

**Company registration number: 29311**

**DIRECTORS' REPORT AND ACCOUNTS FOR  
THE YEAR ENDED 31 DECEMBER 1999 FOR  
WILKINSON SWORD LIMITED**



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# **WILKINSON SWORD LIMITED**

## **REPORT OF THE DIRECTORS**

Directors: W J Cosgrove (resigned 31 July 2000)  
S A Mellino  
M J Cummings  
T V Howe (appointed 7 February 2000 and resigned 4 August 2000)  
T Audley (appointed 1 August 2000)  
K Fletcher (appointed 11 October 2000)

Secretary: S J Wallcraft

The Directors have pleasure in submitting the Annual Report and Accounts of the Company for the year ended 31 December 1999.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the Company continued during 1999 to be the manufacture and distribution of razors, razor blades and swords and the distribution of toiletries and manicure products.

The business comprising the manufacture of shavings products, including intellectual property rights, supply rights and goodwill related thereto, together with certain items of plant and machinery, was sold to a fellow subsidiary undertaking in December 1999. The Company will now only market, distribute and sell shavings products in the UK (see notes 8 and 17).

### **SUBSEQUENT EVENT**

On 19 June 2000 Warner-Lambert Company merged with Pfizer Inc. and consequently from that date the ultimate parent undertaking of Wilkinson Sword Limited is Pfizer Inc.

### **RESULTS AND DIVIDENDS**

The profit after taxation for the year to 31 December 1999 was £9,615,000 (1998 – loss of £6,154,000) all of which has been transferred to/(from) reserves.

No dividends were paid or proposed during the year (1998: £Nil).

### **DIRECTORS**

The directors of the Company during the year ended 31 December 1999 were as listed above.

### **DIRECTORS' INTERESTS**

None of the Directors or their families had any beneficial interest in the shares of the Company or its immediate parent undertaking or its fellow subsidiary undertakings either at the beginning or end of the financial year.

## **WILKINSON SWORD LIMITED**

### **REPORT OF THE DIRECTORS (continued)**

#### **EMPLOYMENT POLICY AND EMPLOYEE INVOLVEMENT**

It is the policy of the company to recruit and employ persons for all jobs without regard to race, creed, colour, sex, national origin, age or physical handicap. Decisions on employment are based solely on the individual's qualifications for the position being filled. The same policy is adopted when considering career development and promotion, while in the field of training, a distinction would only be made in order to meet the particular requirements of any disabled persons. If an employee becomes disabled whilst in employment, all due consideration would be given to continued employment whether in the same, or in an alternative capacity, and training would be given where necessary.

The Company recognises the benefits of keeping its employees informed of the progress of the business and information regarding financial and economic factors affecting the performance of the Company is provided.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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 the year. In preparing these statements the directors are required to select suitable accounting policies and 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 or explained in the financial statements; prepare the 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **CHARITABLE AND POLITICAL DONATIONS**

The Company donated £858 (1998 - £6,000) for charitable purposes during the year and made no political donations.

#### **YEAR 2000**

The Directors were aware of the Year 2000 issue and took all necessary steps to address it by ensuring that internal systems were reviewed and sought assurances from significant suppliers that they were formulating appropriate strategies to deal with the problem.

The Board assessed the likely impact on activities of the Company and considered the action required to address the issue.

The work undertaken during 1998 and 1999 was such that no major problems were experienced as a result of the Year 2000 issue or the next significant date of 29 February 2000.

This work will be ongoing during 2000 to ensure that any problems relating to other significant dates are properly resolved.

The costs associated with implementing Year 2000 compliance and any subsequent significant dates have all been incurred by Parke Davis & Co Limited, a fellow subsidiary undertaking. Details of the expenditure incurred are disclosed in the Directors' Report of that Company.

**WILKINSON SWORD LIMITED**

**REPORT OF THE DIRECTORS (continued)**

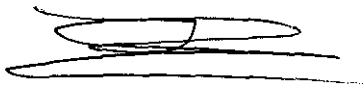
**THE EURO**

As part of the implementation of SAP systems in 1998, the Company considered the impact of the introduction of the Single Currency in 1999 in certain European countries. The Company is upgrading its systems and activities to prepare for the potential introduction of the Single Currency in the United Kingdom. No significant incremental costs have been or are expected to be incurred, as a result.

**ANNUAL GENERAL MEETING**

In accordance with the provisions of s379A of the Companies Act 1985, the Company has elected to dispense with the laying of reports and financial statements before the member in general meeting, the annual appointment of auditors and the holding of general meetings.

By order of the Board



**T AUDLEY**  
Director

31 OCTOBER 2000

**Auditors' report to the members of Wilkinson Sword Limited**

We have audited the financial statements on pages 5 to 19 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 8 and 9.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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.

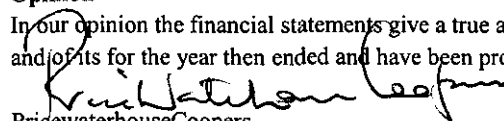
**Fundamental uncertainty**

In forming our opinion, we have considered the adequacy of the disclosures made in the accounts surrounding the review of the stock option recharge and the impact the outcome could have on the financial statements. As stated in note 23 of the accounts, the parent company has 106,068 share options outstanding as at 31 December 1999 (1998: 96,009). On exercise of these share options the parent company has historically recharged the difference between the exercise price and the share price on the date of exercise to the company. We have been informed that following the merger of Warner Lambert with Pfizer the practice of this historical recharge is being reviewed and may be changed.

The accounts do not include any adjustments that would result if the policy remained unchanged. Details of the circumstances relating to this fundamental uncertainty are described in note 23. Our opinion is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of its performance for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Southampton

31 October 2000 Date

**WILKINSON SWORD LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999**

	Note	1999 £'000	1998 £'000
Turnover	4	48,408	64,642
Cost of Sales		(25,525)	(39,433)
Gross profit		<u>22,883</u>	<u>25,209</u>
Distribution costs		(13,238)	(15,102)
Administrative expenses		(5,220)	(4,584)
Operating profit	5	<u>4,425</u>	<u>5,523</u>
Exceptional restructuring costs	8/17	-	(10,009)
Costs of restructuring	8/17	(8,459)	-
Less: release of provision made in 1998	8/17	8,545	-
Profit on sale of operation	25	3,090	-
Profit less losses on disposal of fixed assets	12	2,002	-
Profit/(loss) before interest		<u>9,603</u>	<u>(4,486)</u>
Interest receivable	9	566	229
Profit/(loss) on ordinary activities before taxation	5	<u>10,169</u>	<u>(4,257)</u>
Taxation on profit/(loss) on ordinary activities	10	(554)	(1,897)
Profit/(loss) for the financial year transferred to/(from) reserves	3/19	<u>9,615</u>	<u>(6,154)</u>

The Company had no recognised gains or losses other than those disclosed in the profit and loss account.

Turnover and operating profit are derived from continuing operations.

# WILKINSON SWORD LIMITED

## NOTE OF HISTORICAL COST PROFITS AND LOSSES

	1999	1998
	£'000	£'000
Reported profit/(loss) on ordinary activities before taxation	10,169	(4,257)
Difference between the historical cost depreciation charge and the actual charge for the year calculated on the revalued amount	1,099	868
Historical cost profit/(loss) on ordinary activities before taxation	<u>11,268</u>	<u>(3,389)</u>
Historical cost profit/(loss) for the year retained after taxation and dividends	<u>10,714</u>	<u>(5,286)</u>

**WILKINSON SWORD LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 1999**

	Note	1999		1998	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	11		-		12,304
Tangible assets	12		378		7,586
Investments	13		29		29
			<u>407</u>		<u>19,919</u>
<b>CURRENT ASSETS</b>					
Stocks	14	2,937		5,407	
Debtors	15	12,367		14,504	
Cash at Bank and in hand		22,162		4,968	
		<u>37,466</u>		<u>24,879</u>	
CREDITORS (amounts falling due within one year)	16	(5,298)		(13,036)	
NET CURRENT ASSETS			32,168		11,843
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>32,575</u>		<u>31,762</u>
PROVISION FOR LIABILITIES AND CHARGES	17		(1,486)		(10,288)
			<u>31,089</u>		<u>21,474</u>
<b>CAPITAL AND RESERVES</b>					
Called up equity share capital	18		5,246		5,246
Share premium account	19		360		360
Revaluation reserve	19		-		12,610
Profit and Loss account	19		25,483		3,258
SHAREHOLDERS' FUNDS	3		<u>31,089</u>		<u>21,474</u>

  
**T AUDLEY**  
 Director

Approved by the board on 31 OCTOBER 2000



# WILKINSON SWORD LIMITED

## NOTES TO THE ACCOUNTS – 31 DECEMBER 1999

### 1. ULTIMATE PARENT COMPANY

Warner-Lambert Company is the largest company for which group financial statements are prepared. It is incorporated in the United States of America. Copies of the financial statements can be obtained from 201 Tabor Road, Morris Plains, New Jersey, 07950, USA. The immediate parent undertaking is Warner Lambert (UK) Limited, the smallest company for which group financial statements are prepared. It is incorporated in Great Britain. Copies of the financial statements can be obtained from Lambert Court, Chestnut Avenue, Eastleigh, Hampshire, SO53 3ZQ.

On 19 June 2000 Warner-Lambert Company merged with Pfizer Inc. and consequently from that date the ultimate parent and controlling undertaking of Wilkinson Sword Limited is Pfizer Inc. Copies of the financial statements can be obtained from 235 East 42<sup>nd</sup> Street, New York.

### 2. ACCOUNTING POLICIES

#### a) Basis of accounting

The accounts have been prepared under historical cost convention as modified to include the revaluation of certain assets and in accordance with applicable accounting standards. In accordance with Financial Reporting Standard No. 1 (Revised) no cashflow has been prepared. Warner-Lambert Company the largest company for which group financial accounts are prepared, prepares a cash flow.

#### b) Turnover

Turnover comprises amounts invoiced to customers and fellow subsidiary understandings less returns, excluding value added tax and after deductions for trade discounts.

#### c) Foreign currencies

Assets and liabilities denominated in foreign currencies are converted into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising in the course of trading are converted at the rate of exchange ruling at that date and are included in the operating results.

#### d) Intangible assets

Consequent upon the acquisition on 22 March 1993 of Wilkinson Sword Limited by Warner Lambert (UK) Limited, a wholly owned subsidiary of Warner-Lambert Company, a US corporation, a valuation of £17.3 million (Note 11) was placed on the trademarks and patents. With the introduction of Financial Reporting Standard Number 10 (FRS 10) 'Goodwill and Intangible Assets', the Company has accelerated the amortisation period from 40 years to 20 years for patents and trademarks, which is in keeping with the requirements of FRS 10.

The intangible assets were disposed of to a fellow subsidiary undertaking at the start of December 1999.

#### e) Depreciation

Depreciation is provided on a straight line basis on all tangible assets except freehold land. The charge in the profit and loss account is calculated to write off the cost or valuation of tangible assets over the expected useful economic lives of the assets.

The lives assumed for the principal categories are:

Freehold Buildings	20-50 Years
Leasehold Buildings	Life of Lease
Plant and Machinery	3-20 Years

# WILKINSON SWORD LIMITED

## NOTES TO THE ACCOUNTS – 31 DECEMBER 1999 (Continued)

### 2. ACCOUNTING POLICIES (continued)

#### f) Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### g) Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis and, in respect of work in progress and finished stocks, includes an appropriate proportion of overhead costs.

#### h) Research and development

Research and development expenditure is written off in the year in which it is incurred.

#### i) Pension costs

The expected cost of pensions in respect of the Company's defined benefit pension scheme is charged to the profit and loss account so as to spread the cost of pensions over the expected remaining service lives of current employees in the scheme. The pension cost is assessed in accordance with the advice of qualified actuaries.

#### j) Investments

Investments are valued at cost. The directors do not consider there to be a permanent diminution in the value of the investments at 31 December 1999.

#### k) Government Grants

Assets acquired with the provision of Government Grant are recorded at their full cost and depreciated over their economic lives. The grant that financed the acquisition is recorded as a liability and taken to profit over the same period, and on the same basis, as the cost of the asset is depreciated.

### 3. MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
	£'000	£'000
Profit/(loss) for the financial year transferred to reserves	9,615	(6,154)
Opening shareholders' funds	21,474	27,628
Closing shareholder's funds	31,089	21,474

**WILKINSON SWORD LIMITED****NOTES TO THE ACCOUNTS– 31 DECEMBER 1999 (Continued)****4. TURNOVER**

	1999	1998
	£'000	£'000
Geographical markets:		
United Kingdom	30,919	33,687
Rest of Europe	15,579	27,370
United States of America	462	1,275
Other	1,448	2,310
	<hr/> 48,408	<hr/> 64,642

In the opinion of the directors the company has only one class of business.

**5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

This is stated after charging:

	1999	1998
	£'000	£'000
Amortisation of intangible assets (see note 2(d))	793	866
Depreciation of tangible assets	1,793	2,397
Accelerated depreciation on buildings relating to the closure of the factory at Cramlington	650	-
Auditors' remuneration:		
Audit fees	39	42
Hire of plant and machinery	160	184
Operating Leases		
Land and buildings	554	484
Other	225	316
Research & Development Costs	204	183
	<hr/>	<hr/>
and after crediting:		
Government Grants	-	179
Pension	364	86
	<hr/>	<hr/>

# WILKINSON SWORD LIMITED

## NOTES TO THE ACCOUNTS – 31 DECEMBER 1999 (Continued)

### 6. STAFF COSTS

	1999	1998
	£'000	£'000
Wages and salaries	6,634	8,681
Social security costs	532	672
Other pension costs	1,587	370
	<hr/>	<hr/>
	8,753	9,723

The average number of employees during the year was:-

	1999	1998
Manufacturing	159	277
Admin	90	156
R & D	1	2
	<hr/>	<hr/>
	250	435

### 7. DIRECTORS' REMUNERATION

	1999	1998
	£'000	£'000
Aggregate emoluments (excluding pension contributions)	149	142
Payments under long term incentive schemes	-	-
Number of directors to whom retirement benefits accrue under a defined benefit scheme	1	1
Highest paid director:	£	£
Aggregate emoluments (excluding pension contributions)	149,565	141,652
Amount of accrued pension at the end of the year	22,147	9,247

### 8. EXCEPTIONAL RESTRUCTURING PROVISION

The exceptional reorganisation provision shown in 1998 in the profit and loss account represents the anticipated closure costs of the production facility at Cramlington. During 1999 £8,459,000 of this provision was utilised and following the sale of the production facility to a third party, the provision was reviewed and accordingly £86,000 of the provision has now been released, representing closure costs originally provided that are not now expected to be incurred. Credit is being taken for tax allowances on this charge as the spend is incurred (see note 17).

**WILKINSON SWORD LIMITED****NOTES TO THE ACCOUNTS – 31 DECEMBER 1999 (Continued)****9. INTEREST RECEIVABLE**

	1999	1998
	£'000	£'000
Bank interest	566	229

**10. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

	1999	1998
	£'000	£'000
The charge for taxation based on the profit/(loss) for the year comprises:		
UK Corporation tax at 30.25 % (1998: 31%)	554	1,800
Prior year adjustment	-	97
	<u>554</u>	<u>1,897</u>

**11. INTANGIBLE FIXED ASSETS**

	1999	1998
	£'000	£'000
Valuation:	17,300	17,300
Disposal of trademark	(17,300)	-
Total	<u>-</u>	<u>17,300</u>
Amortisation:		
As at 1 January	4,996	4,130
Charge for the year	793	866
Disposal of trademark	(5,789)	-
Total	<u>-</u>	<u>4,996</u>
Net book amount at 31 December	<u>-</u>	<u>12,304</u>

As referred to in note 2(d), Wilkinson Sword Limited was purchased by Warner Lambert (UK) Limited on 22 March 1993 and on that date a valuation of £17.3 million was placed on the trademarks and patents.

The business comprising the manufacture of shaving products including the trademarks and patents has been sold to another fellow subsidiary undertaking in December 1999.

**WILKINSON SWORD LIMITED**

**NOTES TO THE ACCOUNTS – 31 DECEMBER 1999 (Continued)**

**12. TANGIBLE FIXED ASSETS**

	<b>Land and Buildings</b>	<b>Plant and Machinery</b>	<b>Payments on account and assets in the course of construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
a) Cost or valuation:				
As at 1 January 1999	1,300	16,086	1,592	18,978
Additions	15	259	-	274
Transfer (to)/from Group undertakings	-	(10,057)	-	(10,057)
Transfer assets now completed	-	1,592	(1,592)	-
Disposals	(1,164)	(4,675)	-	(5,839)
As at 31 December 1999	151	3,205	-	3,356
Depreciation:				
As at 1 January 1999	415	10,977	-	11,392
Charge for the year	653	1,790	-	2,443
Relating to transfers	-	(6,381)	-	(6,381)
Relating to disposals	(964)	(3,512)	-	(4,476)
As at 31 December 1999	104	2,874	-	2,978
Net book amount:				
At 31 December 1999	47	331	-	378
At 31 December 1998	885	5,109	1,592	7,586
b) Analysis of cost or valuation at 31 December 1999:				
Cost	151	3,205	-	3,356
Valuation	-	-	-	-
	151	3,205	-	3,356

The land and buildings were revalued on an existing use basis by Vail Williams, Chartered Surveyors, on 22 March 1993.

**WILKINSON SWORD LIMITED**

**NOTES TO THE ACCOUNTS – 31 DECEMBER 1999 (Continued)**

**12. TANGIBLE FIXED ASSETS (continued)**

	<b>Land and Buildings</b>	<b>Plant and Machinery</b>	<b>Payments on account and assets in the course of construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
c) If the assets had not been revalued the balances at 31 December 1999 would have been:				
Cost	151	3,205	-	3,356
Accumulated depreciation	104	2,874	-	2,978

Land and buildings at net book amount  
Comprises:

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Freehold	-	851
Short leasehold	47	34
	<u>47</u>	<u>885</u>

During the year the Company disposed of the Cramlington land and buildings and plant and machinery for a profit of £2,002,000.

**13. INVESTMENTS**

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Cost at 1 January 1999 and 31 December 1999	<u>29</u>	<u>29</u>

The Company's investment represents a 1.03% shareholding in Wilkinson Sword SPA Italy, a company incorporated in Italy. The principal activity of that company is the distribution and marketing of shaving products.

The Company also holds 100% of the ordinary share capital of Wilkinson Sword (1999) Limited, a company which was incorporated in England and Wales on 8 December 1999. Its principal activity is to hold certain intellectual property relating to the UK Group.

**WILKINSON SWORD LIMITED****NOTES TO THE ACCOUNTS – 31 DECEMBER 1999 (Continued)****14. STOCKS**

	1999	1998
	£'000	£'000
Raw materials and consumables	295	593
Work in progress	207	2,408
Finished goods and goods for resale	2,435	2,406
	<hr/> 2,937	<hr/> 5,407

**15. DEBTORS**

	1999	1998
	£'000	£'000
Trade debtors	5,733	8,059
Amounts owed by parent undertaking and fellow group Undertakings	3,886	5,181
Prepayments and accrued income	1,001	1,196
Other debtors	1,747	68
	<hr/> 12,367	<hr/> 14,504

**16. CREDITORS: Amounts falling due within one year**

	1999	1998
	£'000	£'000
Trade creditors	420	1,577
Corporation tax	701	1,897
Other taxation and social security	-	2
Amounts owed by parent undertaking and fellow group Undertakings	45	3,573
Accruals & deferred income	1,051	5,969
Other creditors	3,081	18
	<hr/> 5,298	<hr/> 13,036



**WILKINSON SWORD LIMITED****NOTES TO THE ACCOUNTS – 31 DECEMBER 1999 (Continued)****17. PROVISION FOR LIABILITIES AND CHARGES**

	<b>Pension costs</b>	<b>Restructuring Costs</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 31 December 1998	257	10,031	10,288
Charged/(credited) to the Profit & Loss account	1,587	(86)	(450)
Credited to the Profit & Loss account	(1,951)	-	(1,951)
Amount utilised: Existing	(325)	(8,459)	(8,784)
Amount transferred to Other debtors	432	-	432
Balance at 31 December 1999	-	1,486	1,486

The restructuring provision of £87,000 included in the opening balance relates to business process re-engineering. This re-engineering involved the relocation of certain processes and was started in 1997. This provision was fully utilised during 1999.

The reorganisation provision of £9,944,000 included in the opening balance relates to a reorganisation of the manufacturing and production site at Cramlington. The restructuring of the manufacturing and production of shaving products involves the closure of the site at Cramlington. Agreement was reached prior to December 1998 with the local union representatives that specified the number of staff involved and quantified the amounts payable to those made redundant. Customers and suppliers were also informed before 31 December 1998. The associated impairment charge for the write-down of fixed assets at Cramlington are recognised in the financial statements for the year ended 31 December 1998. During 1999 restructuring costs were incurred with the closure of the Cramlington site and the provision is expected to be fully utilised during 2000.

We confirm that the reorganisation provision at the 31 December 1999 is based on a detailed assessment of the costs still to be incurred in relation to redundancy and other costs, and we believe the provision to be sufficient and appropriate

**Deferred taxation:**

The full net potential deferred tax asset, none of which has been recognised in these financial statements, is set out below:

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	107	423
Other timing differences	(380)	(490)
Reorganisation costs	(446)	(3,009)
	<u>(719)</u>	<u>(3,076)</u>

**WILKINSON SWORD LIMITED**

**NOTES TO THE ACCOUNTS – 31 DECEMBER 1999 (Continued)**

**18. CALLED UP EQUITY SHARE CAPITAL**

	Authorised		Allotted issued And fully paid	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
6,350,000 Ordinary shares of 20p each	1,270	1,270	1,270	1,270
19,882,283 Non-voting "A" Ordinary shares of 20p each	3,976	3,976	3,976	3,976
3,767,717 Unclassified shares of 20p each	754	754	-	-
	<u>6,000</u>	<u>6,000</u>	<u>5,246</u>	<u>5,246</u>

The Non-Voting "A" Ordinary shares rank pari passu in all respects with the Ordinary shares except that holders of the former shares are not entitled to vote at general meetings and on any issue of shares (not being Preference shares) by way of capitalisation, are only entitled to receive further Non-Voting "A" Ordinary shares.

The Unclassified shares may be issued by the Company in all or part either as Ordinary shares or as Non-Voting "A" Ordinary shares as it may so determine.

**19. RESERVES**

	Share Premium Account £'000	Revaluation reserve £'000	Profit and Loss Account £'000
Balance at 1 January 1999	360	12,610	3,258
Profit for the year	-	-	9,615
Transfers:			
Excess amortisation of trademarks	-	(793)	793
Excess depreciation of revalued land & buildings	-	(306)	306
Following the disposal of the trademarks	-	(11,511)	11,511
Balance at 31 December 1999	<u>360</u>	<u>-</u>	<u>25,483</u>

## WILKINSON SWORD LIMITED

### NOTES TO THE ACCOUNTS – 31 DECEMBER 1999 (Continued)

#### 20. LEASING COMMITMENTS

Obligations under operating leases committed to be paid during the following year analysed between the years in which the leases expire are as follows:-

	Land & Buildings		Other	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Within one year	-	-	5	14
Between one and five years	-	-	17	253
Over five years	430	473	-	-
	430	473	22	267

#### 21. PENSION COSTS

The company operates a funded defined benefit pension scheme which is open to all qualifying employees with assets held in separate Trustee-administered funds.

The cost of the benefits provided under the Wilkinson Pension Fund ('the Fund') is spread over employees' working lives with the Company and is charged to the profit and loss account. The pension cost relating to the Fund is assessed in accordance with the advice of an independent qualified actuary using the attained age method.

The latest triennial actuarial valuation of the Fund had an effective date of 6 April 1999. The market value of the Fund's assets at that date was £109 million representing 91% of the Funds accrued liabilities after allowing for future expected increases in earnings.

It was assumed that pre retirement investment returns would be 6% pa and post retirement investment returns would be 4.7% pa, salary increases would be 4% pa, price inflation would be 2.7% pa and pension increases would be 5% pa.

The closure of the company's operation in Cramlington has resulted in a one-off reduction to the SSAP 24 charge of £1.9 million. In May 2000 the Company paid a special contribution to the Fund of £2.5 million and agreed a level of Company contributions aimed at restoring the ongoing deficit in the fund over the future working life time of the active members.

A pension prepayment of £432,000 is included in Other debtors at the 31 December 1999.

#### 22. RELATED PARTY TRANSACTIONS

The results of the Company are consolidated in the results of Warner-Lambert Company, whose financial statements are publicly available. Accordingly, the Company is exempt from the requirement to disclose transactions that qualify as related parties within the Group.

## **WILKINSON SWORD LIMITED**

### **NOTES TO THE ACCOUNTS – 31 DECEMBER 1999 (Continued)**

#### **23. STOCK OPTIONS**

At the end of December 1999 there were 106,068 (1998 – 96,009) stock options that had been granted to employees of the Company that under the terms of the stock option agreement were available for immediate exercise. The cost to the Company should all these options be exercised would be £2,654,000 (1998 – 2,602,000).

The parent company is considering its practice on stock option charging on a worldwide basis. The accounting treatment of the contingent liability referred to above, specifically whether it should be accrued, will be kept under review in the light of this and the requirements of FRS 12. In the event that an accrual were made the impact would be to lower the profit of the P&L by £52,000 (1998 – increase of £412,000) and reduce net assets by £2,654,000 (1998 - £2,602,000).

#### **24. SUBSEQUENT EVENTS**

On 16 February 2000 Parke Davis & Co Limited borrowed £25,500,000 from the Company. Interest is due at 6% pa on the outstanding principal amount. This loan is repayable on demand.

On 29 March 2000 the Company received £473,000 in respect of an insurance claim for loss of profits relating to the year ended 31 December 1999. The amount has been included in the 1999 profit and loss account.

#### **25. PROFIT ON SALE OF OPERATION**

The business comprising the manufacture of shavings products, including intellectual property rights, supply rights and goodwill related thereto was sold to a fellow subsidiary undertaking in December 1999 for £1,139,000. In accordance with Financial Reporting Standards No 3 (Reporting financial performance) a SSAP 24 pension adjustment of £1,951,000 has been made in relation to the sale of the operation.