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DURHAM CHEMICAL GROUP LIMITED

FORMERLY

DURHAM CHEMICALS LIMITED

REPORT OF THE DIRECTORS  
AND  
STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDED 31ST DECEMBER 1984



DURHAM CHEMICAL GROUP LIMITED

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DURHAM CHEMICAL GROUP LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the shareholders of Durham Chemical Group Limited will be held at the Registered Office, Birtley, Chester-le-Street, Co. Durham on Thursday, 6th June 1985 at 5.05 p.m. for the following purposes:

1. To receive and adopt the Report of the Directors and Statement of Accounts for the year ended 31st December 1984.
2. To declare a dividend.
3. To elect a Director.
4. To appoint Auditors, and authorise the Directors to fix their remuneration.

By order of the Board

S.J. Langman  
Secretary

7th May, 1985

NOTE: Any member entitled to attend and vote at the above mentioned meeting is entitled to appoint another person as his proxy to attend, and on a poll, vote instead of him, and such proxy need not also be a member.

DURHAM CHEMICAL GROUP LIMITED  
(FORMERLY DURHAM CHEMICALS LIMITED)

REPORT OF THE DIRECTORS

The directors submit their report and the accounts for the year ended 31st December 1984.

REVIEW OF ACTIVITIES AND DEVELOPMENTS

The Company continued the manufacture of its major products, maintaining its position in markets as the general trading position for chemicals improved in 1984. Aluminium chloride sales increased. The Company's development programme concentrated on improvement of products and manufacturing processes, the benefits of which should be reflected in 1985 profitability.

DIVIDEND

The profit for the year after taxation was £940,749 which the directors recommend be paid as a dividend.

DIRECTORS

The directors, who held office throughout the year, were

Mr. J.S. Thompson	(Chairman)	
Mr. R.E. Stedman	(Managing)	
Dr. D.P. Dodgson		
Mr. D.O. Edwards	)	
Mr. M.G. Harvey	)	Resigned 31.12.84
Mr. K.D. Turnbull	)	

Mr. J.S. Thompson died on 28th March 1985 and Mr. S.J. Langman was appointed a director on 25th March 1985. In accordance with the Articles of Association Mr. S.J. Langman retires from office but offers himself for re-election.

None of the directors has notified an interest in the shares of the company or its holding company.

FIXED ASSETS

The movements in fixed assets during the year are set out in the Notes to the Accounts on page 9.

EMPLOYEES

Applications for employment from registered disabled persons are given full and fair consideration bearing in mind the respective aptitude and ability of the applicant. This policy includes, where practicable, the continued employment of those who may become disabled during their employment. Equal training facilities are provided for disabled and other employees.

The company's policy is to involve employees through discussion in matters of concern to them as employees. Business and profit trends were presented to employee representatives at a number of meetings, particularly at the time of local wage and salary negotiations, and through the company journal.

DURHAM CHEMICAL GROUP LIMITED  
REPORT OF THE DIRECTORS (Continued)

POST BALANCE SHEET EVENT

Subsequent to 31st December 1984 the whole of the company's activities in chemical manufacture and distribution were transferred to Durham Chemical Group Limited.

On 10th January, 1985 the Company changed its name to Durham Chemical Group Limited (and on the same day Durham Chemical Group Limited changed its name to Durham Chemicals Limited).

By Order of the Board

S.J. Langman  
Secretary

Registered Office:

Birtley  
Chester-le-Street,  
Co. Durham.

7th May, 1985

DURHAM CHEMICAL GROUP LIMITED  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1984

	Note	1984 <u>£'000</u>	1983 <u>£'000</u>
TURNOVER	2	27,365	22,433
COST OF SALES		22,304	18,284
GROSS PROFIT		<u>5,061</u>	<u>4,149</u>
DISTRIBUTION COSTS		403	293
ADMINISTRATIVE EXPENSES		3,400	3,273
OPERATING PROFIT		1,258	583
OTHER INTEREST RECEIVABLE AND SIMILAR INCOME		-	1
INTEREST PAYABLE AND SIMILAR CHARGES	3	247	182
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>1,011</u>	<u>402</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	70	165
PROFIT FOR THE FINANCIAL YEAR		941	237
DIVIDENDS		941	237
AMOUNT SET ASIDE TO RESERVES		<u>£ NIL</u>	<u>£ NIL</u>

DURHAM CHEMICAL GROUP LIMITED  
BALANCE SHEET AS AT 31ST DECEMBER 1984

	Note	1984	1983
		<u>£'000</u>	<u>£'000</u>
<b>FIXED ASSETS</b>			
Tangible assets	6	3,413	3,163
<b>CURRENT ASSETS</b>			
Stocks	7	5,437	4,505
Debtors	8	5,843	4,946
Trade Investment	9	2	2
Cash at bank and in hand		3	3
		11,285	9,456
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	10	5,851	3,679
<b>NET CURRENT ASSETS</b>		<u>5,434</u>	<u>5,777</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,847	8,940
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	11	744	1,017
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	12	539	528
		<u>1,283</u>	<u>1,545</u>
		<u>£7,564</u>	<u>£7,395</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	85	85
Share premium account		29	29
Profit and loss account	14	17	17
		<u>131</u>	<u>131</u>
<b>AMOUNT DUE TO DURHAM CHEMICALS LIMITED</b>		<u>7,433</u>	<u>7,264</u>
		<u>£7,564</u>	<u>£7,395</u>

Approved by:

R.E. STEDMAN )  
D.P. DODGSON )  
7th May, 1985

*R.E. Stedman*  
*D.P. Dodgson*

DURHAM CHEMICAL GROUP LIMITED

NOTES TO THE ACCOUNTS

**ACCOUNTING POLICIES**

(a) Accounting Convention

The accounts have been prepared under the historical cost convention.

(b) Depreciation

Fixed Assets are written off in equal instalments over their estimated useful lives. No depreciation is provided on freehold land. Estimates of useful lives of the assets are:-

Buildings	25-50 years
Plant and Machinery	10-20 years
Motor Vehicles	4-10 years
Furniture and Equipment	3-20 years

(c) Government Grants

Government Grants receivable in respect of capital expenditure are released to the Profit and Loss Account at the rate at which depreciation is provided on the related assets.

(d) Taxation

Provision is made on a liability basis for all tax deferred by timing differences except that provision is not made where there is a reasonable probability that the tax deferred will continue for the foreseeable future, in accordance with S.S.A.P.15.

(e) Stocks

Stocks are stated at cost or net realisable value whichever is the lower. Cost comprises materials and manufacturing expenses.

(f) Leased Assets

During the year the company changed its policy on leased assets in order to comply with the requirements of S.S.A.P.21.

Comparative figures for 1983 have been restated for fixed assets, debtors, and creditors on a basis consistent with 1984.

**2. TURNOVER**

Turnover is the amount receivable in the year, from the sale of chemical products, for goods supplied to customers exclusive of VAT.

The geographical markets supplied were as follows:-

	1984 £'000	1983 £'000
United Kingdom	21,339	17,922
Asia	1,617	1,744
North America	27	18
Elsewhere (mainly Europe)	4,382	2,749
	<u>27,365</u>	<u>22,433</u>



DURHAM CHEMICAL GROUP LIMITED  
NOTES TO THE ACCOUNTS (Continued)

3. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable is payable solely to group companies.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The following amounts have been charged in arriving at the profit:-

	1984 £'000	1983 £'000
Staff costs	3,415	2,776
Directors' emoluments	131	119
Depreciation	420	559
Hire of plant and machinery	9	7
Remuneration of auditors	10	7
	3,985	3,468

	1984 £'000	1983 £'000
(a) Staff costs		
Wages & Salaries	2,844	2,306
Social Security costs	235	194
Other pension costs	336	276
	3,415	2,776

The average number of employees in the year was 368 (1983 - 371)

	1984 £'000	1983 £'000
(b) Director's Emoluments		
Fees	1	1
Other remuneration	112	103
Pension scheme contributions	18	15
	131	119

	1984 Number	1983 Number
Particulars of Directors' emoluments		
Chairman & NIL (1983 & NIL)	1	1
Highest Paid Director £34,562 (1983, £30,246)	1	1
Other Directors £20,001 - £25,000	1	-
£15,001 - £20,000	3	4

DURHAM CHEMICAL GROUP LIMITED

NOTES TO THE ACCOUNTS (Continued)

(c) Depreciation

The amount of depreciation allocated in respect of assets held under finance leases included in the overall total is:

1984 £'000	1983 £'000
124	125
<u>1984</u> £'000	<u>1983</u> £'000

i. TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation Tax at 46.25% (1983 52.00%) on profit on ordinary activities for the year	160	81
Double Taxation Relief	-	(1)
Deferred Taxation	(83)	110
Adjustment in respect of previous years: Corporation Tax	(7)	(25)
	<u>70</u>	<u>165</u>

The taxation charge for the year has been reduced by £20,000 (1983 increased by £80,000) in respect of accelerated capital allowances and other timing differences and reduced by £50,000 (1983 reduced by £104,000) in respect of stock relief.

	1984 £'000	1983 £'000
The deferred taxation comprises:		
Accelerated capital allowances	-	75
Deferred lease payments	283	293
Other short term timing differences	(6)	(8)
	<u>277</u>	<u>360</u>

The potential amounts of deferred taxation and relief on all timing differences, not provided in these accounts are:-

	1984 £'000	1983 £'000
Accelerated capital allowances	<u>469</u>	<u>180</u>

DURHAM CHEMICAL GROUP LIMITED  
NOTES TO THE ACCOUNTS (Continued)

TANGIBLE ASSETS

	Freehold Buildings £'000	Plant and Machinery £'000	Motor Vehicles £'000	Furniture and Equipment £'000	Total £'000
Cost:					
As originally stated	94	4,365	491	315	5,265
Adjustment in respect of leased assets	-	2,157	-	-	2,157
Revised cost at beginning of the year	94	6,522	491	315	7,422
Additions	-	618	56	4	678
Disposals	-	(181)	(64)	-	(245)
At the end of the year	94	6,959	483	319	7,855
Depreciation:					
As originally stated	49	3,345	413	244	4,051
Adjustment in respect of leased assets	-	208	-	-	208
Revised depreciation at beginning of the year	49	3,553	413	244	4,259
Depreciation for the year	4	355	46	15	420
Disposals	-	(181)	(56)	-	(237)
At the end of the year	53	3,727	403	259	4,442
Net book value at 31st December 1984	41	3,232	80	60	£3,413
Net book value at 31st December 1983	45	2,969	78	71	3,163

The net amount of assets included above, which were held under finance leases at 31st December, 1984 was £1,825,000 (1983 - £1,949,000).

DURHAM CHEMICAL GROUP LIMITED  
NOTES TO THE ACCOUNTS (Continued)

	1984 £'000	1983 £'000
<b>STOCKS</b>		
Raw materials and packages	2,122	2,357
Finished goods and purchases for resale	3,315	2,148
	<u>5,437</u>	<u>4,505</u>
	1984 £'000	1983 £'000
<b>DEBTORS</b>		
Trade debtors	5,073	3,664
Amount owed by group companies	-	356
Amount owed by fellow subsidiaries	133	243
Prepayments and accrued income	637	683
	<u>5,843</u>	<u>4,946</u>
	1984 £'000	1983 £'000
<b>TRADE INVESTMENT</b>		
Unquoted - 8% of the ordinary share capital of Zenit Limited, registered in England	<u>2</u>	<u>2</u>
	1984 £'000	1983 £'000
<b>0. CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR</b>		
Trade Creditors	1,740	1,415
Accruals and deferred income	624	1,068
Amount owed to ultimate holding company	2,088	628
Amount owed to group companies	23	8
Amounts owed to fellow subsidiaries	8	4
Taxation	220	78
Other taxes and social security	207	241
Proposed final dividend to holding company	941	237
	<u>5,851</u>	<u>3,679</u>
	1984 £'000	1983 £'000
<b>11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
Finance Leases payable within 2-5 years	<u>744</u>	<u>1,017</u>

DURHAM CHEMICAL GROUP LIMITED  
NOTES TO THE ACCOUNTS (Continued)

		1984 £'000	1983 £'000
<b>2. PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred Tax	Note 5	277	360
Government Grants		262	168
		539	528
		539	528
	Authorised £'000	1984 Issued and Fully Paid £'000	1983 'Issued and Fully Paid £'000
<b>3. CALLED UP SHARE CAPITAL</b>			
Ordinary shares of 15p each	85	85	85
	85	85	85
	85	85	85
		1984 £'000	1983 £'000
<b>14. PROFIT AND LOSS ACCOUNT</b>			
At the beginning and end of the year		17	17
		17	17
		17	17
		1984 £'000	1983 £'000
<b>15. CAPITAL EXPENDITURE</b>			
Capital expenditure not provided for in these accounts was approximately:-			
Expenditure contracted for		14	75
Expenditure authorised but not contracted for		386	275
<b>16. BANK INDEMNITY</b>			
The Company, together with a fellow subsidiary has provided an indemnity in respect of the bank overdraft of Durham Chemicals Limited.			
<b>17. ULTIMATE HOLDING COMPANY</b>			
The ultimate holding company is Harrisons & Crosfield PLC, incorporated in England.			

DURHAM CHEMICAL GROUP LIMITED  
SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31ST DECEMBER 1984

	1984		1983	
	£'000	£'000	£'000	£'000
<b>SOURCE OF FUNDS</b>				
Profit before taxation		1,011		402
Adjustment for items not involving the movement of funds:-				
Depreciation	420		560	
Release of deferred credits	(39)	381	(35)	525
<b>TOTAL GENERATED FROM OPERATIONS</b>		<u>1,392</u>		<u>927</u>
Funds from other sources:				
Group Relief and Taxation received	356		-	
Disposal of tangible assets	8	364	6	6
		<u>1,756</u>		<u>933</u>
<b>APPLICATION OF FUNDS</b>				
Dividend paid	(237)		(46)	
Taxation paid	(11)		(135)	
Purchase of tangible assets (less grants)	(545)		(377)	
Payments under finance leases	(273)	(1,066)	(220)	(778)
		<u>690</u>		<u>155</u>
<b>MOVEMENT OF WORKING CAPITAL</b>				
Increase in debtors	1,253		782	
Increase in stocks	932		989	
(Increase) in creditors due within one year	(1,326)		(486)	
(Increase) in advances from Durham Chemicals Limited	(169)	<u>690</u>	<u>(1,130)</u>	<u>155</u>

REPORT OF THE AUDITORS  
TO THE MEMBERS OF DURHAM CHEMICAL GROUP LIMITED

We have audited the financial statements on pages 4 to 12 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December, 1984 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

PRICE WATERHOUSE

CHARTERED ACCOUNTANTS

Middlesbrough,  
7th May, 1985