

DU PONT (U.K.) LIMITED
(REGISTERED NUMBER 565289)

DIRECTORS' REPORT AND ACCOUNTS

31 December 1994



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DU PONT (U.K.) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994

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 1994.

DIRECTORS AND DIRECTORS' INTERESTS

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

WO Walker	(appointed Director and Managing Director 18 January 1995)
PH McKie	
AP Strong	
PA Turton	
MC Mays	(resigned 28 February 1995)
J Kooger	
DJO Caffall	
CL Nathan	
P Mackey	
JR Kerr	(appointed 1 March 1995)

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

None of the directors had a beneficial shareholding in the Company or any other Company in the Conoco (U.K.) 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, printing and publishing, polymers, chemicals and specialities, electronics and medical products. A subsidiary of the Company engages in investment activities.

BUSINESS REVIEW

The business of the Company's subsidiary, DuPont Pixel Systems Limited ("Pixel") was sold during the year to 3D Labs Limited and 3D Labs Inc. Limited. Subsequent to the transfer of the business the Company waived repayment of the loans due to it and all rights, duties and obligations remaining in Pixel were transferred to the Company in consideration for the assignment to the Company of the right to receive the payments due to Pixel as consideration for the sale of the business.

During the year the Company acquired from Imperial Chemical Industries Plc ("ICI") the shares it held in IDAC UK Limited ("IDAC") so that IDAC became a wholly owned subsidiary. The Company's outstanding loans to IDAC at the time of transfer were waived. In May 1994 the Company, as part of its rationalisation of the fibres business acquired from ICI in the previous year, sold its Verton business to LNP Nederland BV.

DU PONT (U.K.) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994 (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Other events during the year included the out sourcing of the Company's warehousing and distribution business at Acton Grange, Warrington, to TDG Limited and the sale of part of the Company's excess land at Coldharbour Lane, Bristol, for a development to be carried out by Bristol & England, in accordance with the Company's agreement with them for marketing, sale, and development of the land. Pursuant to this agreement a management company, Bristol Business Park Management Limited, has been set up in which the Company has a controlling interest.

On 20 June 1994, the Company issued 155,000,000 £1 ordinary shares at par. (See note 15 to the financial statements for more details).

During the year the company also acquired the entire equity share capital of DuPont (U.K.) Investments, a newly incorporated unlimited company. (See Note 8 to the financial statements for more details).

RESULTS AND DIVIDEND

The profit after taxation for the financial year ended 31 December 1994 amounted to £19,316,000 (1993 - loss of £130,786,000) which will be added from reserves.

No dividend is proposed for the current year (no dividend was paid in 1993).

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.

FUTURE DEVELOPMENTS

The directors consider that, following the restructuring which took place in 1993 and continued in 1994, the company will continue to show an improvement in trading results.

FIXED ASSETS

Additions to tangible fixed assets during the period amounted to £32,442,000 (1993 - £164,263,000). Additions represent the continuing investment in production plants in the UK.

DU PONT (U.K.) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994 (CONTINUED)

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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.

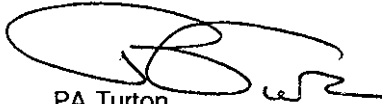
DU PONT (U.K.) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994 (CONTINUED)

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to be re-appointed.

By Order of the Board

A handwritten signature in black ink, appearing to be 'PA Turton', written over a large, loopy oval shape.

PA Turton
Secretary

12 / 10 / 1995

Registered office:

Wedgwood Way
Stevenage
Hertfordshire
SG1 4QN

Price Waterhouse



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

We have audited the financial statements on pages 6 to 22 which have been prepared under the historical cost convention and the accounting policies set out on pages 8, 9 and 10.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

P. Waterhouse

**PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors**

12 October 1995

DU PONT (U.K.) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	Year ended 31 December 1994		Year ended 31 December 1993	
		£'000	£'000	£'000	£'000
TURNOVER - continuing operations	1, 17		1,080,286		860,626
Cost of sales			<u>(892,365)</u>		<u>(739,000)</u>
GROSS PROFIT			187,921		121,626
Distribution costs		(38,175)		(25,816)	
Administrative expenses		(52,450)		(64,883)	
Other operating expenses		<u>(60,829)</u>		<u>(153,890)</u>	
NET OPERATING EXPENSES			<u>(151,454)</u>		<u>(244,589)</u>
OPERATING PROFIT/(LOSS)					
Continuing operations		36,467		(122,272)	
Discontinued operations		<u>-</u>		<u>(691)</u>	
			36,467		(122,963)
Amounts written off investments	8		(949)		(4,227)
Profit on sale of business in continuing operations			2,969		-
Profit/(loss) on sale of properties in continuing operations			<u>3,358</u>		<u>(366)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST			41,845		(127,556)
Interest receivable and similar income	3		1,980		5,414
Interest payable and similar charges	4		<u>(24,509)</u>		<u>(15,041)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2		19,316		(137,183)
Tax on profit/(loss) on ordinary activities	5		<u>-</u>		<u>6,397</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION			19,316		(130,786)
Profit and loss account brought forward			<u>61,343</u>		<u>192,129</u>
PROFIT AND LOSS ACCOUNT CARRIED FORWARD			<u>80,659</u>		<u>61,343</u>

All gains and losses for the year are included in the profit and loss account.

The notes on pages 8 to 22 form part of these accounts.

DU PONT (U.K.) LIMITED

BALANCE SHEET - 31 DECEMBER 1994

	Notes	1994		1993	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	6		313,734		358,830
Investments	8		<u>173,749</u>		<u>1,972</u>
			487,483		360,802
CURRENT ASSETS					
Stocks	9	107,460		128,537	
Debtors	10	166,224		225,329	
Cash at bank and in hand		<u>52,606</u>		<u>13,018</u>	
		326,290		366,884	
CREDITORS (amounts falling due within one year)	11	<u>(61,965)</u>		<u>(310,784)</u>	
NET CURRENT ASSETS			<u>264,325</u>		<u>56,100</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			751,808		416,902
CREDITORS (amounts falling due after more than one year)	12		(350,687)		(124,936)
PROVISIONS FOR LIABILITIES AND CHARGES	13		(46,481)		(106,928)
ACCRUALS AND DEFERRED INCOME	14		<u>(17,540)</u>		<u>(22,254)</u>
			337,100		162,784
CAPITAL AND RESERVES					
Called up share capital	15		167,364		12,364
Share premium account			5,410		5,410
Other capital reserves			83,667		83,667
Profit and loss account			<u>80,659</u>		<u>61,343</u>
			337,100		162,784
SHAREHOLDERS' FUNDS	16				

Approved by the Board on 12 October 1995


J.R. Kerr
Director

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994

1 ACCOUNTING POLICIES

(1) Basis of preparation

The accounts have been prepared under the historical cost convention as modified to include the current costing of a deferred liability and are in accordance with applicable accounting standards

At 31 December 1994 DuPont (U.K.) Limited was a wholly owned subsidiary of Conoco (U.K.) Limited, a company incorporated in England, and therefore under Section 229(2) of the Companies Act 1985, is exempt from producing group accounts. Under paragraph 8(c) of Financial Reporting Standard Number 1, the company is also exempt from producing a cash flow statement.

(2) Turnover

Turnover represents the amounts receivable for goods sold and services provided after deducting value added tax.

(3) Tangible assets and depreciation

Tangible assets are stated at cost less accumulated depreciation except for freehold land and assets in the course of construction.

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 land	Nil
Freehold and Leasehold buildings	35 to 50 years
Long life fixtures, fittings and equipment	6 to 10 years
Plant and machinery	10 years
Short life equipment and computer hardware	3 to 6 years

Leasehold improvements are depreciated over the life of the lease if shorter than 10 years, or at the fixtures and fittings rates given above.

(4) Government grants

Government capital grants received on 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 life of the assets to which they relate.

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

(5) Assets in the course of construction

Direct costs, including own labour, incurred on construction of plant and machinery for use by the company are capitalised. These costs are included in tangible assets as "assets in the course of construction" until the asset is operational. No depreciation is provided until an asset is operational.

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(6) Patents and technical information

Patents and technical information are stated at cost less amortisation provided at the rates of 10% or 20% per annum.

(7) 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.

(8) Research and development expenditure

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

(9) Foreign currency balances

Assets and liabilities denominated in foreign currencies, primarily intercompany accounts, are translated into sterling at the rates of exchange prevailing at the balance sheet date.

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 those transactions. All exchange differences are included in the profit and loss account.

(10) 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 and result in a tax payment.

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

(11) Operating leases

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

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(12) Finance leases

Assets held under finance leases whereby all the risks and rewards of ownership are acquired are included in tangible fixed assets at their purchase cost and depreciated over the useful life 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.

(13) 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 working lifetimes of employees in the scheme. Actuarial surpluses and deficits are spread over the remaining expected working lifetimes of employees.

(14) Goodwill

Goodwill on acquisition is capitalised and amortised over its estimated economic life.

(15) Deferred Liability

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

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)

2 (1) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The analysis of cost of sales and operating expenses between continuing and discontinued businesses is as follows:

	1994			1993		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost of sales	892,365	—	892,365	738,998	2	739,000
Net operating expenses						
Distribution costs	38,175	-	38,175	25,815	1	25,816
Admin expenses	52,450	-	52,450	64,567	316	64,883
Other operating expenses	60,829	—	60,829	153,884	372	154,256
	151,454	-	151,454	244,266	689	244,955

Profit/(loss) on ordinary activities is stated after charging/(crediting):

	1994	1993
Directors' emoluments including pension contributions (Note 18)	523	850
Depreciation - Owned assets	71,026	70,217
- Assets held under finance leases	14	19
Capital grants credited	(4,773)	(4,309)
Operating lease rental - hire of plant and machinery	2,693	3,092
- other	463	369
Auditors' remuneration, including expenses -audit	231	237
-other services	376	637
Research and development expenditure	16,120	13,556
(Profit)/loss on disposal of fixed assets	(4,598)	1,403
Exchange (gains)/losses	(2,865)	1,764
Exceptional re-organisation costs charge/(release)	(21,580)	101,300

(2) STAFF COSTS

	1994	1993
	£'000	£'000
Wages and salaries	142,231	147,463
Social security costs	9,878	8,350
Other pension costs	26,170	17,838
	178,279	173,650

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1994</u> £'000	<u>1993</u> £'000
Bank deposits	1,690	3,475
Group undertakings	<u>290</u>	<u>1,939</u>
	<u>1,980</u>	<u>5,414</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1994</u> £'000	<u>1993</u> £'000
Bank borrowings repayable within five years	511	47
Accrued interest on deferred liability	2,095	986
Group undertakings	21,891	14,008
Other	<u>12</u>	<u>-</u>
	<u>24,509</u>	<u>15,041</u>

5 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The taxation charge/(credit) based on the profit/(loss) on ordinary activities comprises:

	<u>1994</u> £'000	<u>1993</u> £'000
Corporation tax at 33% (1993 - 33%)		
- prior periods	-	(6,312)
Deferred tax (Note 13)	<u>-</u>	<u>(85)</u>
	<u>-</u>	<u>(6,397)</u>

The corporation tax charge for the year is nil, since a loss has arisen for the year for tax purposes, which will be surrendered to other group companies for nil consideration.

No provision has been made for accelerated capital allowances and other timing differences since, in the opinion of the directors, these will not reverse in the foreseeable future.

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)

6 TANGIBLE ASSETS

	Land and <u>buildings</u> £'000	Motor vehicles fixtures, fittings and <u>equipment</u> £'000	Plant and <u>machinery</u> £'000	Assets in the course of <u>construction</u> £'000	<u>Total</u> £'000
<u>Cost</u>					
At 31 December 1993	92,129	35,110	470,258	47,551	645,048
Additions	632	1,604	509	29,697	32,442
Construction allocations and transfers	2,032	1,699	32,909	(36,774)	(134)
Disposals	<u>(2,706)</u>	<u>(6,850)</u>	<u>(5,703)</u>	<u>(189)</u>	<u>(15,448)</u>
At 31 December 1994	<u>92,087</u>	<u>31,563</u>	<u>497,973</u>	<u>40,285</u>	<u>661,908</u>
<u>Depreciation</u>					
At 31 December 1993	23,604	20,895	241,719	-	286,218
Charge for period and transfers	7,014	6,017	58,009	-	71,040
Release on disposals	<u>(975)</u>	<u>(4,559)</u>	<u>(3,550)</u>	<u>-</u>	<u>(9,084)</u>
At 31 December 1994	<u>29,643</u>	<u>22,353</u>	<u>296,178</u>	<u>-</u>	<u>348,174</u>
<u>Net book amount</u>					
At 31 December 1994	<u>62,444</u>	<u>9,210</u>	<u>201,795</u>	<u>40,285</u>	<u>313,734</u>
At 31 December 1993	<u>68,525</u>	<u>14,215</u>	<u>228,539</u>	<u>47,551</u>	<u>358,830</u>

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)

6 TANGIBLE ASSETS (CONTINUED)

The net book amount of land and buildings comprises:

	<u>1994</u>	<u>1993</u>
	£'000	£'000
Freehold land and buildings	61,480	67,376
Long leasehold land and buildings	<u>964</u>	<u>1,149</u>
	62,444	68,525
	<u> </u>	<u> </u>

The net book value of tangible fixed assets includes an amount of £ 9,000 (1993 - £23,000) in respect of assets held under finance leases. The amount of depreciation charged during the period in relation to such assets was £14,000 (1993 - £19,000).

7 CAPITAL COMMITMENTS

The company's authorised capital expenditure commitment at 31 December 1994 amounted to £18,203,000 (1993 - £43,567,000) of which contracted commitments amounted to £9,732,000 (1993 - £9,625,000).

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)

8 INVESTMENTS

	Subsidiary undertakings			Associated undertakings		Total
	Shares £'000	Loans £'000	Other £'000	Shares £'000	Loans £'000	
Cost						
At 31 December 1993	9,499	13,800	-	2,660	5,671	31,630
Transfers	2,660	5,671	-	(2,660)	(5,671)	-
Additions	3,949	2,600	166,177	-	-	172,726
Written off	(7,527)	(13,800)	-	-	-	(21,327)
At 31 December 1994	8,581	8,271	166,177	-	-	183,029
Provisions						
At 31 December 1993	7,527	13,800	-	2,660	5,671	29,658
Transfers	2,660	5,671	-	(2,660)	(5,671)	-
Utilised	(7,527)	(13,800)	-	-	-	(21,327)
Provided in year	949	-	-	-	-	949
At 31 December 1994	3,609	5,671	-	-	-	9,280
Net book amount						
At 31 December 1994	4,972	2,600	166,177	-	-	173,749
At 31 December 1993	1,972	-	-	-	-	1,972

The following companies were the principal operating subsidiaries of DuPont (U.K.) Limited at 31 December 1994 and were all registered and operating in England.

	<u>Nature of business</u>	<u>% of share capital</u>
DUK Shipping Limited	Ship owner and operator	100%
Camtex Fabric Limited	Shoe lining manufacturer	100%
DuPont (U.K.) Investments	Investment company	100%
IDAC UK Limited	Manufacture of automotive paints and finishes	100%

During the year the entire issued equity share capital of DuPont (U.K.) Investments, an unlimited company incorporated in the United Kingdom, was acquired at a cost of £3,000,000.

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)

8 INVESTMENTS (CONTINUED)

During the year IDAC UK Limited became a wholly-owned subsidiary undertaking following the acquisition of 50% of the issued ordinary share capital at a cost of £949,480. The loan to IDAC UK Limited is unsecured and interest free. The investment in and loans to IDAC UK Limited have been fully provided for as at 31 December 1994.

During the year the subsidiary, DuPont Pixel Systems Limited, ceased to trade and the company became dormant. The investment in and loans to DuPont Pixel Systems Limited had been fully written off in the previous year.

A loan of £2,600,000 has been advanced during the year to Camtex Fabric Limited.

During the year the company acquired the rights to Preference Shares in DuPont (U.K.) Investments for a cost of £166,177,000.

9 STOCKS

	<u>1994</u>	<u>1993</u>
	£'000	£'000
Raw materials and consumables	32,044	34,088
Work in progress	3,575	3,321
Finished goods and goods for resale	<u>71,841</u>	<u>91,128</u>
	107,460	128,537
	<u> </u>	<u> </u>

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

10 DEBTORS

	<u>1994</u>	<u>1993</u>
	£'000	£'000
Trade debtors	109,844	123,436
Amounts owed by group undertakings	38,017	61,784
Other debtors	10,714	23,410
Corporation tax	4,982	4,982
Prepayments and accrued income	<u>2,667</u>	<u>11,717</u>
	166,224	225,329
	<u> </u>	<u> </u>

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)

11 CREDITORS (amounts falling due within one year)

	<u>1994</u>	<u>1993</u>
	£'000	£'000
Bank loans and overdrafts	-	8,836
Trade creditors	50,383	52,945
Amounts owed to group undertakings	3,793	56,059
Loans from group undertakings	-	163,000
Other creditors	1,895	11,491
Taxation and social security	2,870	1,350
Accruals and deferred income	<u>3,024</u>	<u>17,103</u>
	61,965	310,784
	<u> </u>	<u> </u>

12 CREDITORS (amounts falling due after more than one year)

	<u>1994</u>	<u>1993</u>
	£'000	£'000
Loans from group undertakings	314,000	100,000
Amounts payable under finance leases repayable between one and five years	8	19
Deferred liability	26,012	24,917
Other creditors	<u>10,667</u>	<u>-</u>
	350,687	124,936
	<u> </u>	<u> </u>

The deferred liability represents the net present value of payments due to ICI for its Fibres division acquired in July 1993.

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Pensions and similar obligations £'000	Deferred tax £'000	Restructuring provisions £'000	Total £'000
At 31 December 1993	3,277	-	103,651	106,928
Provided during the period	5,077	-	1,476	6,553
Expended/utilised during the period	(120)	-	(44,290)	(44,410)
Released during the period	-	-	(22,590)	(22,590)
At 31 December 1994	8,234	-	38,247	46,481

Pensions and similar obligations includes an amount of £4,097,000 (1993 - £1,834,000) in respect of a deficit on the company pension schemes which is being spread over a period of 13 years as described in note 19.

At 31 December 1994 the full potential liability for deferred taxation at 33% (1993 - 33%) comprised:

	1994 £'000	1993 £'000
Capital allowances claimed for tax purposes in excess of depreciation charged in the accounts	44,735	53,988
Short-term timing differences	(13,679)	(22,269)
	31,057	31,719

14 ACCRUALS AND DEFERRED INCOME

	£'000
At 31 December 1993	22,254
New capital grants	193
Capital grants on disposals during the year	(134)
Released to profit and loss account	(4,773)
At 31 December 1994	17,540

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)

15 CALLED UP SHARE CAPITAL

	£'000
Authorised:	
At 31 December 1993 19,186,000 Ordinary shares of £1 each	19,186
Authorised during the year 180,814,000 Ordinary shares of £1 each	<u>180,814</u>
At 31 December 1994 200,000,000 Ordinary shares of £1 each	<u>200,000</u>
Allotted, called up and fully paid:	
At 31 December 1993 12,363,540 Ordinary shares of £1 each	12,364
Issued during the year 155,000,000 Ordinary shares of £1 each	<u>155,000</u>
At 31 December 1994 167,363,540 Ordinary shares of £1 each	<u>167,364</u>

The proceeds from the shares issued on 19 May 1994 were used to acquire the rights to preference shares in Du Pont (UK) Investments.

16 MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1994</u> £'000	<u>1993</u> £'000
Retained profit for the financial year	19,316	(130,786)
New share capital subscribed	<u>155,000</u>	<u>-</u>
Net addition/(reduction) in shareholders' funds	174,316	(130,786)
Opening shareholders' funds	<u>162,784</u>	<u>293,570</u>
Closing shareholders' funds	<u>337,100</u>	<u>162,784</u>

Shareholders' funds are all attributable to equity interests.

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)

17 TURNOVER

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

	<u>1994</u>	<u>1993</u>
	£'000	£'000
Fibres	577,283	376,908
Printing and publishing	195,389	193,002
Polymers	172,140	142,427
Chemicals and specialities	59,881	79,249
Electronics	39,225	37,419
Medical products	25,772	23,675
Other	<u>10,596</u>	<u>7,946</u>
	<u>1,080,286</u>	<u>860,626</u>

1993 turnover by class of business has been restated in line with the Company's restructuring to be comparable with 1994.

The analysis of turnover by geographical destination is as follows:

	<u>1994</u>	<u>1993</u>
	£'000	£'000
UK	522,402	489,863
Exports to Europe	482,028	292,327
Exports outside Europe	<u>75,856</u>	<u>78,436</u>
	<u>1,080,286</u>	<u>860,626</u>

The directors are of the opinion that disclosure of the result attributable to each class of business or geographical market would be seriously prejudicial to the Company.

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)

18 PARTICULARS OF DIRECTORS AND EMPLOYEES

The emoluments, excluding pension contributions, of the chairman and highest paid director were:

	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Chairman	112	109
	<u> </u>	<u> </u>

The Chairman was also the highest paid director in 1994. In 1993 the highest paid director received remuneration of £303,000 excluding pension contributions.

The emoluments of all directors, excluding pension contributions, were within the following ranges:

	<u>1994</u> <u>Number</u>	<u>1993</u> <u>Number</u>
£0 - £ 5,000	3	3
£10,001 - £ 15,000	-	2
£70,001 - £ 75,000	1	1
£80,001 - £ 85,000	1	-
£85,001 - £ 90,000	1	1
£90,001 - £ 95,000	1	-
£105,001 - £110,000	-	2
£110,001 - £115,000	1	-
£300,001 - £305,000	-	1
	<u> </u>	<u> </u>

The average number of persons employed during the period was 4,969 (1993 - 5,611).

19 PENSION COSTS

The company operates two pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the company, being invested in trustee administered funds. Contributions to the schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

Scheme A

The most recent valuation was as at 31 December 1991. The next evaluation of the scheme's assets, originally planned for 31 December 1993, has been postponed to 31 December 1994. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries. It was assumed that the investment returns would be 9% per annum and that salary increases would average between 6.5% and 8.5% per annum.

DU PONT (U.K.) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994 (CONTINUED)

19 PENSION COSTS

The pension charge for the period was £23,328,000 (1993 - £13,443,000). This includes a charge of £1,106,000 (1993 - £985,000) in respect of the amortisation of experience deficits that are being recognised over 13 years, the average remaining service life of employees. At 31 December 1994 there was an accrual in respect of pensions of £3,328,000 (1993 - £1,225,000) (see note 13).

The most recent valuation showed that the market value of the scheme's assets was £114,648,000 and that the actuarial value of those assets represented 109% of the benefits that had accrued to members, after allowing for expected future increases in earnings. However, the valuation excludes the effect of the transfer of ex ICI assets into a newly formed special section within the fund. This will be evaluated in the next actuarial valuation which will be as at 31 December 1994. This valuation has yet to be finalised.

Scheme B

The most recent actuarial valuation was as at 6 April 1993. This showed that the market value of the scheme's assets was £25,336,000 and that the actuarial value of those assets represented 76% of the benefits that had accrued to members, after allowing for expected future increases in earnings. It was assumed that investment returns would be 9% per annum, that salary increases would average between 6.5% and 8.5% per annum.

The pension charge for the period was £2,842,000 (1993 - £4,395,000). This includes £604,000 (1993 - £855,000) in respect of the amortisation of the past service deficit in the scheme, which is being recognised over 13 years, the average remaining service life of employees. At 31 December 1994 there was an accrual in respect of pensions of £769,000 (1993 - £609,000) (see note 13).

20 GUARANTEES AND CONTINGENT LIABILITIES

At 31 December 1994 the Company had given specific counter indemnities of £6,408,000 (1993 - £16,318,000) in respect of bonds given on its behalf to HM Customs & Excise and others.

21 POST BALANCE SHEET EVENTS

Since the year-end, a management company Bristol Business Park Management Limited, has been set up in which the Company has a controlling interest.

22 ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of Conoco (U.K.) Limited, registered in England. The ultimate holding company is El du Pont de Nemours and Company, incorporated in the state of Delaware, USA. Group accounts for the smallest and largest groups for which group accounts are prepared may be obtained from the following address:

DuPont (U.K.) Limited
Wedgwood Way
Stevenage
Hertfordshire
SG1 4QN