

APPENDIX 1

(referred to in paragraph 1.4)

Views expressed to the Commission

1. Letters were sent by the Commission to women's and consumers' organisations, trade associations, wholesalers and retailers, inviting comments on the price, quality and availability of tampons. Companies and organisations in the trade were also asked whether since 1979 entry into the tampon market of new suppliers and products had increased competition and choice appreciably and whether there had been any significant change in the extent of any competition between tampons and other sanitary protection. Comments were invited from the Confederation of British Industry, the Trades Union Congress and the Department of Trade and Industry. Views and information were also sought from manufacturers of sanitary protection products and from the Association of Sanitary Protection Manufacturers.

2. Seven women's organisations considered tampon prices to be high, three of them associating this with monopoly.

3. Three grocery trade associations, one trade union, one regional health authority, five wholesalers, 14 multiple retailers and four independent chemists expressed the view that there was a continued lack of competition in the supply of tampons. Of these, two grocery trade associations, the trade union, one wholesaler and five multiple retailers stated or implied that tampon prices were high, as did another health authority and another chemist.

4. No individual was approached directly for views. Eleven letters were received from members of the public about the high price of tampons (representations about Value Added Tax apart). One of them was signed by 47 people and, like five of the other letters, associated high prices with monopoly.

5. Nine women's organisations (including six of those referred to in paragraph 2), two trade unions (including the one referred to in paragraph 3) and six members of the public (including four of those referred to in paragraph 4) expressed the view that Value Added Tax should not be levied on sanitary protection products. This issue is outside the Commission's terms of reference.

APPENDIX 2

(referred to in paragraphs 3.15 and 4.12)

**Return on capital employed
Comparison with Bank of England survey**

The Bank of England has published information on the average profitability of a sample of large companies analysed by sectors, based on data compiled by Datastream Ltd from audited accounts.¹ Comparisons were made of the returns on capital employed in the reference businesses of Tambrands and Southalls with the average rates of returns (excluding the profit from associated companies and from investments in liquid and other non-trading assets) of companies in the health and household products category of the survey and with total companies surveyed, excluding those in oil-related industries.

	1979	1980	1981	1982	1983	per cent 1984*
<i>Historical costs</i>						
Tambrands	68	58	55	68	80	68
Southalls	39	50	40	40	35	33
Bank of England survey:						
Health & household products	22	21	24	27	30	30
Total excluding oil-related industries	17	13	14	14	16	18
<i>Current costs†</i>						
Tambrands	27	24	22	31	39	33
Southalls	14	24	20	22	19	19
Bank of England survey:						
Health & household products		12	12	15	17	19
Total excluding oil-related industries		5	6	7	9	11

* The figures for 1984 (which include the results of companies with financial years ending in the first quarter of 1985) are not based on the full sample and must be regarded as provisional.

† The Bank's review of current cost returns did not commence until 1980. The number of companies reporting current cost information is diminishing and this is reducing the reliability of the current cost series.

¹Bank of England Bulletin, September 1985: 'Performance of large companies', Table B.

APPENDIX 3
(referred to in paragraph 3.17)

Tambrands Ltd and subsidiaries: sources and application of group funds

	1979	1980	1981	1982	1983	1984	Total	% of
	£m	£m	£m	£m	£m	£m	£m	Total
<i>Sources</i>								
Profits for the year	5.8	4.3	5.2	6.9	8.2	9.2	39.6	
Add: depreciation and other non-cash items	0.4	0.4	0.7	0.8	1.6	(0.5)	3.4	
Funds generated from operations	6.2	4.7	5.9	7.7	9.8	8.7	43.0	
Other sources	0.1	0.4	0.2	0.4	0.1	0.8	2.0	
Total sources	6.3	5.1	6.1	8.1	9.9	9.5	45.0	100
<i>Application</i>								
Dividends	2.2	1.3	1.4	2.8	3.8	1.9	13.4	30
Taxation	2.2	2.1	1.9	2.3	2.8	2.3	13.6	30
Additions to fixed assets	1.1	2.8	0.9	0.8	1.2	2.4	9.2	20
Loans to group companies	—	—	—	—	—	3.3	3.3	8
Increase/(decrease) in working capital	0.7	(0.9)	(0.9)	3.4	(0.1)	2.0	4.2	9
Total applications	6.2	5.3	3.3	9.3	7.7	11.9	43.7	97
Increase/(decrease) in net liquid funds	0.1	(0.2)	2.8	(1.2)	2.2	(2.4)	1.3	3

Source: Tambrands' audited accounts.

APPENDIX 4

(referred to in paragraph 4.13)

**Southalls (Birmingham) Ltd: reference business
sources and application of funds**

	1979	1980	1981	1982	1983	1984	Total	% of
	£m	£m	£m	£m	£m	£m	£m	Total
<i>Sources</i>								
Profit before tax	1.1	2.0	1.7	2.0	2.1	2.1	11.0	85
Depreciation	0.3	0.2	0.3	0.3	0.4	0.5	2.0	15
Funds generated from operations	1.4	2.2	2.0	2.3	2.5	2.6	13.0	100
<i>Application</i>								
Capital expenditure*	0.6	0.5	0.5	1.2	1.3	0.6	4.7	36
Increase/(decrease) in working capital	0.3	0.5	—	0.2	0.2	0.1	1.3	10
Estimated taxation†	0.4	0.9	0.7	0.6	0.6	1.0	4.2	32
Estimated dividends‡	0.3	0.6	0.5	0.5	0.6	0.6	3.1	24
Total applications	1.6	2.5	1.7	2.5	2.7	2.3	13.3	102
Increase/(decrease) in liquid funds	(0.2)	(0.3)	0.3	(0.2)	(0.2)	0.3	(0.3)	(2)

Source: Southalls.

* Capital expenditure includes items specific to the tampon department together with a proportion of capital expenditure for other departments which provide a service to the tampon department, allocated by sales value.

Capital expenditure	1979	1980	1981	1982	1983	£'000 1984
Direct to tampons	452	346	366	866	975	280
Indirect to tampons	113	159	167	355	363	339
	565	505	533	1,221	1,338	619

† Taxation has been estimated at 52 per cent of profit before tax plus depreciation on capital expenditure.

‡ Dividends have been estimated by taking the same proportion of profit as dividends bore to profits before tax in the Smith & Nephew group accounts. The proportion used for 1984 is the same as in 1983.

APPENDIX 5

(referred to in paragraph 6.1)

Tambrands' list prices from 3 December 1984

	<i>Tampax</i>				<i>Tampax</i>				£ per dozen packets*			
	<i>Slender 10s</i>	<i>Regular 10s</i>	<i>Super 10s</i>	<i>Super Plus 10s</i>	<i>Slender 40s</i>	<i>Regular 40s</i>	<i>Super 40s</i>	<i>Super Plus 40s</i>	<i>Tampets</i>		<i>Super</i>	
									<i>Regular 10s</i>	<i>30s</i>	<i>10s</i>	<i>30s</i>
<i>Trade rates:</i>												
R1	4.11	4.47	4.74	5.14	16.10	16.54	17.50	19.02	4.47	13.01	4.74	13.77
R2	3.88	4.24	4.48	4.88	15.25	15.71	16.63	18.08	4.24	12.35	4.48	13.08
R3	3.83	4.18	4.43	4.80	15.05	15.48	16.37	17.78	4.18	12.17	4.43	12.86
R4	3.80	4.14	4.38	4.76	14.92	15.30	16.19	17.61	4.14	12.03	4.38	12.75
<i>Wholesale rate:</i>	3.80	4.14	4.38	4.76	14.92	15.30	16.19	17.61	4.14	12.03	4.38	12.75

Source: Tambrands.

* To nearest penny, excluding VAT.

Notes:

Trade rates: Minimum order is 3 cases. Rate 1 is for orders of less than 5 cases, Rate 2 for less than 10 cases, Rate 3 for less than 20 cases and Rate 4 for 20 cases or more.

Wholesale rate: Minimum order is 8 cases.

Case sizes: Tampax and Tampets tampons are sold in cases containing, 1,440 tampons.

APPENDIX 7
(referred to in paragraph 6.6)

Kimberly-Clark's tampon list prices from 28 January 1985

	<i>£ per dozen packets*</i>					
	<i>Kotex Fems</i>					
	<i>Regular 10s</i>	<i>Super 10s</i>	<i>Super plus 10s</i>	<i>Regular 20s</i>	<i>Super 20s</i>	<i>Super plus 20s</i>
Basic price	4.72	5.11	5.45	9.12	9.89	10.59
Wholesale price	4.11	4.45	4.75	7.95	8.61	9.22

Source: Kimberly-Clark.

* To nearest penny, excluding VAT.

Notes:

Basic price: For orders of 10 cases or more which may include cases of other Kimberly-Clark products.

Wholesale price: For orders of 200 cases or more which may include cases of other Kimberly-Clark products.

Case sizes: Fems tampons are sold in cases containing 240 tampons in packets of 10s or 480 tampons in packets of 20s.

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