

351663

SEVEN SEAS LIMITED

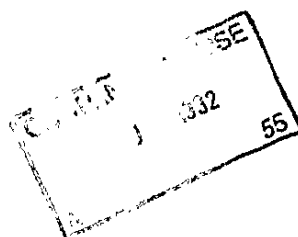
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
30TH SEPTEMBER 1991

SEVEN SEAS LIMITED
(Registered No. 351663)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 1991

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SEVEN SEAS LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 30TH SEPTEMBER, 1991

The Directors present their report and financial statements for the year ended 30th September, 1991.

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. To support this activity significant investment is being made in the manufacturing and warehousing facilities of the company.

2. RESULTS AND DIVIDEND

The turnover and profits of the company are set out on page 8. A dividend for the year of £6,000,000 has been paid (1990 - £5,000,000). The retained profit for the year of £488,000 (1990 - £1,658,000) 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:-

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

Mr. I. Stewart resigned as a director on the 31st July, 1991.

Mr. L.E.T. Ashford and Mr. C.J. Thomas were appointed directors on the 14th November, 1990 and the 1st August, 1991 respectively.

No director had any interests in the shares or debentures of the company or any other subsidiary undertakings of Hanson PLC as at 1st October, 1990 and 30th September, 1991.

DIRECTORS' REPORT (continued)

The disclosable interests of the directors in the share capital of the ultimate parent undertaking, 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			
	30th September 1991	1st October 1990	As at 30th September 1991	As at 1st October 1990	Granted (Exercised) during the year to 30th September 1991	
C.J. Thomas	1,294	-	24,000	24,000	-	-
L.E.T. Ashford	14,000	14,000	149,000	149,000	-	-
C.O. Dixon	10,000	10,000	123,000	78,000	45,000	-
A.G. Clements	2,000	-	53,000	42,000	26,000	(15,000)
R. Grant	2,350	-	40,000	34,000	21,000	(15,000)
D.S. Sutton	680	-	41,000	30,000	21,000	(10,000)
K.T. Winkle	3,417	-	38,000	29,000	19,000	(10,000)

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.

Mr. P.J. Harper is also a director of Hanson PLC and his interests, if any, in the share capital of Hanson PLC are dealt with in the accounts of that company.

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

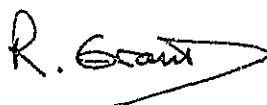
The Company continues to operate well established employee consultation arrangements. We remain firmly convinced that progress is most readily achieved by basing employees' involvement on their participation at the workplace - in the office, depot or factory. Management input to existing arrangements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

DIRECTORS' REPORT (continued)

5. AUDITORS

The auditors of the company, Ernst & Young, have signified their willingness to continue in office and a resolution to re-appoint them will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



R. Grant
Secretary

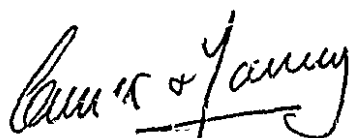
3rd December, 1991.

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 15 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, 1991 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young

Chartered Accountants
Registered Auditor
Hull

3rd December, 1991.

SEVEN SEAS LIMITED

STATEMENT OF ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards except that Statement of Standard Accounting Practice No. 10 has not been complied with as the ultimate parent company has adopted Financial Reporting Standard No. 1 and has included a cash flow statement in its accounts.

CONSOLIDATED ACCOUNTS

As the Company is a wholly owned undertaking 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.

It is the opinion of the directors that the company operates in one class of business.

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.

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 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, 1991

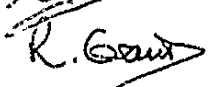
	Note	1991 £'000s	1990 £'000s
TURNOVER	1	39,669	38,203
Operating Costs	2	(33,155)	(31,594)
OPERATING PROFIT		6,514	6,609
Interest Receivable		14	13
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,528	6,622
Taxation	4	40	(36)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		6,488	6,658
Dividend Paid		(6,000)	(5,000)
RETAINED PROFIT FOR THE YEAR		488	1,658
Retained Profit at 1st October, 1990		20,665	19,007
RETAINED PROFIT AT 30TH SEPTEMBER 1991		21,153	20,665

SEVEN SEAS LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER, 1991

	Note	1991 £'000s	1990 £'000s
FIXED ASSETS			
Tangible Assets	5	3,771	2,217
Investments	6	1,653	1,653
		<u>5,424</u>	<u>3,870</u>
CURRENT ASSETS			
Stocks	7	7,927	8,253
Debtors	8	23,932	22,392
Cash at bank and in hand		6,552	8,062
		<u>38,411</u>	<u>38,707</u>
CURRENT LIABILITIES			
Creditors due within one year	9	11,242	16,483
Amount due to immediate parent undertaking		11,000	5,000
		<u>22,242</u>	<u>21,483</u>
NET CURRENT ASSETS		<u>16,169</u>	<u>17,224</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		21,593	21,094
PROVISIONS FOR LIABILITIES AND CHARGES	10	390	379
		<u>21,203</u>	<u>20,715</u>
CAPITAL AND RESERVES			
Called up Share Capital	11	50	50
Profit and Loss Account		21,153	20,665
		<u>21,203</u>	<u>20,715</u>

The financial statements on pages 6 to 15 were approved by the Board of Directors on 3rd December, 1991 and signed on its behalf by:

) Director
) Director

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER

Analysis of turnover by geographical market is not disclosed in these accounts as the directors consider that disclosure would be prejudicial to the business.

2. OPERATING COSTS

	1991 £'000s	1990 £'000s
Change in finished goods and work in progress	435	(39)
Raw materials consumed	13,777	13,552
Staff costs	4,249	3,990
Depreciation	420	440
Auditors' fees and expenses	22	22
Hire of plant and vehicles	80	73
Profit on sale of tangible fixed assets	(18)	(4)
Other operating charges	14,190	13,560
	<u>33,155</u>	<u>31,594</u>
	=====	=====

3. DIRECTORS AND EMPLOYEES

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

	1991	1990
Production	211	204
Sales and Marketing	66	63
Distribution	7	4
Administration	48	43
	<u>332</u>	<u>314</u>
	=====	=====

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. DIRECTORS AND EMPLOYEES (continued)

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

	1991 £'000s	1990 £'000s
Wages and salaries	3,876	3,712
Social security costs	370	270
Other pension costs	3	7
	<u>4,249</u>	<u>3,989</u>

(c)

	1991 £'000s	1990 £'000s
Directors emoluments included in the above employment costs amounted to:-	<u>242</u>	<u>305</u>
Chairman	<u>-</u>	<u>-</u>
Highest Paid Director	<u>67</u>	<u>85</u>

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

	Number	Number
£ 0 - £ 5,000	4	5
£35,001 - £40,000	1	-
£40,001 - £45,000	2	-
£45,001 - £50,000	-	-
£50,001 - £55,000	1	3
£60,001 - £65,000	-	1
£65,001 - £70,000	1	-
£80,001 - £85,000	-	1

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1991	1990
	£'000s	£'000s
In respect of the year:		
United Kingdom Corporation Tax at 33.5% (1990 : 35%)	2,156	2,333
<u>Less</u> Group relief	(2,156)	(2,333)
	-	-
Adjustment in respect of prior years	6	(20)
Deferred Tax (see Note 10)	34	(16)
	40	(36)
	=====	=====

The tax charge has been reduced by group relief for which no payment is to be made.

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 1990	157	493	4,285	1,175	6,110
Additions	-	1,301	474	228	2,003
Disposals	-	-	-	(162)	(162)
At 30 September 1991	157	1,794	4,759	1,241	7,951
Depreciation					
At 30 September 1990	18	142	3,156	577	3,893
Charge for year	3	8	205	204	420
Disposals	-	-	-	(133)	(133)
At 30 September 1991	21	150	3,361	648	4,180
NET BOOK VALUE					
AT 30 September 1991	136	1,644	1,398	593	3,771
At 30 September 1990	139	351	1,129	598	2,217

Included in the cost of Freehold Land & Buildings is £322,000 of land which is not depreciated (1990 : £121,000)

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS

	1991 £'000s	1990 £'000s
Shares in subsidiary undertakings:		
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 Cod 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 subsidiary undertakings did not trade during the year. All are companies registered in England and Wales except Seven Seas (Ireland) Limited which is incorporated in Eire.

In the opinion of the directors the value of these investments is not less than that shown in these accounts.

7. STOCKS

	1991 £'000s	1990 £'000s
Raw materials	2,679	2,570
Work in progress	2,529	2,322
Finished goods	2,719	3,361
	<u>7,927</u>	<u>8,253</u>
	=====	=====

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

8. DEBTORS: DUE WITHIN ONE YEAR

	1991 £'000s	1990 £'000s
Trade debtors	7,772	6,773
Amounts owed by fellow subsidiary undertakings	15,758	15,201
Other debtors	323	119
Value added tax	4	218
Prepayments and accrued income	75	81
	<u>23,932</u>	<u>22,392</u>
	=====	=====

SEVEN SEAS LIMITEDNOTES TO THE FINANCIAL STATEMENTS (continued)

9. CREDITORS: DUE WITHIN ONE YEAR

	1991 £'000s	1990 £'000s
Trade creditors	7,721	7,234
Amounts owed to fellow subsidiary undertakings	2,310	7,806
Other taxation and social security	463	291
Accruals and deferred income	587	1,152
Other	161	-
	<u>11,242</u>	<u>16,483</u>
	=====	=====

10. PROVISIONS FOR LIABILITIES AND CHARGES

	1991 £'000s	1990 £'000s
Rationalisation of business	83	106
Deferred Taxation	307	273
	<u>390</u>	<u>379</u>
	=====	=====

The movements in provisions during the year are detailed below:

	Rationalisation £'000s	Deferred Tax £'000s
Provision as at 1st October, 1990	106	273
Expensed in year	(23)	-
Increase in Provision (see Note 4)	-	34
Provision as at 30th September, 1991	<u>83</u>	<u>307</u>
	=====	=====

Deferred Taxation is provided for in full at 33.5% (1990: 35%) and is in respect of timing differences arising from:-

	1991 £'000s	1990 £'000s
Excess of tax allowances over depreciation	336	310
Short term differences	(29)	(37)
	<u>307</u>	<u>273</u>
	=====	=====

11. CALLED UP SHARE CAPITAL

	1991 £'000s	1990 £'000s
Authorised, allotted, called up and fully paid		
50,000 ordinary shares at £1 each	50	50
	=====	=====

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. CAPITAL COMMITMENTS

	1991 £'000s	1990 £'000s
Expenditure contracted for	745	76
Expenditure authorised and not contracted for	1,189	5

13. 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.

14. ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of Hanson PLC, a company registered in England and Wales. The results of Seven Seas Limited are incorporated in the group accounts published by Hanson PLC. The accounts of Hanson PLC are available from 1 Grosvenor Place, London, SW1X 7JH.