



ARTHUR ANDERSEN

# Holliday Dispersions Limited

Accounts 31 December 1999

together with directors' and auditors' reports

Registered number: 831113



## Directors' report

For the year ended 31 December 1999

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1999.

### Directors' responsibilities

Company law requires the directors to prepare accounts for each financial 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 accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume 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 to enable them to ensure that the accounts 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.

### Principal activities and business review

The principal activity of the company is the manufacture and supply of pigment dispersions in liquid form.

The directors consider the state of the company's affairs to be satisfactory and expect to see growth in sales and profits during 2000.

### Results and dividends

Results and dividends are as follows:

	£'000
Retained profit at 1 January 1999	1,014
Profit for the financial year	236
Interim and Final dividend paid	(104)
Retained profit at 31 December 1999	<u>1146</u>

## Directors' report (continued)

### Directors and their interests

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

R. G. Rae

T. L. Hanaut (Resigned 16 December 1999)

K. R. Glendinning

The directors' interests in the shares of the ultimate parent company, Yule Catto & Co plc were as follows:

	31 December 1999		31 December 1998	
	10p Ordinary shares		10p Ordinary shares	
	Shares	Options	Shares	Options
R G Rae	442	29,378	436	12,320
K.R. Glendinning	1,800	3,559	1,800	3,559

There are no other interests required to be disclosed under Section 234 of the Companies Act 1985.

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### Employee consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company.

### Supplier payment policy

It is the group's policy to make suppliers aware of payment terms at the time of each transaction and to make these terms known to staff who handle payments to suppliers so that they are adhered to. Trade creditors at 31 December 1999 expressed in relation to the total amounts invoiced by suppliers for goods and services during the year were equivalent to 61 days (65 days - 1998).

## Directors' report (continued)

### Year 2000

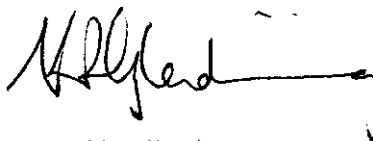
A group-wide programme was established to ensure that all information and operational systems were Year 2000 compliant. There have been no problems within the company following the systems upgrades.

### Auditors

The directors will place a resolution before the annual general meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

Central Road  
Temple Fields  
Harlow  
Essex  
CM20 2BH

By order of the Board,



K.R. Glendinning

17 February 2000

Director

**To the Shareholders of Holliday Dispersions Limited:**

We have audited the accounts on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

**Respective responsibilities of directors and auditors**

As described on page 1, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

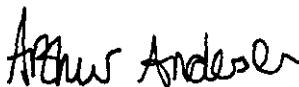
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts are free from material misstatement, 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

17 February 2000

# Profit and loss account

For the year ended 31 December 1999

	Note	1999 £'000	1998 £'000
Turnover	2	5,674	6,803
Cost of sales		<u>(4,503)</u>	<u>(5,429)</u>
Gross profit		1,171	1,374
Other operating expenses (net)	3	<u>(803)</u>	<u>(848)</u>
Operating profit		370	526
Net interest payable	4	<u>(29)</u>	<u>(94)</u>
Profit on ordinary activities before taxation	5	341	432
Tax on profit on ordinary activities	7	<u>(103)</u>	<u>(24)</u>
Profit on ordinary activities after tax		236	408
Dividend paid/proposed	8	<u>(104)</u>	<u>-</u>
Retained profit for the financial year		132	408
Retained profit, beginning of year		<u>1,014</u>	<u>606</u>
Retained profit, end of year	16	<u>1,146</u>	<u>1,014</u>

All results are derived from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

There are no recognised gains and losses in either year other than the profit for the year.

# Balance sheet

31 December 1999

	Note	1999 £'000	1998 £'000
<b>Fixed assets</b>			
Tangible assets	9	<u>969</u>	<u>1,039</u>
<b>Current assets</b>			
Stocks	10	1,032	1,062
Debtors	11	766	801
Cash at bank and in hand		<u>63</u>	<u>865</u>
		1,861	2,728
<b>Creditors: Amounts falling due within one year</b>	12	<u>(1504)</u>	<u>(1,073)</u>
<b>Net current assets</b>		<u>357</u>	<u>1,655</u>
<b>Total assets less current liabilities</b>		<u>1,326</u>	<u>2,694</u>
<b>Creditors: Amounts falling due after more than one year</b>	13	<u>-</u>	<u>(1,500)</u>
<b>Net assets</b>		<u>1,326</u>	<u>1,194</u>
<b>Capital and reserves</b>			
Called-up share capital	15	180	180
Profit and loss account	16	1,146	1,014
<b>Equity shareholders' funds</b>	17	<u>1,326</u>	<u>1,194</u>

Signed on behalf of the Board:

  
K.R. Glendinning

Director

17 February 2000

The accompanying notes are an integral part of this balance sheet.

## Notes to the accounts

31 December 1999

### 1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are as follows:

#### *a. Basis of accounting*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

A cash flow statement has not been prepared as the company is a wholly owned subsidiary undertaking of the parent company, Yule Catto & Co. plc, a company registered in England and Wales. A consolidated cash flow statement is provided in the group accounts of the parent company.

#### *b. Turnover*

Turnover comprises the value of sales (excluding VAT, foreign agents' commission, trade discounts, and freight) of goods and services in the normal course of business.

#### *c. Foreign currency*

Transactions denominated in foreign currencies are recorded in pounds sterling at actual exchange rates as of the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the balance sheet date, or where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Gains or losses on forward exchange contracts in existence at the year end not matched against monetary assets or liabilities are accounted for on the date of maturity of the contract.

#### *d. Pension costs*

The costs of contributions to the pension schemes and of augmenting existing pensions are charged to the profit and loss account on a systematic basis over the expected period of benefits from employees' service.



## Notes to the accounts (continued)

### 1 Accounting policies (continued)

#### e. Taxation

Corporation tax is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous years when it is recovered against corporation tax liabilities.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) has been calculated using the liability method. Deferred tax is provided on timing differences which are expected to reverse at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, are not likely to reverse.

#### f. Tangible fixed assets

Tangible fixed assets are stated at original historical cost less accumulated depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost of each asset on a straight line basis over its estimated useful life at the following annual rates:

Freehold buildings	2% or 4% per annum
Plant and equipment	8.3% - 33% per annum

#### g. Stocks

Stocks are stated at the lower of cost, including an appropriate proportion of production overheads, and net realisable value.

### 2 Segment information

The company's turnover relates entirely to its principal activity. The geographical analysis of turnover by destination is as follows:

	1999 £'000	1998 £'000
United Kingdom	4,081	5,098
Continental Europe	1,294	1,439
Asia, Middle East and Africa	280	160
North America	18	46
Other	1	60
	<u>5,674</u>	<u>6,803</u>

## Notes to the accounts (continued)

### 3 Other operating expenses (net)

	1999 £'000	1998 £'000
Sales and distribution costs	309	331
Administrative expenses	494	517
	<u>803</u>	<u>848</u>

### 4 Net interest payable

	1999 £'000	1998 £'000
Loan from parent company	47	125
On bank loans and overdrafts	14	2
Receivable on bank balances	(32)	(33)
	<u>29</u>	<u>94</u>

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1999 £'000	1998 £'000
Depreciation of tangible fixed assets	132	112
Auditors' remuneration	6	6
Staff costs (note 6)	<u>849</u>	<u>887</u>

### 6 Staff costs

Particulars of employees (including executive directors) are as shown below:

	1999 £'000	1998 £'000
Employee costs during the year amounted to:		
Wages and salaries	740	773
Social security costs	60	64
Other pension costs	49	50
	<u>849</u>	<u>887</u>

## Notes to the accounts (continued)

### 6 Staff costs (continued)

The average monthly number of persons employed by the company during the year was:

	1999 Number	1998 Number
Production	28	30
Sales and distribution	5	5
Administration	6	5
	<u>39</u>	<u>40</u>

The remuneration of the directors was as follows:

	1999 £'000	1998 £'000
Emoluments	<u>66</u>	<u>62</u>

The above amounts do not include the value of any shares or share options, received in the parent company under long term incentive schemes. share options were received or receivable under long term incentive schemes by Nil director (1998 - Nil).

The number of directors who were members of pension schemes was as follows:

	1999 Number	1998 Number
Defined benefit schemes	<u>1</u>	<u>1</u>

The accrued annual pension entitlement under the company's defined benefit scheme of the highest paid director at 31 December 1999 was £2,703 (1998 - £1,732).

### 7 Tax on profit on ordinary activities

The tax charge comprises:

	1999 £'000	1998 £'000
Corporation tax at 30% (1998 - 31%)	102	134
Adjustments in respect of prior years' corporation tax	1	(110)
	<u>103</u>	<u>24</u>

## Notes to the accounts (continued)

### 8 Dividends

	1999 £'000	1999 £'000
Dividends paid/proposed	104	-

### 9 Tangible fixed assets

The movement in the year was as follows:

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
Beginning of year	549	1,087	1,636
Additions	549	43	62
Disposals	-	(24)	(24)
End of year	568	1,106	1,674
<b>Depreciation</b>			
Beginning of year	175	422	597
Charge	15	117	132
Disposals	-	(24)	(24)
End of year	190	515	705
<b>Net book value</b>			
Beginning of year	374	665	1,039
End of year	378	591	969

Freehold land amounting to £28,000 (1998 - £28,000) has not been depreciated.

### 10 Stocks

	1999 £'000	1998 £'000
Raw materials and consumables	303	400
Finished goods and goods for resale	729	662
	1,032	1,062

There is no material difference between the balance sheet value of stocks and their replacement cost.

## Notes to the accounts (continued)

### 11 Debtors

	1999 £'000	1998 £'000
Amounts falling due within one year:		
Trade debtors	632	687
Amounts owed by other group undertakings	124	96
VAT	-	18
Prepayments	10	-
	<u>766</u>	<u>801</u>

### 12 Creditors: Amounts falling due within one year

	1999 £'000	1998 £'000
Bank Overdraft	580	
Trade creditors	492	487
Amounts owed to other group undertakings	226	284
Other creditors		
- VAT	19	-
- UK corporation tax payable	57	134
- other taxation and social security	17	18
Accruals and deferred income	113	150
	<u>1,504</u>	<u>1,073</u>

The company has cross guaranteed overdrafts of other group companies. The amount outstanding on the group facility at 31 December 1999 was £89m (1998 - £Nil).

### 13 Creditors: Amounts falling due after more than one year

	1999 £'000	1998 £'000
Due after five years, not by instalments:		
- amounts due to parent company	<u>-</u>	<u>1,500</u>

## Notes to the accounts (continued)

### 14 Provisions for liabilities and charges

No deferred taxation has been provided as the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is improbable that any liability will crystallise.

The amounts of unprovided deferred taxation are as follows:

	1999 £'000	1998 £'000
Excess of tax allowances over book depreciation of fixed assets	<u>61</u>	<u>124</u>

Had full provision for deferred taxation been made the tax charge for the year ending 31 December 1999 would have decreased by £63,000(1998 - increased by £45,000).

### 15 Called-up share capital

	1999 £'000	1998 £'000
<i>Authorised</i>		
200,000 ordinary shares of £1 each	<u>200</u>	<u>200</u>
<i>Allotted, called-up and fully paid equity shares</i>		
180,000 ordinary shares of £1 each	<u>180</u>	<u>180</u>

### 16 Profit and loss account

	1999 £'000	1998 £'000
Beginning of year	1,014	606
Retained profit for the year	132	408
End of year	<u>1,146</u>	<u>1,014</u>

The cumulative amount of goodwill written off against the profit and loss account is £531,000 (1998 - £531,000).

## Notes to the accounts (continued)

### 17 Reconciliation of movement in equity shareholders' funds

	1999 £'000	1998 £'000
Profit for the financial year	236	408
Dividends	(104)	-
Net addition to equity shareholders' funds	132	408
Opening equity shareholders' funds	1,194	786
Closing equity shareholders' funds	1,326	1,194

### 18 Guarantees and other financial commitments

#### a) Capital commitments

At the end of the year there were capital commitments of £Nil (1998 - £Nil).

#### b) Pension arrangements

The amount charged in the profit and loss account for pension costs of the company was £49,081 (1998 - £50,224).

On 1 January 1999, The Yule Catto & Co Group Retirement Benefit Scheme took effect, the majority of the employees of the company are members of the funded defined benefit scheme, with employees contributions of 2%, 3% or 5% of eligible earnings and employer contributions of 10%. New employees of the company are eligible to join the defined contributions scheme, with employees contributions of 3% of eligible earnings and employer contributions of 4%. Details of that scheme are provided in the notes to the accounts of Yule Catto & Co. plc.

### 18 Ultimate holding company

The company is a wholly owned subsidiary undertaking of Yule Catto & Co plc. The consolidated accounts of Yule Catto & Co. plc are available from Companies House.

As a subsidiary undertaking of Yule Catto & Co. plc, the company has taken advantage of the exemption in FRS8 "Related Party Disclosures" not to disclose transactions with other members of the group headed by Yule Catto & Co. plc