500,100	1,100,000
	<u>15,001,100</u>	<u>15,001,100</u>	<u>1,500,200</u>	<u>1,500,200</u>

On the 6 September 2004 the issued and unissued A Ordinary Shares of £1 each were reclassified as Ordinary Shares of £1 each.

On the 6 September 2004 the issued and unissued B Ordinary Shares of £1 each were reclassified as Ordinary Shares of £1 each.

Notes (continued)

15 Called up share capital (continued)

On 6 September 2004 the issued and unissued A Preference Shares of 10 pence each were reclassified as Preference Shares of 10 pence each.

On 6 September 2004 the issued and unissued B Preference Shares of 10 pence each were reclassified as Preference Shares of 10 pence each.

The rights and privileges attaching to the Preference Shares in issue at 30 June 2005 are as follows:-

As regards income:

The Preference Shares shall rank equally with the Ordinary Shares for any dividends paid thereon.

As Regards capital:

On a return of capital on liquidation, reduction of capital or otherwise, the surplus assets of the Company remaining after payment of its liabilities shall be distributed amongst the holders of the Ordinary Shares and the Preference Shares. Any payment to the holders of shares of a particular class shall be made in proportion to the numbers of shares of the relevant class held by each of them.

As regards redemption:

- (a) The Company shall have the right, subject to the Companies Act, to redeem at any time the whole or any part of the Preference Shares for the time being issued and outstanding by giving the holders of the particular Preference Shares to be redeemed not less than 7 days' prior notice in writing of the date when such redemption is to be effected.
- (b) Any partial redemption of the Preference Shares shall be made amongst the holders of the Preference Shares pro rata (as nearly as may be without giving rise to fractions) according to their respective holdings.

As regards voting:

The Preference Shares shall confer on each holder thereof (in that capacity) the right to receive notice of and to attend and speak at all general meetings of the Company but shall not confer any right (in that capacity) to vote thereat.

Notes (continued)

16 Share premium and reserves

	Preference dividend reserve £000	Share premium Account £000	Profit and loss Account £000
At beginning of year	176	25,600	(24,754)
Profit for the year	-	-	4,476
Release of dividend reserve	(176)		176
At end of year	-	25,600	(20,102)

17 Commitments

- a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2005 £000	2004 £000
Contracted	-	36

- (b) Annual commitments under non-cancellable operating leases are as follows:

	2005		2004	
	Land and buildings £000	Other £000	Land and Buildings £000	Other £000
Operating leases which expire:				
Within one year	-	-	75	2
In the second to fifth years inclusive	-	-	-	39
Over five years	-	-	-	30
	-	-	75	71

Notes (continued)

18 Pension scheme

The Company participates in the Robert McBride Pension Fund, a pension scheme providing benefits based on final pensionable pay. The scheme is a multi-employer scheme in which the Company is unable to identify its share of the underlying assets and liabilities and costs are recorded on a contribution basis.

The contributions are determined by a qualified actuary on the basis of triennial valuation using the projected unit method. The most recent valuation was at 31 March 2003. The assumptions which have the most significant effect on the results of the valuation were that price inflation would be 2.5% per annum, pensionable salary increases would be 4.5% per annum, pensions in payment increase would be 2.5% per annum and the investment return would be 5.3% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £32.9 million at 30 June 2003 and that the actuarial value of those assets represented 68.9% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The Company and the trustees are aware that contributions at this level are not sufficient to meet the full cost of the liabilities. The rates of contributions payable will be reviewed over the next twelve months.

The pension charge for the year of £147,000 (2004: £119,000) includes £28,000 (2004: £27,000) in respect of the Robert McBride Pension Fund, £61,000 (2004: £64,000) in respect of the Company's defined contribution pension scheme and £58,000 (2004: £27,000) in respect of other schemes.

Contributions amounting to £0 (2004: £NIL) were payable to the Robert McBride Pension Fund at the year end.

19 Ultimate parent company

The ultimate and immediate parent undertaking is McBride plc, a Company registered in England and Wales.

Copies of the McBride plc accounts are available from the registered office at McBride House, Penn Road, Beaconsfield, Buckinghamshire, HP9 2FY.