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LOR LIMITED

REPORT AND ACCOUNTS

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COURTAULDS GROUP

COMPANIES HOUSE
31 JAN 1991

LOR LIMITED

DIRECTORS

Mr. M.J. Foulsham

Mr. G.C.W. Cunningham

SECRETARY & REGISTERED OFFICE

Mr. G.C.W. Cunningham,
1a Tenterden Street,
LONDON
W1R 9AH

AUDITORS

Price Waterhouse,
Livery House,
169 Edmund Street,
BIRMINGHAM
B3 2JB

LOR LIMITED

DIRECTORS' REPORT

The Directors submit their Report and the audited Accounts for the fifteen months ended 31 March 1990.

The accounting reference date of the Company has been changed from 31 December to 31 March. Comparative figures in the Accounts relate to the year ended 31 December 1988.

PRINCIPAL ACTIVITY

The Company's business is that of financial subsidiary of Trackwell Limited, which in turn is a financial subsidiary of Courtaulds plc.

The Company did not trade during the fifteen months ended 31 March 1990.

RESULTS AND DIVIDEND

The Profit and Loss Account and Balance Sheet, together with appropriate notes, are set out on pages 4 to 8.

The Directors do not recommend the payment of a dividend on the Preferred or Ordinary Shares.

DIRECTORS

The present Directors of the Company are named on page 1.

Mr. T.M. Clark and Mr. F.A. Silcock resigned as Directors of the Company on 7 August 1989 and Mr. M.J. Foulsham and Mr. M. Field were appointed Directors of the Company on the same date. Mr. M. Field resigned as a Director of the Company on 31 October 1990 and Mr. G.C.W. Cunningham was appointed a Director on the same date.

DIRECTORS' INTERESTS

The beneficial interests of the Directors and their families in the share capital of the ultimate holding company, Courtaulds plc, and its subsidiaries at 1 January 1989 and 31 March 1990 were:-

	1 January 1989 (or date of appointment)			31 March 1990		
	(a)	(b)	(c)	(a)	(b)	(c)
M.J. Foulsham	2,000	588	40,000	-	-	50,000
M. Field	-	1,357	-	1,357	-	-

The interests under column (a) are in fully paid 25p Ordinary Shares. Those listed under columns (b) and (c) relate respectively to options under

LOR LIMITED

DIRECTORS' REPORT (Continued)

the Courtaulds Savings-Related Share Option Scheme and the Courtaulds Executive Share Option Scheme II, granted in respect of options under (b) on 19 September 1984 and 18 August 1988 and in respect of (c) on 25 June 1985, 16 July 1986 and 3 July 1989 at option prices of (b) £1.09 and £3.06 and (c) £1.46, £2.80 and £3.32 per Ordinary Share. The former options are exercisable on completion of five years' saving under a related SAYE contract and the latter, in general, not earlier than three nor later than ten years after the date of grant.

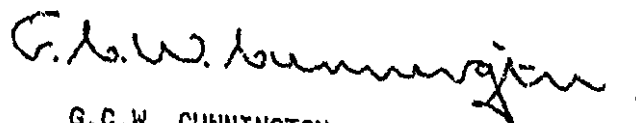
COMPANY STATUS

The Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

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 Extraordinary General Meeting.

By order of the Board



G.C.W. CUNNINGTON

Secretary

1a Tenterden Street,
LONDON
W1R 9AH

17 January 1991

LOR LIMITED

PROFIT AND LOSS ACCOUNT FOR THE
FIFTEEN MONTHS ENDED 31 MARCH 1990

	NOTE	15 Months to 31.3.90 £	Year to 31.12.88 £
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	-
Taxation	2	-	(9,663,216)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		-	(9,663,216)
EXTRACORDINARY ITEMS:			
Loan Waiver	4	9,651,816	-
Credit from Mercantile Credit Co. Ltd.		511	-
PROFIT/(LOSS) TRANSFERRED TO RESERVES	6	9,652,327	(9,663,216)

REPORT OF THE AUDITORS

To the members of Lor Limited

We have audited the financial statements on pages 4 to 8 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 31 March 1990 and of its profit for the fifteen months then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants

17 January 1991

Livery House,
169 Edmund Street,
BIRMINGHAM
B3 2JB

LOR LIMITED

BALANCE SHEET

AS AT 31 MARCH 1990

	NOTE	As at 31.3.90 £	As at 31.12.88 £
CURRENT ASSETS			
Debtors	3	-	10,889
CREDITORS (amounts falling due within one year)	4	-	(9,663,216)
		-----	-----
		-	(9,652,327)
		=====	=====
TOTAL ASSETS LESS CURRENT LIABILITIES			
CAPITAL AND RESERVES			
Called up Share Capital	5	11,400	11,400
Profit and Loss Account	6	(11,400)	(9,663,727)
		-----	-----
		-	(9,652,327)
		=====	=====

M.J. Foulsham

DIRECTORS

G.C.W. Cunningham

G.C.W. Cunningham

Approved by the Directors on 17 January 1991

LOR LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING CONVENTION

The financial statements have been drawn up under the historical cost accounting convention.

2. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	15 Months to 31.3.90 £	Year to 31.12.88 £
Corporation Tax payable	-	8,880,000
Interest thereon	-	783,216
	-----	-----
	-	9,663,216
	=====	=====

An amount of £8,880,000 ACT written off in prior years remains available for offset against future Corporation Tax liabilities.

3. DEBTORS

	15 Months to 31.3.90 £	Year to 31.12.88 £
Amount owed by Mercantile Credit Co. Ltd.	-	10,889
	=====	=====

4. CREDITORS (amounts falling due within one year)

	15 Months to 31.3.90 £	Year to 31.12.88 £
Amount owed to ultimate holding company	-	9,663,216
	=====	=====

During the period the amount of £9,651,816 was waived by Courtaulds plc and credited in the Accounts as an Extraordinary item.

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NOTES TO THE ACCOUNTS (Continued)

5. CALLED UP SHARE CAPITAL

	15 Months to 31.3.90 £	Year to 31.12.88 £
Authorised		
5,700 Preferred "A" Ordinary Shares of £1 each	5,700	5,700
8,000 Ordinary Shares of £1 each	8,000	8,000
	<u>13,700</u>	<u>13,700</u>
	=====	=====
Allotted, called up and fully paid		
5,700 Preferred "A" Ordinary Shares of £1 each	5,700	5,700
5,700 Ordinary Shares of £1 each	5,700	5,700
	<u>11,400</u>	<u>11,400</u>
	=====	=====

6. STATEMENT OF RETAINED PROFIT AND RESERVES

	Profit and Loss Account £
Adverse Balance at 1 January 1989	(9,663,727)
Transfer from Profit and Loss Account	<u>9,652,327</u>
Adverse Balance at 31 March 1990	<u>(11,400)</u>
	=====

7. REMUNERATION OF DIRECTORS

The Directors received no remuneration for their services to the Company for the fifteen months to 31 March 1990 or during the year ended 31 December 1988.

LOR LIMITED

NOTES TO THE ACCOUNTS (Continued)

8. TRANSACTIONS WITH DIRECTORS

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

9. ULTIMATE HOLDING COMPANY

Lor Limited is a subsidiary of Trackwell Limited which in turn is a subsidiary of Courtaulds plc which is incorporated in Great Britain.