

351663

SEVEN SEAS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
30TH SEPTEMBER 1990



SEVEN SEAS LIMITED
(Registered No. 351663)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH SEPTEMBER, 1990

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SEVEN SEAS LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 30TH SEPTEMBER, 1990

The Directors present their report and financial statements for the year ended 30th September, 1990.

1. PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The directors' are satisfied with the results for the year.

It is anticipated that the company will continue to concentrate its activity, for the foreseeable future, on the manufacture and marketing of vitamin supplements and health care products.

2. RESULTS AND DIVIDEND

The turnover and profits of the company are set out on page 8. A dividend for the year of £5,000,000 has been paid. The retained profit for the year of £1,558,000 (1989 £6,487,000) has been added to reserves.

3. DIRECTORS

The names of the directors of the company as at the date of this report are set out below:-

I. Stewart - Chairman
P.J. Harper
L.E.T. Ashford
C.O. Dixon
A.G. Clements
R. Grant
D.S. Sutton
K.T. Winkle

Mr. A.K. Cotton and Mr. R. Jordan resigned as directors on the 2nd October, 1989.

Mr. I. Stewart and Mr. P.J. Harper were appointed directors on the 2nd October, 1989.

Mr. L.E.T. Ashford was appointed on the 14th November, 1990.

No director had any interests in the shares or debentures of the company or any other subsidiaries of Hanson PLC as at 1st October, 1989 and 30th September, 1990.

DIRECTORS' REPORT (continued)

The disclosable interests of the directors in the share capital of the ultimate holding company, Hanson PLC, according to the register kept by the Company for the purposes of the Companies Act 1985 are shown below:-

Interests in the shares of Hanson PLC Ordinary Shares of 25p each

	Shares Issued		Share Options (see Note below)	
	30th September 1990	1st October 1989	30th September 1990	1st October 1989
P.J. Harper	215,476	164,644	480,000	561,832
L.E.T. Ashford	14,000	-	94,000	-
I. Stewart	124,869	96,466	280,799	301,297
C.O. Dixon	10,000	-	78,000	82,333
A.G. Clements	-	-	42,000	30,000
R. Grant	-	-	34,000	25,000
D.S. Sutton	-	-	30,000	20,000
K.T. Winkle	-	-	29,000	20,000

Note: The share options are options granted to subscribe for ordinary shares of 25p each of Hanson PLC under the Hanson PLC Share Option Scheme, subject to the rules of the Scheme.

4. EMPLOYMENT POLICIES

Non Discrimination

It is the policy of the Company that employees at all levels shall not discriminate against others, or be discriminated against on the grounds of colour, race, religion, sex or ethnic origins. This policy applies to all conditions of employment, recruitment and other aspects of work.

Disabled people

The Company seeks to abide by the Department of Employment's voluntary code of practice on the employment of disabled people. This requires companies to give full and fair consideration to disabled people when applying for jobs, and in offering disabled employees training, career development and promotion opportunities. We believe that if a positive attitude to the employment of disabled people is adopted, then many of the problems commonly considered to be associated with the employment of disabled people can be overcome.

Employee Involvement

The Company continues to operate well established employee consultation arrangements. We remain firmly convinced that progress is most readily achieved by basing employees' involvement on their participation at the workplace - in the office, depot or factory. Management input to existing arrangements continues to be given high priority.

DIRECTORS' REPORT (continued)

5. AUDITORS

Ernst & Young were appointed as auditors by the directors during the year following the resignation of Coopers & Lybrand Deloitte. A resolution to appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



R. Grant
Secretary

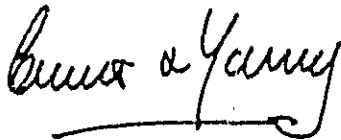
5th December, 1990.

Hedon Road
Marfleet
Hull
HU9 5NJ

REPORT OF THE AUDITORS TO THE MEMBERS OF
SEVEN SEAS LIMITED

We have audited the financial statements on pages 6 to 16 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 30th September, 1990 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.

A handwritten signature in cursive script, reading "Ernst & Young", with a horizontal line underneath.

Ernst & Young

Chartered Accountants
Hull

5th December, 1990.

SEVEN SEAS LIMITED

STATEMENT OF ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts are prepared under the historical cost basis of accounting.

CONSOLIDATED ACCOUNTS

As the Company is a wholly owned subsidiary of a company which is itself incorporated in the United Kingdom consolidated financial statements have not been prepared.

TURNOVER

Turnover comprises the value of goods and services invoiced, excluding Value Added Tax.

VALUATION OF STOCKS

Stocks have been valued at cost or at estimated net realisable value if lower. Cost includes an appropriate proportion of overheads based on normal levels of activity.

DEPRECIATION

No depreciation is provided on freehold land; all other tangible assets are depreciated on a straight line basis, on original cost after deduction of government and EEC grants.

The rates used are calculated to write off the cost of each asset over its estimated total life as follows:-

Freehold and leasehold buildings	2%
Plant and Equipment	5% - 25%
Computers	20%
Goods Vehicles	16.66% - 25%
Motor Cars	25%

DEFERRED TAXATION

Provision is made on the liability method for taxation which is deferred as a result of timing differences between profits as computed for tax purposes and profits as stated in the accounts, only when it is considered that there is a reasonable probability that the timing differences will reverse in the foreseeable future.

SEVEN SEAS LIMITED
STATEMENT OF ACCOUNTING POLICIES (continued)

TRANSLATION OF FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates ruling at the year end unless forward rates of exchange have been contracted in which case the contracted rate is used.

All transactions of a trading nature are translated into sterling at the rates of exchange ruling at the date of the transaction.

Exchange gains or losses are included in profit on ordinary activities before taxation.

PENSIONS

The Company's obligations to provide pensions for its employees are covered by the Imperial Retirement Benefits Scheme which is a defined benefit scheme whose assets are independent of the Group and are managed by trustees. The scheme is funded at rates of contribution determined by an independent actuary in order to provide benefits as defined by the scheme. Full actuarial valuations are made at periodic intervals not exceeding three years and the profit and loss account bears the Company's share of contributions as defined by the independent actuary.

INVESTMENTS

Investments are stated at cost, less provision in respect of any permanent diminution in value.

SEVEN SEAS LIMITED

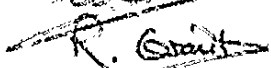
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER, 1990

	Note	1990 £'000s	1989 £'000s
TURNOVER	1	38,203	32,380
Cost of Sales	2	(31,594)	(25,918)
OPERATING PROFIT	2	6,609	6,462
Interest Receivable		13	20
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,622	6,482
Taxation on profit on ordinary activities	4	20	1
Provision for Deferred Taxation	10	16	4
Dividend Paid		(5,000)	-
RETAINED PROFIT FOR THE YEAR	12	1,658	6,487

SEVEN SEAS LIMITEDBALANCE SHEET AS AT 30TH SEPTEMBER, 1990

	Note	1990 £'000s	1989 £'000s
FIXED ASSETS			
Tangible Assets	5	2,217	2,232
Investments	6	1,653	1,653
		<u>3,870</u>	<u>3,885</u>
CURRENT ASSETS			
Stocks	7	8,253	7,760
Debtors	8	22,392	6,826
Amount due from holding company		-	10,419
Cash at bank and in hand		8,062	1,206
		<u>38,707</u>	<u>26,211</u>
CURRENT LIABILITIES			
Creditors due within one year	9	(16,483)	(10,619)
Amount due to holding company		(5,000)	-
		<u>(21,483)</u>	<u>(10,619)</u>
NET CURRENT ASSETS		<u>17,224</u>	<u>15,592</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		21,094	19,477
PROVISIONS FOR LIABILITIES AND CHARGES	10	(379)	(420)
		<u>20,715</u>	<u>19,057</u>
CAPITAL AND RESERVES			
Called up Share Capital	11	50	50
Profit and Loss Account	12	20,665	19,007
		<u>20,715</u>	<u>19,057</u>

The financial statements on pages 6 to 16 were approved by the Board of Directors on 5th December, 1990 and signed on its behalf by:

) Director
) Director

SEVEN SEAS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH SEPTEMBER, 1990

	Note	1990 £'000s	1989 £'000s
<u>SOURCE OF FUNDS</u>			
Profit on Ordinary Activities before tax		6,622	6,482
Depreciation		440	411
Net Book Value of Fixed Asset Disposals		63	22
Total arising from operations		<u>7,125</u>	<u>6,915</u>
<u>APPLICATION OF FUNDS</u>			
Investment in subsidiaries purchased		-	(1)
Payment of rationalisation costs		(25)	(22)
Purchase of tangible assets		(488)	(501)
Dividends paid (Net)		(5,000)	-
Tax paid		19	(317)
Decrease/(Increase) in working capital	13	(10,194)	(1,033)
		<u>(15,688)</u>	<u>(1,874)</u>
Increase/(Decrease) in net liquid funds	13	<u>(8,563)</u>	<u>5,041</u>

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER

Analysis of turnover by geographical market is not disclosed in these accounts.

2. OPERATING PROFIT

	1990 £'000s	1989 £'000s
Operating profit is arrived at after charging/(crediting):		
Change in finished goods and work in progress	(39)	(1,626)
Raw materials consumed	13,552	13,406
Staff costs	3,990	3,482
Depreciation	440	411
Auditors' fees and expenses	22	29
Hire of plant and vehicles	73	46
Profit on sale of tangible assets	(4)	(23)
Other expenses	13,560	10,193
	<u>31,594</u>	<u>25,918</u>

3. DIRECTORS AND EMPLOYEES

(a) The average number of persons (including Directors where appropriate) employed by the company was:-

	1990	1989
Production	204	189
Sales and Marketing	63	62
Distribution	4	4
Administration	43	42
	<u>314</u>	<u>297</u>

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. DIRECTORS AND EMPLOYEES (continued)

(b) The costs incurred in respect of employees were:-

	1990 £'000s	1989 £'000s
Wages and salaries	3,712	3,219
Social security costs	270	252
Other pension costs	7	11
	<u>3,989</u>	<u>3,482</u>

(c) The number of employees who received emoluments exceeding £30,000 for the year was as follows:-

	1990 £'000s	1989 £'000s
£30,000 - £35,000	9	-
£35,001 - £40,000	-	2
£40,001 - £45,000	2	1
£45,001 - £50,000	1	-

(d)

	1990 £'000s	1989 £'000s
Directors emoluments included in the above employment costs amounted to:-	305	267
Chairman	-	-
Highest Paid Director	85	73

The number of other directors who received emoluments in the following ranges were:-

	Number	Number
£ 0 - £ 5,000	4	3
£ 5,001 - £10,000	-	1
£10,001 - £15,000	-	2
£15,001 - £20,000	-	1
£20,001 - £25,000	3	1
£25,001 - £30,000	1	-

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1990	1989
	£'000s	£'000s
In respect of the period:		
United Kingdom Corporation Tax at 35.00% (1989 35.00%)	2,333	2,289
Less Group relief available	(2,333)	(2,289)
	-	-
Adjustment in respect of prior years	(20)	(1)
	(20)	(1)
	*****	*****

5. TANGIBLE FIXED ASSETS

	Land and Buildings		Plant and Machinery	Fixtures Fittings, Tools and Equipment	Total
	Short Leasehold £'000s	Freehold £'000s	£'000s	£'000s	£'000s
Cost					
At 30 September 1989	157	493	4,254	993	5,897
Additions	-	-	120	368	488
Disposals	-	-	(89)	(186)	(275)
At 30 September 1990	157	493	4,285	1,175	6,110
Depreciation					
At 30 September 1989	15	134	3,004	512	3,665
Charge for period	3	8	228	201	440
Disposals	-	-	(76)	(136)	(212)
At 30 September 1990	18	142	3,156	577	3,893
NET BOOK VALUE					
AT 30 September 1990	139	351	1,129	598	2,217
At 30 September 1989	142	359	1,250	481	2,232

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

	1990 £'000s	1989 £'000s
6. INVESTMENTS		
Cost at 30th September	1,653	1,653
<u>less</u> provision for diminution	-	-
	<u>1,653</u>	<u>1,653</u>

The company owns the whole of the share capital of the following:-

British Coal Liver Oils Limited
 Seven Seas Health Care Limited
 Marfleet Refining Company Limited
 New Era Laboratories Limited
 Vitrite Health Care Limited
 Seven Seas (Ireland) Limited

These companies and their subsidiaries did not trade during the year. All are companies incorporated in the UK except Seven Seas (Ireland) Limited which is incorporated in Eire.

	1990 £'000s	1989 £'000s
7. STOCKS		
Raw materials	2,570	2,116
Work in progress	2,322	2,677
Finished goods	3,361	2,967
	<u>8,253</u>	<u>7,760</u>
	=====	=====

There is no significant difference between the Balance Sheet value of stock and its replacement cost.

8. DEBTORS: DUE WITHIN ONE YEAR		
Trade debtors	6,773	6,698
Amounts owed by fellow subsidiaries	15,201	5
Other debtors	119	41
Value added tax	218	-
Prepayments and accrued income	81	82
	<u>22,392</u>	<u>6,826</u>
	=====	=====

9. CREDITORS: DUE WITHIN ONE YEAR		
Trade creditors	7,234	6,852
Amounts owed to fellow subsidiaries	7,806	2,309
Other taxation and social security	291	294
Accruals and deferred income	1,152	1,163
Corporation Tax	-	1
	<u>16,483</u>	<u>10,619</u>
	=====	=====

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROVISIONS FOR LIABILITIES AND CHARGES

	1990 £'000s	1989 £'000s
Rationalisation of business	106	131
Deferred Taxation	273	289
	<u>379</u>	<u>420</u>

The movement in provisions during the year are detailed below:

	Rationalisation £'000s	Deferred Tax £'000s
Provision as at 1st October, 1989	131	289
Expensed in year	(25)	-
Release of Provision	-	(16)
Provision as at 30th September, 1990	<u>106</u>	<u>273</u>

Deferred Taxation is provided for in full at 35% (1989: 35%) and is in respect of timing differences because of:-

	1990 £'000s	1989 £'000s
Excess of tax allowances over depreciation	310	335
Short term differences	(37)	(46)
	<u>273</u>	<u>289</u>

11. CALLED UP SHARE CAPITAL

Authorised, allotted, called up and fully paid
50,000 ordinary shares at £1 each

1990 £'000s	1989 £'000s
<u>50</u>	<u>50</u>

12. PROFIT & LOSS ACCOUNT

Retained profit at 1st October 1989
Retained Profit for the year
Retained Profit at 30th September, 1990

1990 £'000s	1989 £'000s
<u>19,007</u>	<u>12,520</u>
<u>1,658</u>	<u>6,487</u>
<u>20,665</u>	<u>19,007</u>

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. STATEMENT OF FUNDS

	1990 £'000s	1989 £'000s
(a) (Increase)/Decrease in working capital		
stocks	(493)	(1,351)
Debtors	(15,566)	(1,370)
Creditors	5,865	1,688
	<u>(10,194)</u>	<u>(1,033)</u>
	*****	*****
(b) Increase/(Decrease) in net liquid funds		
Amount due to/from holding company	(15,419)	5,655
Balance at bank	6,856	(614)
	<u>(8,563)</u>	<u>5,041</u>
	*****	*****

14. PENSION OBLIGATIONS

The latest actuarial valuation of the Imperial Retirement Benefits Scheme was made on the 5th April, 1987. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the future investment return would be 9½% per annum, that dividends and rents from existing equity and property holdings would increase at 5% per annum, that pay increases would average 7½% per annum and pension increases would be at least equal to those specified in the rules of the Scheme.

At the date of the latest actuarial valuation of the Scheme the total assets were sufficient to cover the benefits that had accrued to members, after allowing for expected future increases in earnings.

15. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Hanson PLC, a company incorporated in Great Britain.