

DuPont (U.K.) Limited

**Directors' report and accounts
31 December 1999**

(Registered Number 565289)



DuPont (U.K.) Limited

Directors' report for the year ended 31 December 1999

The directors of DuPont (U.K.) Limited present their annual report together with the audited financial statements of the Company for the year ended 31 December 1999.

Directors and directors' interests

The following directors served during the year and up to the date of this report:

J Anderson	Managing Director	(Appointed 8 June 1999)
WO Walker		(Resigned 10 September 1999)
JR Kerr		(Resigned 20 May 1999)
AF Gaspar		(Appointed 20 May 1999, Resigned 29 November 1999)
DHJ Mays		(Resigned 29 November 1999)
MTM Stewart		(Resigned 28 July 2000)
RI Doig		(Resigned 9 March 1999)
ML Swinchatt		(Appointed 1 April 1999)
FW Burns		(Resigned 10 December 1999)
KL Sangster		(Resigned 4 September 2000)
JW Broomfield		(Appointed 29 November 1999)
TD Gwilliam		(Appointed 9 December 1999)
A Smith		(Appointed 1 August 2000)

None of the directors had any beneficial interest in any contract to which the Company was a party during the year.

None of the directors had any beneficial shareholding in the Company or any other Company in the DUKL Holdings Limited group at any time during the year and up to the date of this report.

Principal activity

The Company's principal business activity is the manufacture, sale and distribution of chemical products. The business encompasses fibres, polyesters, polymers, chemicals and specialities, and electronics.

Business review

The directors consider that the Company has performed satisfactorily in its chosen markets during the past year. Operating profit of £56,187,000 (1998 - £13,757,000) is stated after charging reorganisation costs of £11,500,000 associated with the Company's nylon and polyester businesses (1998 reorganisation charges of £32,625,000).

DuPont (U.K.) Limited

Directors' report for the year ended 31 December 1999 (continued)

Business review (continued)

On 31 December 1999, the Company's ultimate parent undertaking, E.I. du Pont de Nemours & Company, and Teijin Limited formed a joint venture for their global Polyester films businesses. As part of this arrangement, the Company's Polyester films business was transferred to the joint venture giving rise to a loss of £46,185,000.

Results and dividends

The Company made a loss after taxation for the financial year of £19,019,000 (1998 – loss of £2,530,000).

The directors have not paid a dividend during the year and do not propose a final dividend (1998 – dividend of £6,400,000 paid during the year). The retained loss of £19,019,000 (1998 – retained loss of £8,930,000) will be deducted from reserves.

Future developments

The directors consider that the Company will show an improvement in trading results in future years.

Research and development

The Company's research and development programmes are primarily focused on the extension of existing product lines, quality improvements and cost reduction. During the year, an amount of £5,067,000 (1998 – £7,985,000) was spent on research and development activities.

Personnel

It is the Company's policy to encourage full and fair consideration of disabled persons in connection with employment, training, career development and promotion opportunities.

The Company continues to provide its employees with regular information through its newspaper and magazines, bulletins, handbooks, videos and other internal communications. Additionally, managers keep employees specifically informed and consult them on those aspects of the business which affect them directly. The Company believes that such information and consultation enables employees to maximise their individual contributions towards the common aims of the business and to obtain maximum satisfaction from their participation.

DuPont (U.K.) Limited

Directors' report for the year ended 31 December 1999 (continued)

Year 2000

The Company's Year 2000 project was designed to ensure that its operations and relationships with customers and suppliers were not adversely affected by problems resulting from the possibility that computer based systems may fail to accommodate the date change to the Year 2000. The project was successfully completed in advance of the Millennium and all indications to date are that the work was successful. However, due to the general uncertainty inherent in the Year 2000 issue there may yet be problems which arise in the future which are not visible at present or have not yet been detected.

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then 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 and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 United Kingdom 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.

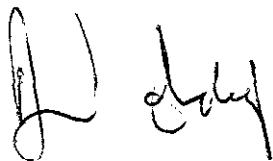
DuPont (U.K.) Limited

Directors' report for the year ended 31 December 1999 (continued)

Auditors

A resolution to re-appoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By Order of the Board



D EVELEIGH
Secretary

22 September 2000

Registered office:

Wedgwood Way
Stevenage
Hertfordshire
SG1 4QN

AUDITORS' REPORT TO THE MEMBERS OF DU PONT (U.K.) LIMITED

PricewaterhouseCoopers
Temple Court
35 Temple Street
Birmingham B4 6JT
Telephone +44 (0) 121 265 5000
Facsimile +44 (0) 121 265 5050

We have audited the financial statements on pages 6 to 24 which have been prepared under the historical cost convention as modified to include the current costing of a deferred liability and the accounting policies set out on pages 8 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, 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.

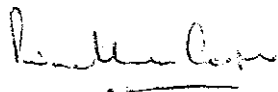
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. 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 mis-statement, 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.

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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

22 September 2000

DuPont (U.K.) Limited

Profit and loss account for the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
Turnover			
Continuing operations	2	1,092,070	1,123,450
Discontinued operations	2	-	21,367
		<u>1,092,070</u>	<u>1,144,817</u>
Cost of sales		(874,288)	(913,571)
Gross profit		<u>217,782</u>	<u>231,246</u>
Distribution costs		(41,227)	(44,461)
Administrative expenses		(40,312)	(39,473)
Other operating expenses		(80,056)	(133,555)
		<u>(161,595)</u>	<u>(217,489)</u>
Operating profit	3		
Continuing operations		56,187	13,135
Discontinued operations		-	622
		<u>56,187</u>	<u>13,757</u>
Loss on transfer of business to joint venture	4	(46,185)	-
(Loss)/profit on sale of fixed assets		(369)	1,909
		<u>9,633</u>	<u>15,666</u>
Profit on ordinary activities before interest			
Interest receivable and similar income	5	2,156	12,046
Interest payable and similar charges	6	(41,386)	(47,914)
		<u>(29,597)</u>	<u>(20,202)</u>
Loss on ordinary activities before taxation			
Tax on loss on ordinary activities	7	10,578	17,672
		<u>(19,019)</u>	<u>(2,530)</u>
Loss on ordinary activities after taxation			
Dividend paid		-	(6,400)
		<u>(19,019)</u>	<u>(8,930)</u>
Retained loss for the year			

All recognised gains and losses for the year are included in the profit and loss account for both 1999 and 1998. There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis (1998 – no material difference).

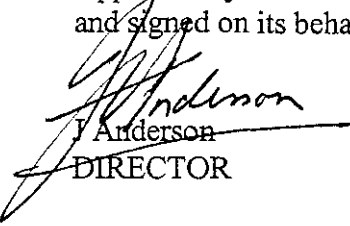
DuPont (U.K.) Limited

Balance sheet 31 December 1999

	Notes	1999		1998	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	8		2,695		5,701
Tangible assets	9		572,322		640,303
Investments	10		265,795		191,838
			<u>840,812</u>		<u>837,842</u>
Current assets					
Stocks	11	89,217		109,215	
Debtors	12	214,964		197,702	
Cash at bank and in hand		7,276		2,671	
		<u>311,457</u>		<u>309,588</u>	
Creditors: amounts falling due within one year	13	<u>(150,163)</u>		<u>(166,196)</u>	
Net current assets			<u>161,294</u>		<u>143,392</u>
Total assets less current liabilities			<u>1,002,106</u>		<u>981,234</u>
Creditors: amounts falling due after more than one year	14		<u>(593,310)</u>		<u>(523,368)</u>
Provisions for liabilities and charges	15		<u>(40,677)</u>		<u>(75,869)</u>
Accruals and deferred income	16		<u>(19,595)</u>		<u>(14,454)</u>
			<u>348,524</u>		<u>367,543</u>
Capital and reserves					
Called up equity share capital	17		167,364		167,364
Share premium account	18		5,410		5,410
Other capital reserves	18		-		-
Profit and loss account	18		175,750		194,769
Equity shareholders' funds	19		<u>348,524</u>		<u>367,543</u>

The notes on pages 8 to 24 form part of these financial statements.

Approved by the Board on 21 September 2000
and signed on its behalf


J. Anderson
DIRECTOR

DuPont (U.K.) Limited

Notes to the accounts 31 December 1999

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified to include the current costing of a deferred liability, and in accordance with applicable United Kingdom accounting standards.

At 31 December 1999 DuPont (U.K.) Limited was a wholly owned subsidiary of DUKL Holdings Limited, a company incorporated in England, and therefore under Section 228(2) of the Companies Act 1985, is exempt from producing group accounts. As permitted by Financial Reporting Standard 1 (revised), the Company is also exempt from producing a cash flow statement.

Turnover

Turnover represents the amounts receivable for goods sold and services provided after deducting VAT.

Turnover in respect of businesses transferred into joint ventures has been classified as continuing as the Company continues to derive income from these businesses and does not consider it has materially withdrawn from the markets concerned.

Intangible fixed assets and amortisation

Goodwill arising on acquisition representing the difference between the fair value of the consideration and the fair value of the net tangible assets acquired is capitalised and amortised over its estimated useful economic life, which is generally 20 years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes incremental own labour incurred during the construction of plant and machinery.

Depreciation is provided on a straight line or sum of the digits basis to write off the cost of tangible fixed assets over their estimated useful lives which are:

Freehold buildings	25 to 35 years
Long life fixtures, fittings and equipment	6 to 10 years
Plant and machinery	12 to 25 years
Short life equipment, motor vehicles and computer hardware	3 to 5 years
Computer software	5 to 7 years

DuPont (U.K.) Limited

Notes to the accounts

31 December 1999 (continued)

1. Accounting policies (continued)

Tangible fixed assets and depreciation (continued)

Leasehold improvements are depreciated over the life of the lease if shorter than 10 years, or at the fixtures and fittings rates given above. No depreciation is provided for freehold land or assets in the course of construction.

In accordance with Financial Reporting Standard 12 (Provisions, contingent liabilities and contingent assets), costs incurred in the biennial shutdown and refurbishment of production facilities are capitalised and depreciated over the period to the next shutdown and refurbishment.

Government grants

Government capital grants received in respect of fixed asset additions are treated as deferred income and included in the balance sheet as Accruals and Deferred Income. The grants are credited to the profit and loss account over the estimated useful lives of the assets to which they relate.

Interest relief grants are credited to the profit and loss account as and when they become receivable.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises purchase price or direct production cost together with Customs and Excise duties, freight and manufacturing overheads as appropriate.

Research and development expenditure

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

Foreign currency balances

Transactions denominated in foreign currencies occurring during the course of the year are translated into sterling at the rates of exchange prevailing at the dates of those transactions. All exchange differences are included in the profit and loss account. Assets and liabilities denominated in foreign currencies, are translated into sterling at the rates of exchange prevailing at the balance sheet date.

DuPont (U.K.) Limited

Notes to the accounts

31 December 1999 (continued)

1. Accounting policies (continued)

Deferred taxation

A deferred taxation provision, calculated using the liability method, is made only where the effects of timing differences between profits as stated in the accounts and those as computed for taxation purposes are likely to reverse in the foreseeable future.

In computing the Company's taxation liability, full benefit is taken for non-taxable government grants received in respect of eligible expenditure.

Operating leases

Rentals under operating leases are charged to the profit and loss account as they are incurred over the lease term.

Finance leases

Assets held under finance leases, whereby substantially all the risks and rewards of ownership are transferred, are included in tangible fixed assets at their purchase cost and depreciated over the useful lives of the assets. The capital element of the leasing commitment is shown as amounts payable under finance leases and the interest element of the finance charge is charged against profits over the primary lease period.

Pensions

The expected cost of pensions in respect of the Company's defined benefit pension scheme is charged to the profit and loss account over the estimated average working lifetimes of employees in the scheme. Actuarial surpluses and deficits are spread over the remaining expected working lifetimes of employees.

Deferred liability

Deferred consideration relating to acquisitions is stated at its net present value at the balance sheet date, based on appropriate discount rates.

DuPont (U.K.) Limited

Notes to the accounts

31 December 1999 (continued)

2. Turnover

The analysis of turnover by class of business is as follows:

	1999 £'000	1998 £'000
Fibres	576,699	604,182
Polyester resins and intermediates and films	266,912	255,776
Polymers	98,555	105,538
Electronics	82,278	79,813
Chemicals and specialities	53,754	64,756
Automotive products	13,872	13,385
	<u>1,092,070</u>	<u>1,123,450</u>
Discontinued operations	-	21,367
	<u>1,092,070</u>	<u>1,144,817</u>

The analysis of turnover by geographical destination is as follows:

	1999 £'000	1998 £'000
UK	357,965	449,701
Exports to Europe	618,822	619,570
Exports outside Europe	115,283	75,546
	<u>1,092,070</u>	<u>1,144,817</u>

DuPont (U.K.) Limited

Notes to the accounts

31 December 1999 (continued)

3. Operating profit

(a) Operating profit is stated after charging/(crediting):

	1999 £'000	1998 £'000
Aggregate directors' emoluments excluding pension contributions (note 20)	1,375	1,334
Depreciation - Owned assets	56,511	61,008
Goodwill amortisation	299	287
Goodwill written off	2,707	-
Provisions for diminution in value of investments	504	(62)
Capital grants credited	(1,586)	(2,065)
Operating lease rentals - hire of plant and machinery	3,590	3,207
- other	357	236
Auditors' remuneration, including expenses - audit	275	283
- other services	490	573
Research and development expenditure	5,067	7,985
Exchange (gain)/loss	(6,296)	8,702
Reorganisation costs	11,500	32,625

(b) The operating costs can be further analysed as relating to continuing and discontinued operations as follows:

	1999		1998	
	Continuing £'000	Discontinued £'000	Continuing £'000	Discontinued £'000
Cost of sales	874,288	-	894,362	19,209
Distribution	41,227	-	43,025	1,436
Administration expenses	40,312	-	38,365	1,108
Other operating expenses/(income)	80,056	-	134,563	(1,008)

DuPont (U.K.) Limited

Notes to the accounts

31 December 1999 (continued)

3. Operating profit (continued)

(c) Staff costs

	1999 £'000	1998 £'000
Wages and salaries	139,979	137,331
Social security costs	9,516	9,635
Other pension costs	18,663	7,905
	<u>168,158</u>	<u>154,871</u>

The current year pension costs reflect the impact of Company initiated early retirements.

The average number of persons employed during the period was 4,137 (1998 – 4,596).

4. Loss on transfer of business to joint venture

On 31 December 1999, the Company's ultimate parent undertaking, E.I. du Pont de Nemours & Company, and Teijin Limited formed a joint venture for their global Polyester films businesses. The transfer of the Company's films business to the joint venture resulted in a loss of £46,185,000.

5. Interest receivable and similar income

	1999 £'000	1998 £'000
Bank deposit interest	1,886	1,742
Receivable from group undertakings	174	9,666
Other	96	638
	<u>2,156</u>	<u>12,046</u>

DuPont (U.K.) Limited

Notes to the accounts

31 December 1999 (continued)

6. Interest payable and similar charges

	1999	1998
	£'000	£'000
Bank borrowings	2,226	3,936
Accrued interest on deferred liability	2,314	2,438
Payable to group undertakings	36,836	41,437
Other	10	103
	<u>41,386</u>	<u>47,914</u>

7. Tax on loss on ordinary activities

The taxation credit based on the loss on ordinary activities comprises:

	1999	1998
	£'000	£'000
United Kingdom corporation tax at 30% (1998 – 30%)		
Current year	-	-
Prior year	(10,578)	(17,672)
	<u>(10,578)</u>	<u>(17,672)</u>

No deferred tax provision has been made for accelerated capital allowances and other timing differences since in the opinion of the directors, it is unlikely that these will reverse in the foreseeable future (note 15). Prior year corporation tax arises from trading losses carried back to previous periods and payments receivable for group relief. No taxation has arisen in respect of the transfer of business to a joint venture during the year.

DuPont (U.K.) Limited

Notes to the accounts 31 December 1999 (continued)

8. Intangible fixed assets

	Goodwill
	£'000
Cost	
At 31 December 1998	5,988
Transfer of business to joint venture	(2,994)
At 31 December 1999	<u>2,994</u>
Amortisation	
At 31 December 1998	287
Charge for the year	299
Transfer of business to joint venture	(287)
At 31 December 1999	<u>299</u>
Net book amount	
At 31 December 1999	<u>2,695</u>
At 31 December 1998	<u>5,701</u>

The above transfer of goodwill relates to the Polyester Films business which was transferred to a joint venture company on 31 December 1999.

DuPont (U.K.) Limited

Notes to the accounts

31 December 1999 (continued)

9. Tangible fixed assets

	Freehold land and buildings £'000	Motor vehicles, fixtures, fittings and equipment £'000	Plant and machinery £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 31 December 1998	90,466	21,231	822,195	109,460	1,043,352
Additions	43	178	27	101,349	101,597
Biennial refurbishment	-	-	10,250	-	10,250
Construction allocations and transfers	11,556	1,791	136,850	(150,197)	-
Disposals	(16,139)	(8,061)	(138,988)	(128)	(163,316)
At 31 December 1999	85,926	15,139	830,334	60,484	991,883
Depreciation					
At 31 December 1998	29,495	12,021	361,533	-	403,049
Charge for the year	2,494	1,080	52,937	-	56,511
Disposals	(2,533)	(5,423)	(32,043)	-	(39,999)
At 31 December 1999	29,456	7,678	382,427	-	419,561
Net book amounts					
At 31 December 1999	56,470	7,461	447,907	60,484	572,322
At 31 December 1998	60,971	9,210	460,662	109,460	640,303

Biennial refurbishment relates to the costs incurred in the biennial shutdown of production facilities for refurbishment purposes, which in accordance with Financial Reporting Standard Number 12, have been capitalised and depreciated over the period to the next shutdown.

DuPont (U.K.) Limited

Notes to the accounts 31 December 1999 (continued)

10. Investments

	Associated undertakings	Group undertakings	Subsidiary undertakings			Total
	Shares	Loans	Shares	Loans	Other	
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 31 December 1998	1,000	2,768	8,591	13,500	166,177	192,036
Additions	21,605	235	52,621	-	-	74,461
At 31 December 1999	22,605	3,003	61,212	13,500	166,177	266,497
Provisions for diminution in value						
At 31 December 1998	198	-	-	-	-	198
Provisions made during the year	504	-	-	-	-	504
At 31 December 1999	702	-	-	-	-	702
Net book amounts						
At 31 December 1999	21,903	3,003	61,212	13,500	166,177	265,795
At 31 December 1998	802	2,768	8,591	13,500	166,177	191,838

The following companies were the principal operating subsidiaries and joint venture undertakings of the Company at 31 December 1999 and were all registered and operating in England with the exception of DuPont Polyester Europe APS (Denmark).

<u>Subsidiary / Joint Venture</u>	<u>Nature of business</u>	<u>% of share capital</u>
DuPont Treasury Limited	Treasury management	100%
DUK Shipping Limited	Dormant	100%
Camtex Fabrics Limited	Shoe lining manufacturer	100%
DuPont (U.K.) Investments	Investment company	100%
DuPont Performance Coatings (U.K.) Limited (formerly DuPont Automotive Coatings Limited)	Manufacture of automotive paints & finishes	100%
HPG Industrial Coatings Limited	Manufacture of automotive paints and finishes	100%
DuPont Powder Coatings UK Limited	Production and marketing of powder coatings	100%
Spray Shop Supplies Limited	Marketing of paints and associated supplies	100%
DuPont Polyester Europe APS (Denmark)	Non trading	100%
DuPont Teijin Films UK Limited	Polyester Films joint venture	50%
DuPont Sabanci Polyester UK Limited	Non trading	100%
DuPont Kansai Automotive Coatings (UK) Limited	Surface coatings joint venture	50%

DuPont (U.K.) Limited

Notes to the accounts 31 December 1999 (continued)

11. Stocks

	1999	1998
	£'000	£'000
Raw materials and consumables	21,751	22,976
Work in progress	8,302	6,050
Finished goods and goods for resale	59,164	80,189
	<u>89,217</u>	<u>109,215</u>

In the opinion of the directors, the replacement cost of stocks is not materially different to the balance sheet value.

12. Debtors

	1999	1998
	£'000	£'000
Trade debtors	93,125	100,377
Amounts owed by group undertakings	95,698	84,069
Other debtors	19,950	10,557
Prepayments and accrued income	3,955	2,699
Corporation tax recoverable	2,236	-
	<u>214,964</u>	<u>197,702</u>

Other debtors include £2,871,000 due after more than one year (1998 – £nil).

13. Creditors: amounts falling due within one year

	1999	1998
	£'000	£'000
Bank loans and overdrafts	-	7,830
Trade creditors	64,630	53,897
Amounts owed to group undertakings	50,596	55,438
Corporation tax	4,250	4,700
Other creditors	754	390
Taxation and social security	3,098	3,266
Accruals and deferred income	12,745	24,765
Deferred liability	14,090	15,910
	<u>150,163</u>	<u>166,196</u>

DuPont (U.K.) Limited

Notes to the accounts

31 December 1999 (continued)

14. Creditors: amounts falling due after more than one year

	1999	1998
	£'000	£'000
Loans from group undertakings	580,010	498,860
Deferred liability	12,732	24,508
Other loans	568	-
	<u>593,310</u>	<u>523,368</u>

The deferred liability represents the net present value of payments due to ICI over the period to June 2001 as a result of the acquisition of its fibres division in July 1993.

15. Provisions for liabilities and charges

	Pensions and similar obligations £'000	Restructuring and other provisions £'000	Total £'000
At 31 December 1998	13,837	62,032	75,869
Utilised during the year	(248)	(48,031)	(48,279)
Provided during the year	189	12,898	13,087
At 31 December 1999	<u>13,778</u>	<u>26,899</u>	<u>40,677</u>

Pensions and similar obligations includes an amount of £6,044,000 (1998 - £7,880,000) in respect of a surplus on the Company's pension schemes which is being spread over a period of 11 years as described in note 21.

At 31 December 1999 the full potential liability for deferred taxation at 30% (1998 - 30%) comprised:

	1999	1998
	£'000	£'000
Capital allowances claimed for tax purposes in excess of depreciation charged in the accounts	56,100	54,929
Short-term timing differences	(47,447)	(49,018)
	<u>8,653</u>	<u>5,911</u>

DuPont (U.K.) Limited

Notes to the accounts 31 December 1999 (continued)

16. Accruals and deferred income

	Capital grants £'000
At 31 December 1998	14,454
New capital grants	6,727
Released to profit and loss account	(1,586)
At 31 December 1999	<u>19,595</u>

17. Called up share capital

At 31 December 1999 and 1998:

	£'000
Authorised:	
200,000,000 Ordinary shares of £1 each	<u>200,000</u>
Allotted, called up and fully paid:	
167,363,540 Ordinary shares of £1 each	<u>167,364</u>

18. Reserves

	Share premium account £'000	Profit and loss account £'000
At 31 December 1998	5,410	194,769
Retained loss for the year	-	(19,019)
At 31 December 1999	<u>5,410</u>	<u>175,750</u>

DuPont (U.K.) Limited

Notes to the accounts

31 December 1999 (continued)

19. Reconciliation of movements in equity shareholders' funds

	1999 £'000	1998 £'000
Loss for the financial year	(19,019)	(2,530)
Dividends	-	(6,400)
Net reduction in equity shareholders' funds	(19,019)	(8,930)
Opening equity shareholders' funds	367,543	376,473
Closing equity shareholders' funds	348,524	367,543

20. Directors' emoluments

	1999 £'000	1998 £'000
Aggregate emoluments	1,375	1,334
Company contributions paid to money purchase pension schemes	3	5

Highest paid director

	1999 £'000	1998 £'000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	339	386
Pension contributions payable under a defined contribution scheme	2	3

Retirement benefits are accruing to 8 (1998 - 5) directors under the defined benefit pension scheme and to 3 (1998 - 3) under defined contribution pension schemes.

DuPont (U.K.) Limited

Notes to the accounts

31 December 1999 (continued)

21. Pension costs

Plan A

The Company's main UK pension arrangement is the DuPont (U.K.) Limited Pension Fund, which is a funded defined benefit arrangement. Assets of the Fund are held separately from those of the Company.

The latest formal valuation of the Fund was carried out at 31 December 1997. The valuation was carried out by a qualified Actuary in accordance with Actuarial Guidance Note GN9, using assumptions consistent with the Minimum Funding Requirement. The market value of the assets at the valuation date amounted to £512 million and the funding level was 143%.

For the purposes of complying with Accounting Standard SSAP24, a valuation has been carried out using the projected unit method adopting the following main long-term assumptions: return on new investments 8% per annum; increases in pay 4.5% per annum (plus an allowance for promotional increases); increases to pensions in payment 3% per annum; and UK equity dividend growth 4.5% per annum.

The pensions charge for the period was £18,663,000 (1998 - £7,905,000). This includes a credit of £12,076,000 (1998 - £12,010,000) in respect of the amortisation of the accounting surplus over members' average future working lives, estimated to be 11 years. As at 31 December 1999 there was an accrual in respect of pensions of £6,044,000 (1998 - £7,880,000).

Plan B

The vast majority of the members of this Plan ceased their employment with the Company on 1 March 1998 following the disposal of the Company's Printing and Publishing business. As part of this disposal, the existing pension rights of these members were transferred to the pension arrangements of their new employer. The Company made an additional provision of £2.5 million during the year to fund discretionary future pension increases in respect of transferring members. Any remaining obligations of this Plan were transferred to Plan A subsequent to the year end and no significant additional liabilities arose.

DuPont (U.K.) Limited

Notes to the accounts

31 December 1999 (continued)

22. Guarantees and contingent liabilities

At 31 December 1999 the Company had given specific counter indemnities of £4 million (1998 - £6 million) in respect of bonds given on its behalf to HM Customs & Excise and others.

23. Related party transactions

The Company has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose transactions and balances with fellow subsidiary undertakings, 90% or more of whose voting rights are held within the group, and which are included in the published financial statements of E.I. du Pont de Nemours and Company, the ultimate parent undertaking.

24. Post balance sheet events

On 1 January 2000, the Company's ultimate parent undertaking and Haci Ömer Sabanci Holding A.S. formed a joint venture for their Polyester Resins businesses. As part of this arrangement the fixed assets and stocks of the Company's Polyester Resins and Intermediates business were transferred into a joint venture company.

25. Ultimate controlling party

The immediate parent undertaking is DUKL Holdings Limited, which is the parent undertaking of the smallest group to consolidate these accounts. Copies of DUKL Holdings Limited group accounts can be obtained from Wedgwood Way, Stevenage, Herts, SG1 4QN.

The ultimate parent undertaking and controlling party is E.I. du Pont de Nemours & Company (incorporated in the state of Delaware, USA) which is the parent undertaking of the largest group to consolidate these accounts, copies of which can be obtained from 1007 Market Street, Wilmington, DE 19898, USA.