

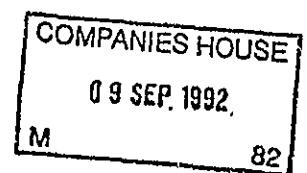
COURTAULDS CHEMICALS (HOLDINGS) LIMITED

REPORT AND ACCOUNTS

1992

COURTAULDS GROUP

COMPANY REGISTERED NO 217201



REPORT OF THE DIRECTORS

The Directors submit their Report and the audited Accounts for the year ended 31 March 1992 of Courtaulds Chemicals (Holdings) Ltd formerly Lor Limited.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year was the processing of chemicals.

RESULTS AND DIVIDEND

The profit and loss account and balance sheet, together with appropriate notes, are set out on pages 7 to 16

It is recommended that a final dividend of £12,058,000 be paid on the Company's preferred "A" ordinary shares, which together with the dividend paid during the year of £9,597,000 gives a total of £21,655,000 in respect of year ended 31 March 1992 (1991 Nil). An amount of £11,244,000 is to be transferred to reserves.

REVIEW OF BUSINESS

The trade and net assets of the Acetate division of Courtaulds plc and of the Fine Chemicals division of Courtaulds Fibres Limited, a fellow subsidiary of Courtaulds plc, were transferred to Courtaulds Chemicals (Holdings) Limited on 1 April 1991 at net book amount.

Although constrained by manufacturing difficulties in the early part of the year, sales of acetate tow for cigarette filter tips, the company's principal product, increased by 12%. Demand for tow continued to rise, particularly in the developing countries, and whilst the adjustment problems resulting from their recent economic liberalisation restricted consumption in the countries of Central and Eastern Europe, the potential demand in this area remained significant. Additional capacity was installed in 1991/92 to facilitate continued expansion as the market grows. As a result of short term influences, margins narrowed compared to the previous year but remained satisfactory.

Acetate flake and moulding powder sales declined slightly but output remained at capacity due to the increased demand for cigarette tow. External sales continued to be concentrated on higher margin speciality flake markets such as photographic film. A major programme of modernisation and expansion of the flake manufacturing process was initiated. When complete, this will lower costs and improve quality.

Turnover of clarifoil film was stable, a reflection of economic conditions, but margins increased.

The Fine Chemicals business had an excellent year with increased turnover and improved margins, the latter due primarily to product development and to increasing concentration on 'performance' products rather than specified products.

# COURTAULDS CHEMICALS (HOLDINGS) LIMITED

## REPORT OF THE DIRECTORS (continued)

### MOVEMENT IN FIXED ASSETS

The movement in fixed assets is shown in note 7 on page 11.

### DIRECTORS

Directors who served during the year were:

Mr J A Bednall	Mr M J Foulsham
Mr P Shanley	Mr D A Stevens
Dr P G White	

### DIRECTORS' INTERESTS

The register kept by the Company in accordance with Section 325 of the Companies Act 1985 shows that the Directors and their immediate families had the following beneficial interests in the share capital of the ultimate parent company, Courtaulds plc:

	Courtaulds plc Ordinary Shares of 25p	
	1 April 1991	31 March 1992
J A Bednall	-	-
M J Foulsham	-	5,500
P Shanley	-	-
D A Stevens	-	-
P G White	36,850	38,000

	Courtaulds plc Executive Share Option Scheme			
	1 April 1991	Granted	Exercised	31 March 1992
J A Bednall	30,000	-	15,000	15,000
M J Foulsham	50,000	-	30,000	20,000
P Shanley	30,000	15,000	-	45,000
D A Stevens	20,000	10,000	-	30,000
P G White	40,000	-	25,000	15,000

	Courtaulds plc SAYE Share Option Scheme			
	1 April 1991	Granted	Exercised	31 March 1992
J A Bednall	3,985	-	-	3,985
M J Foulsham	929	1,068	-	1,997
P Shanley	-	-	-	-
D A Stevens	1,195	1,186	-	2,381
P G White	2,656	-	-	2,656

# COURTAULDS CHEMICALS (HOLDINGS) LIMITED

## REPORT OF THE DIRECTORS (continued)

### Notes:

- a) The interests under the share option schemes show the numbers of ordinary shares of Courtaulds plc over which Directors had options under the Courtaulds Executive Share Option Scheme II and the Courtaulds 1990 Savings Related Share Option Scheme, and options granted or exercised during the year.
- b) Executive Share Option Scheme - shares held under option were granted on 30 June 1987, 19 August 1988, 3 July 1989, 28 June 1990 and 6 June 1991 at prices per share of 472p, 340p, 332p, 339p and 395p respectively and are exercisable, in general, not earlier than three nor later than ten years after the date of grant.
- c) SAYE Share Option Scheme - shares held under option were granted on 25 April 1990 and 2 July 1991 at prices per share of 271p and 316p respectively and are exercisable on completion of five years' saving under a related SAYE contract.

### SECRETARY AND REGISTERED OFFICE

G C W Cunningham, 50 George Street, London W1A 2BB

### AUDITORS

Price Waterhouse, Victoria House, 76 Milton Street, Nottingham. NG1 3QY.

A resolution concerning the re-appointment of Price Waterhouse as the Company's Auditors and the fixing of their remuneration will be submitted at the forthcoming Annual General Meeting.

### EMPLOYMENT OF DISABLED PERSONS

Where individuals become disabled whilst in the Company's employ every reasonable effort is made to provide opportunity for continued employment within the potential aptitude and ability of the person concerned, and to provide such facilities, including any appropriate training, as may be necessary for that purpose.

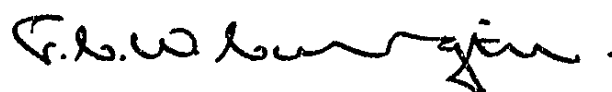
In dealing with applications for employment and the training, career development and promotion of existing employees, efforts are made to ensure that a disabled individual's potential aptitude and ability are considered both without prejudice and as constructively as possible in relation to the opportunities available.

## EMPLOYEE INVOLVEMENT

A system of departmental and works consultative committees exists at all factories.

The Company also provides information regarding the financial and economic factors affecting its performance in the annual report to employees of Courtaulds plc.

By Order of the Board



G C W CUNNINGTON

Secretary

20 May 1992

50 George Street  
London  
W1A 2BB

AUDITORS' REPORT TO THE MEMBERS OF  
COURTAULDS CHEMICALS (HOLDINGS) LIMITED

We have audited the accounts on pages 7 to 16 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company at 31 March 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditor

NOTTINGHAM

20 May 1992

COURTAULDS CHEMICALS (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31 MARCH

	Note	<u>1992</u>	<u>1991</u>
		£'000	£'000
Turnover	1	230,870	-
Cost of Sales		(173,452)	-
GROSS PROFIT		57,418	-
Selling and distribution expenses		(11,572)	-
Administrative expenses		(4,588)	-
Other operating income		531	-
TRADING PROFIT		41,789	-
Exceptional Items	2	(4,471)	-
OPERATING PROFIT		37,318	-
Interest	3	(1,865)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	35,453	-
Taxation	5	(2,554)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		32,899	-
Dividends	6	(21,655)	-
Transfer to reserves	15	11,244	-

BALANCE SHEET AS AT 31 MARCH

		1992		1991	
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
FIXED ASSETS					
Tangible assets	7	82,987		-	
Investments	9	-	82,987	-	
CURRENT ASSETS					
Stocks	10	20,341		-	
Debtors	11	48,608		-	
Deferred Tax	13	185		-	
Cash		<u>286</u>		-	
		69,420		-	
CURRENT LIABILITIES Creditors (amounts falling due within one year)	12	<u>(79,608)</u>		-	
NET CURRENT LIABILITIES			(10,188)		-
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>72,799</u>		-
CAPITAL AND RESERVES					
Called up share capital	14		50,000		11
Revaluation reserve	15		11,463		-
Profit and loss account	15		<u>11,336</u>		<u>(11)</u>
			<u>72,799</u>		-

Approved by the Board on 20 May 1992

  
J A Bednall  
DIRECTOR



## STATEMENT OF ACCOUNTING POLICIES

### Basis of accounting

These accounts have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and in accordance with applicable accounting standards.

Turnover is the total amount of sales invoiced to customers, net of value added tax.

### Foreign currencies

Foreign currency assets and liabilities have been translated into sterling at the market rates at 31 March 1992 subject to forward cover contracts. Exchange differences arising on transactions during the year are dealt with through the profit and loss account.

### Tangible assets and depreciation

Tangible assets are stated at cost after deducting investment grants or at revalued amounts on an open market existing use basis. Depreciation is calculated on a straight line basis so as to write-off the cost or revalued amount of the various assets over the period of their expected useful lives. The rates of depreciation vary generally between 2% and 6% on buildings and 5% and 20% on plant and equipment.

### Stock valuation

Stocks are stated at the lower of cost and net realisable value. Cost includes factory overheads.

### Research and development

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

### Finance leases

Assets acquired under finance leases are recorded in the balance sheet as fixed tangible assets at their equivalent capital value and depreciated over the useful life of the asset. The corresponding liability is recorded as a loan creditor and the interest element of the finance charge is charged to profit and loss account over the lease period.

### Pensions

Contributions to the Courtaulds plc Group pension schemes are assessed by a qualified actuary based on the cost of providing pensions across all participating Courtaulds Group companies. Costs are not determined for each individual company hence contributions are charged to the profit and loss account in the period in respect of which they become payable.

### Deferred taxation

Deferred Taxation is provided only in respect of timing differences between profits as computed for taxation purposes and profits as stated in the accounts to the extent that there is a reasonable probability that such deferred taxation will be payable within the foreseeable future after taking into account the availability of Group Relief.

# NOTES TO THE ACCOUNTS

## 1. Exports

The company has no significant export sales. All export sales are made through a fellow subsidiary.

## 2. Exceptional Items

	1992 £'000	1991 £'000
Reorganisation Costs	(4,471)	-

## 3. Interest

	1992 £'000	1991 £'000
Interest on bank and other borrowings fully repayable within five years	(1,865)	-

## 4. Operating Profit on ordinary activities before taxation

	1992 £'000	1991 £'000
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Profit is stated after charging/(crediting) the following amounts:

Wages and salaries	43,856	-
Social security costs	3,499	-
Operating lease rentals - plant and machinery	343	-
Depreciation on leased assets	897	-
Depreciation on owned assets	8,356	-
Auditors fees and expenses	61	-
Rental income	531	-
Finance charges on leased assets	1	-
Research and development current year expenditure	3,817	-

## 5. Taxation

	1992 £'000	1991 £'000
Corporation Tax at 33%	(11,299)	-
ACT surrendered by Holding Companies	8,560	-
Deferred Tax	185	-
	(2,554)	-

## 6. Dividends

	1992 £'000	1991 £'000
Preferred 'A' Ordinary Share Dividend - paid	9,597	-
- proposed	12,058	-
Total dividend charge	21,655	-

## 7. Tangible Assets

<u>At cost or Valuation</u>	<u>Land &amp; Buildings</u> £'000	<u>Plant &amp; Machinery</u> £'000	<u>Fixtures fittings tools &amp; Equipment</u> £'000	<u>Capital work in Progress</u> £'000	<u>Total</u> £'000
At 1 April 1991	-	-	-	-	-
Additions	1,004	686	10	14,934	16,634
Assets transferred from group companies	6,118	152,593	2,434	10,738	171,883
Disposals	(36)	(3,793)	(1)	-	(3,830)
Assets transferred to group companies	-	(21,067)	-	(1,927)	(22,994)
Reclassification	1,648	11,666	792	(14,106)	-
Revaluation Surplus	12,381	-	-	-	12,381
At 31 March 1992	21,115	140,085	3,235	9,639	174,074

### Depreciation

At 1 April 1991	-	-	-	-	-
Accumulated depreciation on assets transferred from group companies	-	98,525	1,833	-	100,358
Charge for year	530	8,238	200	285	9,253
Disposals	(36)	(3,764)	(1)	-	(3,801)
Accumulated depreciation on assets transferred to group companies	-	(15,539)	-	-	(15,539)
Reclassification	-	(157)	157	-	-
Surplus on Revaluation	816	-	-	-	816
At 31 March 1992	1,310	87,303	2,189	285	91,087

### Net Book Value

At 31 March 1992	19,805	52,782	1,046	9,354	82,987
At 31 March 1991	-	-	-	-	-

	<u>Land &amp; Buildings</u>	<u>Plant &amp; Machinery</u>	<u>Fixtures fittings tools &amp; Equipment</u>	<u>Capital work in Progress</u>	<u>Total</u>
<u>At Cost or Valuation</u>	£'000	£'000	£'000	£'000	£'000
NBV of leased assets included above	-	2,079	-	-	2,079
At 31 March 1992	-	-	-	-	-
At 31 March 1991	-	-	-	-	-

Land and buildings were transferred to the company on 1 April 1991 at original cost and subsequently revalued based on a 1989/90 revaluation of land and buildings on a open market existing use basis which was carried out by the Ultimate Holding Company's professionally qualified staff. This valuation was supported by external professional valuations of a large sample of the properties. If the amount of these revalued assets had been determined in accordance with the historic cost convention at 31 March 1992, they would have been included at:

	<u>£'000</u>
Cost	6,118
Depreciation	(428)
	<u>5,690</u>

8. <u>Land and Buildings</u>	<u>1992</u> <u>£'000</u>	<u>1991</u> <u>£'000</u>
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The net book value of land and buildings comprises:

Freehold	4,009	-
Long Leasehold	<u>15,796</u>	<u>-</u>
	<u>19,805</u>	<u>-</u>

9. Fixed Asset Investments

	<u>Shares</u> <u>£'000</u>
<u>Cost</u>	
At 1 April 1991	-
Group Transfer in	<u>100</u>
At 31 March 1992	<u>100</u>
<u>Provision</u>	
At 1 April 1991	-
Group Transfer in	<u>(100)</u>
At 31 March 1992	<u>(100)</u>
<u>Net Book Value</u>	
At 31 March 1992	-
At 31 March 1991	<u>-</u>

# 10. Stocks

	1992 <u>£'000</u>	1991 <u>£'000</u>
Raw materials and consumables	8,238	-
Work in progress	427	-
Finished goods and goods for resale	11,676	-
	<u>20,341</u>	<u>-</u>

The replacement cost of stocks is not materially different from that shown above.

# 11. Debtors

	1992 <u>£'000</u>	1991 <u>£'000</u>
Trade debtors	9,428	-
Amounts owed by parent company and fellow subsidiary undertakings	37,520	-
Other debtors	15	-
Prepayments and accrued income	1,645	-
	<u>48,608</u>	<u>-</u>

There are no creditors due after more than one year.

# 12. Creditors

(amounts falling due within one year)

	1992 <u>£'000</u>	1991 <u>£'000</u>
Bank overdraft	7,401	-
Trade creditors	27,730	-
Amounts owed to parent company and fellow subsidiary undertakings	13,530	-
Other taxation and social security	4,767	-
Dividends payable	12,058	-
Other creditors	11,296	-
Accruals and deferred income	87	-
Corporation tax	2,739	-
	<u>79,608</u>	<u>-</u>

There are no creditors due after one year.

### 13. Taxation

The company's taxation charge has benefited from the effects of capital allowances and certain other timing differences which amount to £2,563,430.

The deferred taxation in the balance sheet represents

	1992 £'000	1991 £'000
Short term timing differences.	<u>185</u> <u>185</u>	<u>-</u> <u>-</u>

If deferred taxation had been provided in full the balance would have been:

	£
Accelerated Capital Allowance	4,398,057
Short Term Timing Differences	(655,382)
	<u>3,742,675</u>

### 14. Share Capital

	1992 £'000	1991 £'000
Authorised:		
Preferred "A" Ordinary Shares of £1 each	6	6
Ordinary Shares of £1 each	49,994	8
	<u>50,000</u>	<u>14</u>
Issued and Fully Paid		
Preferred "A" Ordinary Shares of £1 each	6	6
Ordinary Shares of £1 each	49,994	5
	<u>50,000</u>	<u>11</u>

### 15. Reserves

	Profit & Loss Account £'000	Revaluation Reserve £'000
At 1 April 1991	(11)	-
Exchange	1	-
Profit for the year	11,244	-
Release from revaluation reserve	102	(102)
Revaluation Surplus	-	11,565
	<u>11,336</u>	<u>11,463</u>
At 31 March 1992		

No provision has been made for the deferred tax liability that could arise if these revalued assets were sold at their revalued amount, as there is no intention to dispose of these assets.

16. Capital Commitments

	1992 £'000	1991 £'000
Capital expenditure contracted for, but not provided in the accounts	8,693	-
Capital expenditure authorised, but not contracted for	15,706	-

17. Operating Leases - Other

Annual commitments payable under non-cancellable leases expiring:

	1992 £'000	1991 £'000
Within one year	32	-
In two to five years	309	-
In five years or more	50	-
	<u>391</u>	<u>-</u>

There are no obligations under finance leases.

18. Employees

The average number of persons employed during the year all of whom were employed in the UK was:

1992	1991
2,611	Nil

19. Remuneration of Directors

	1992 £	1991 £
Remuneration including pension contributions		
Chairman	53,912	-
Highest paid Director	67,970	-
Other Directors	No	No
0 - £5,000	3	-

The directors share holdings and options are declared in the report of the directors.

20. Cash Flow Statement

The ultimate parent company Courtaulds plc has included a cash flow statement in its financial statements for the year ended 31 March 1992. Under paragraph 8 (c) of Financial Reporting standard 1, no cash flow statement or statement of source and Application of Funds is required in the accounts of this company.

21. Pension Commitments

The Company participates in the main Courtaulds UK Pension Scheme, a defined benefit scheme which makes available pension benefits to the majority of the Courtaulds Group UK employees, and pension costs are based on pension costs across the Courtaulds Group as a whole. On the recommendation of the actuaries no company contributions have been or will be made to the scheme with effect from 1 January 1990 until at least the next actuarial valuation expected to be as at 31 March 1992. Particulars of the actuarial valuation of the scheme are shown in the financial statements of Courtaulds plc.

22. Transactions with Directors

No Director during the year has been materially interested in any contract with the Company which is significant in relation to the Company's activities.

23. Ultimate Parent Company

Courtaulds Chemicals (Holdings) Ltd is 50% owned by Courtaulds Management Services Ltd and 50% owned by Courtaulds Investment Services Ltd who in turn are wholly owned subsidiary undertakings of Courtaulds plc which is registered in England and Wales. Copies of the Courtaulds Group Report and Accounts may be obtained from the Secretary's Office, Courtaulds plc, 50 George Street, London W1A 2BB.