

2343599

REPORT AND GROUP ACCOUNTS
ZEON CHEMICALS EUROPE LIMITED

December 31, 1990

ERNST & YOUNG



ZEON CHEMICALS EUROPE LIMITED

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DIRECTOR

K Toyama

SECRETARY

K S Gallon

AUDITORS

Ernst & Young
Pendragon House
Fitzalan Court
Fitzalan Road
Cardiff

BANKERS

Midland Bank plc
33 Holton Road
Barry
South Glamorgan

Lloyds Bank plc
140B Holton Road
Barry
South Glamorgan

The Dai-Ichi Kangyo Bank Ltd
DKB House
24 King Williams Street
London

The Bank of Tokyo Ltd
20/24 Moorgate
London

The Industrial Bank of Japan Ltd
Bucklersbury House
Walbrook
London

SOLICITORS

Lane & Partners
46/47 Bloomsbury Square
London

REGISTERED OFFICE

46/47 Bloomsbury Square
London

REGISTERED NUMBER

02343599

DIRECTORS' REPORT

The directors present their report and the group accounts for the year ended December 31, 1990.

RESULTS AND DIVIDENDS

The accounts for the year ended December 31, 1990 consolidate the results of the subsidiary companies for the first time. The subsidiary interests in Zeon Europe GmbH were established in 1989 and were not consolidated in that year as they were immaterial. The group trading loss for the year after taxation and minority interests amounted to £669,000 (1989 Company £367,000 less). The comparatives for December 31, 1990 relate to the individual company only.

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES

The group's principal activities during the year continued to be the manufacture and sale of synthetic rubber.

REVIEW OF BUSINESS

The group has continued to expand the core activities of the business. This has resulted in a significant increase in sales to £26,676,000.

The directors are encouraged by this increased level of sales achieved.

FUTURE DEVELOPMENT

The directors intend to continue to develop the product and market range of the business.

FIXED ASSETS

The changes in fixed assets during the year are summarised in note 11 to the accounts.

SHARE CAPITAL

During the year the share capital of the company was increased from £5,000,000 to £7,100,000.

An issue was made, at par, on October 12, 1990 of 1,638,000 ordinary shares of £1 each in full satisfaction of a loan from the ultimate parent undertaking.

An issue, was made at par on November 8, 1990 of 462,000 ordinary shares of £1 each to assist with the expansion plans of the company.

A further issue of share capital has been made since the balance sheet date. On March 20, 1991 the share capital was increased from £7,100,000 to £8,300,000 by the issue of 1,200,000 ordinary shares of £1 each at par. This issue will enable the company to continue to develop in accordance with its medium term objectives.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:-

Mr K Toyama

Mr T Kuragano (Appointed December 10, 1990)

Mr Toyama held one, £1 ordinary share in the company as at December 31, 1990.

Mr T Kuragano resigned as director on July 1, 1991.

CHARITABLE CONTRIBUTIONS

During the year the group made charitable contributions of £3,000.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board.

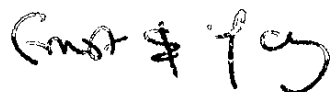

Secretary

27-9-91

REPORT OF THE AUDITORS
to the members of Zeon Chemicals Europe Limited

We have audited the accounts on pages 5 to 20 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at December 31, 1990 and of the loss and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants

27, September 1991

ZEON CHEMICALS EUROPE LIMITED

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GROUP PROFIT AND LOSS ACCOUNT

for the year ended December 31, 1990

		<i>Group Year Ended December 31 1990 £'000</i>	<i>Company 11 Months to December 31 1989 £'000</i>
	<i>Notes</i>		
TURNOVER	2	26,676	7,113
Cost of sales		22,990	5,653
		—	—
		3,686	1,460
		—	—
Distribution costs		1,044	247
Administration expenses		4,006	1,752
		—	—
		<u>5,050</u>	<u>1,999</u>
OPERATING LOSS	3	(1,364)	(539)
Interest receivable	5	191	177
Interest payable	6	(533)	(234)
		—	—
		<u>(342)</u>	<u>(57)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEM		(1,706)	(596)
Exceptional item	7	924	229
		—	—
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(782)	(367)
Taxation	8	-	-
		—	—
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(782)	(367)
Minority interests		113	-
		—	—
RETAINED LOSS FOR THE YEAR	9	<u>(669)</u>	<u>(367)</u>

A statement of the movement on reserves can be found in Note 21.

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at December 31, 1990

	<i>Notes</i>	<i>1990 £'000</i>
FIXED ASSETS		
Intangible assets	10	91
Tangible assets	11	7,855
Investments	12	89
		<hr/>
		<u>8,035</u>
CURRENT ASSETS		
Stocks	13	6,155
Debtors	14	6,908
Cash at bank and in hand		2,062
		<hr/>
		15,125
CREDITORS: amounts falling due within one year	15	9,855
		<hr/>
NET CURRENT ASSETS		<u>5,270</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,305
CREDITORS: amounts falling due after more than one year	17	7,157
MINORITY INTERESTS		96
		<hr/>
		<u>6,052</u>
CAPITAL AND RESERVES		
Called up share capital	20	7,100
Profit and loss account	21	(1,048)
		<hr/>
		<u>6,052</u>

K. J. [Signature] Director

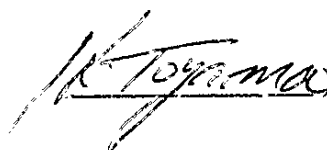
27. 9. 1991

ZHEON CHEMICALS EUROPE LIMITED

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BALANCE SHEET at December 31, 1990

	Notes	1990 £'000	1989 £'000
FIXED ASSETS			
Intangible assets	10	91	96
Tangible assets	11	7,662	6,902
Investments	12	330	330
		<u>8,083</u>	<u>7,328</u>
CURRENT ASSETS			
Stocks	13	2,901	2,245
Debtors	14	3,683	2,744
Cash at bank and in hand		1,404	1,947
		<u>7,988</u>	<u>6,936</u>
CREDITORS: amounts falling due within one year	15	2,821	1,841
NET CURRENT ASSETS		<u>5,167</u>	<u>5,095</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,250	12,423
CREDITORS: amounts falling due after more than one year	17	7,011	7,785
		<u>6,239</u>	<u>4,638</u>
CAPITAL AND RESERVES			
Called up share capital	20	7,100	5,000
Profit and loss account	21	(861)	(362)
		<u>6,239</u>	<u>4,638</u>

 Director

27. 9. 1991

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended December 31, 1990

	<i>Group</i> 1990 £'000	<i>Company</i> 1989 £'000
SOURCE OF FUNDS		
LOSS ON ORDINARY ACTIVITIES	(669)	(367)
Adjustment for items not involving the movement of funds:		
Depreciation	541	301
Unrealised exchange gain	(924)	(229)
Amortisation of goodwill	5	4
Loss on disposal of fixed assets	8	-
Investment in subsidiary not previously consolidated	<u>330</u>	<u>-</u>
	(40)	76
TOTAL GENERATED FROM OPERATIONS	(709)	(291)
FUNDS FROM OTHER SOURCES		
Proceeds of share issues	2,100	5,000
Receipt of long term loan	1,759	8,014
Proceeds of sale from fixed assets	<u>2</u>	<u>-</u>
	<u>3,861</u>	<u>13,014</u>
	<u>3,152</u>	<u>12,723</u>
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	1,504	7,198
Purchase of subsidiary	-	330
Purchase of goodwill	-	100
Conversion of loans to capital	<u>1,619</u>	<u>-</u>
MOVEMENT IN WORKING CAPITAL	<u>3,123</u>	<u>7,628</u>
	<u>29</u>	<u>5,095</u>
COMPONENTS OF MOVEMENT ON WORKING CAPITAL		
Stocks	3,910	2,245
Debtors	4,164	2,744
Creditors	(7,974)	(1,841)
	<u>100</u>	<u>3,148</u>
MOVEMENT IN NET LIQUID FUNDS		
Bank and cash	115	1,947
Bank overdraft	(186)	<u>-</u>
	(71)	<u>1,947</u>
	<u>29</u>	<u>5,095</u>

NOTES TO THE ACCOUNTS

at December 31, 1990

1 ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

The accounts are prepared in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of Zeon Chemicals Europe Limited and its subsidiaries Zeon Europe and Zeon Deutschland GmbH drawn up to December 31.

No group accounts were prepared in 1989 as the subsidiary undertaking, Zeon Europe GmbH was not material at that date. Comparative figures relating to 1989 refer to the company only.

No profit and loss account is presented for Zeon Chemicals Europe Limited as provided by section 230(3) of the Companies Act 1985.

Undertakings other than subsidiary undertakings in which the group has acquired an investment during the year representing not less than 20% of the voting rights as at December 31, 1990 are not included as associated undertakings within the consolidated accounts as financial information in respect of the period to December 31, 1990 is not available. The Directors are of the opinion that such amounts are not material.

Goodwill

Goodwill is the difference between the amount paid on the acquisition of the business and the aggregate fair value of its separable net assets. It is being written off in equal instalments over the directors' estimate of its useful economic life of 20 years.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	- over 50 years
Leasehold land and buildings	- over the lease term
Plant and machinery	- over 5 to 20 years

NOTES TO THE ACCOUNTS
at December 31, 1990

1 ACCOUNTING POLICIES(continued)

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Research and development

Research and development expenditure is written off as incurred.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that tax will be payable.

Foreign currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Group

The accounts of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves.

Pensions

The holding company (Zeon Chemicals Europe Limited) operates a defined benefit pension scheme. Contributions are made by the company to a separately administered fund. Contributions to these funds are charged to the profit and loss account of the holding company so as to spread the cost of pensions over the employees' working lives. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

NOTES TO THE ACCOUNTS

at December 31, 1990

2 TURNOVER

Turnover comprises the invoice value of goods and services supplied by the company stated net of value added tax.

The geographical split of turnover can be analysed as follows:

	1990 £'000	1989 £'000
United Kingdom	6,872	3,233
European Countries	19,127	3,427
Rest of the World	<u>677</u>	<u>453</u>
	<u>26,676</u>	<u>7,113</u>

3 OPERATING LOSS

(a)	This is stated after charging/(crediting)	1990 £'000	1989 £'000
	Auditors' remuneration	40	14
	Depreciation of owned assets	516	301
	Depreciation of assets held under finance leases	25	-
	Operating lease rentals	57	-
	Amortisation of goodwill	5	4
	Directors' emoluments	89	43
	Exchange loss	<u>50</u>	<u>-</u>
(b)	Directors' remuneration		
	Other emoluments	<u>89</u>	<u>43</u>
	(including pension contributions)		

The emoluments of the chairman who was also the highest paid director was £89,000 (1989:£43,000).

There were no emoluments received by the other director of the company.

NOTES TO THE ACCOUNTS
at December 31, 1990

4 STAFF COSTS	1990 £'000	1989 £'000
Wages and salaries	1,719	917
Social security costs	204	60
Other pension costs	143	174
	<u>2,066</u>	<u>1,151</u>

The average weekly number of employees during the year was made up as follows:-

	1990 No.	1989 No.
Office management	27	11
Production	54	54
Research and development	6	6
	<u>87</u>	<u>71</u>

5 INTEREST RECEIVABLE	1990 £'000	1989 £'000
Bank Interest Receivable	<u>191</u>	<u>177</u>
6 INTEREST PAYABLE	1990 £'000	1989 £'000
Bank loans and overdraft wholly repayable within five years	39	-
Other loans not wholly repayable within five years	479	234
Finance charges payable under finance leases	15	-
	<u>533</u>	<u>234</u>

NOTES TO THE ACCOUNTS
at December 31, 1990

7 EXCEPTIONAL ITEM	1990	1989
	£'000	£'000

Unrealised exchange gain	<u>924</u>	<u>229</u>
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The profit and loss account includes an exchange gain arising on the retranslation of a long term loan which is denominated in Japanese Yen. The inclusion of this gain represents a departure from the statutory requirement that only realised profit may be included in the profit and loss account. The directors consider that this accounting treatment, which is in accordance with SSAP20, is necessary in order to give a true and fair view.

8 TAX ON LOSS ON ORDINARY ACTIVITIES

There are tax losses of approximately £3,400,000 available to carry forward to utilise against future taxable profits.

9 LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £499,000 (1989 £367,000).

10 INTANGIBLE FIXED ASSETS

<i>Group</i>	<i>Goodwill</i>
	<i>£'000</i>
Cost	
As at January 1, 1990 and December 31, 1990	<u>100</u>
Amortisation	
As at January 1, 1990	4
Provided during the year	5
As at December 31, 1990	<u>9</u>
Net book value at December 31, 1990	<u>91</u>
Net book value at January 1, 1990	<u>96</u>
<i>Company</i>	<i>Goodwill</i>
	<i>£'000</i>
Cost	
As at January 1, 1990 and December 31, 1990	<u>100</u>
Amortisation	
As at January 1, 1990	4
Provided during the year	5
As at December 31, 1990	<u>9</u>
Net book value at December 31, 1990	<u>91</u>
Net book value at January 1, 1990	<u>96</u>

NOTES TO THE ACCOUNTS
at December 31, 1990

11 TANGIBLE FIXED ASSETS

<i>Group</i>	<i>Land & Buildings</i> <i>Freehold</i> <i>£'000</i>	<i>Short Leasehold</i> <i>£'000</i>	<i>Plant & Machinery</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
Cost or valuation				
At January 1, 1990	449	1,154	5,955	7,558
Prior year adjustment	-	(360)	-	(360)
Restated, at cost	449	794	5,955	7,198
Additions	-	-	1,504	1,504
Disposals	-	-	(16)	(16)
At December 31, 1990	<u>449</u>	<u>794</u>	<u>7,443</u>	<u>8,686</u>
Depreciation:				
At January 1, 1990	1	9	291	301
Prior year adjustment	-	(5)	-	(5)
Restated	1	4	291	296
Disposals	-	-	(6)	(6)
Charge for the year	<u>5</u>	<u>22</u>	<u>514</u>	<u>541</u>
At December 31, 1990	<u>6</u>	<u>26</u>	<u>799</u>	<u>831</u>
Net book value at:				
December 31, 1990	<u>443</u>	<u>768</u>	<u>6,644</u>	<u>7,855</u>
January 1, 1990	<u>448</u>	<u>790</u>	<u>5,664</u>	<u>6,902</u>

The net book value of plant and machinery above includes an amount of £193,000 (1989; £nil) in respect of assets held under finance lease.

<i>Company</i>	<i>Land & Buildings</i> <i>Freehold</i> <i>£'000</i>	<i>Short Leasehold</i> <i>£'000</i>	<i>Plant & Machinery</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
Cost or valuation				
At January 1, 1990	449	1,154	5,955	7,558
Prior year adjustment	-	(360)	-	(360)
Restated, at cost	449	794	5,955	7,198
Additions	-	-	1,285	1,285
Disposals	-	-	(16)	(16)
At December 31, 1990	<u>449</u>	<u>794</u>	<u>7,224</u>	<u>8,467</u>
Depreciation:				
At January 1, 1990	1	9	291	301
Prior year adjustment	-	(5)	-	(5)
Restated	1	4	291	296
Disposals	-	-	(6)	(6)
Charge for the year	<u>5</u>	<u>22</u>	<u>488</u>	<u>515</u>
At December 31, 1990	<u>6</u>	<u>26</u>	<u>773</u>	<u>805</u>
Net book value at:				
December 31, 1990	<u>443</u>	<u>768</u>	<u>6,451</u>	<u>7,662</u>
January 1, 1990	<u>448</u>	<u>790</u>	<u>5,664</u>	<u>6,902</u>

ZEON CHEMICALS EUROPE LIMITED

NOTES TO THE ACCOUNTS

at December 31, 1990

12 INVESTMENTS

<i>Group</i>	<i>1990</i> <i>£'000</i>	<i>1989</i> <i>£'000</i>
Cost of investment in associated undertakings	<u>89</u>	<u>Nil</u>

Zeon Europe GmbH holds:-

- (i) 49.9% of the ordinary share capital of Zeon France SA a company incorporated in France.
- (ii) 50% of the ordinary share capital of Zeon Italy srl a company incorporated in Italy.

These investments which were acquired when the companies were incorporated during 1990 are not included as associated undertakings within the consolidated accounts. Audited financial information in respect of the period to December 31, 1990 is not available. The directors are of the opinion that such amounts are not material.

As at December 31, 1991 the unaudited financial statements of the associated companies indicated that the group share of their net assets was:

	£'000	
Zeon France SA	23	
Zeon Italy srl	<u>7</u>	
<i>Company</i>	<i>1990</i> <i>£'000</i>	<i>1989</i> <i>£'000</i>
Shares in subsidiary undertaking	<u>330</u>	<u>330</u>

The company holds 60% of the ordinary share capital of Zeon Europe GmbH, a company incorporated in Germany. The principal activity of the company is the distribution of nitrile rubbers.

Zeon Europe GmbH holds 100% of the ordinary share capital of Zeon Deutschland GmbH a company incorporated in Germany on August 14, 1990. These shares were issued at par to Zeon Europe GmbH for a consideration of £168,000. The principal activity of the company is the distribution of nitrile rubbers.

13 STOCKS

	<i>Group</i> <i>1990</i> <i>£'000</i>	<i>Company</i> <i>1990</i> <i>£'000</i>		<i>1989</i> <i>£'000</i>
Raw materials	539	539		438
Work in progress	61	61		35
Finished goods	5,555	2,301		1,772
	<u>6,155</u>	<u>2,901</u>		<u>2,245</u>

NOTES TO THE ACCOUNTS

at December 31, 1990

14	DEBTORS	<i>Group</i>	<i>Company</i>	
		1990 £'000	1990 £'000	1989 £'000
	Trade debtors	5,831	2,403	2,573
	Amounts owed by group and related companies	848	1,114	-
	Other debtors	174	125	129
	Prepayments and accrued income	55	41	42
		<u>6,908</u>	<u>3,683</u>	<u>2,744</u>
15	CREDITORS: amounts falling due within one year	<i>Group</i>	<i>Company</i>	
		1990 £'000	1990 £'000	1989 £'000
	Bank overdraft	186	-	-
	Trade creditors	2,989	484	1,318
	Obligations under finance leases	54	-	-
	Amounts owed to parent undertaking	973	973	370
	Amounts owed to subsidiary undertaking	-	236	4
	Amounts owed to other group companies	4,521	138	-
	Taxes and social security costs	75	34	-
	Other creditors	22	18	-
	Accruals	1,035	938	149
		<u>9,855</u>	<u>2,821</u>	<u>1,841</u>
16	OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS			
		<i>Group</i>	<i>Notes</i>	1990 £'000
	Amounts payable:			
	within one year			54
	between two and five years			191
	after five years			5
				<u>250</u>
	Less:			
	Finance charges allocated to			
	Future periods			(50)
				<u>200</u>
	Finance leases are analysed as follows:			
	Current obligations	15		54
	Non current obligations	17		146
				<u>200</u>

NOTES TO THE ACCOUNTS

at December 31, 1990

16 OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS
(continued)

Commitments under non-cancellable operating leases are as follows:-

Group	1990	
	Land and Buildings £'000	Equipment £'000
Operating leases which expire:		
Within one year	-	2
Between two and five years	58	20
Over five years	1	-
	—	—
	<u>59</u>	<u>22</u>

17 CREDITORS: amounts falling due after more than
one year

	Notes	Group	Company	
		1990 £'000	1990 £'000	1989 £'000
Obligations under finance leases	16	146	-	-
Loans due after more than five years		<u>7,011</u>	<u>7,011</u>	<u>7,785</u>
		<u>7,157</u>	<u>7,011</u>	<u>7,785</u>

The long term loans are denominated in yen and secured by a floating charge over the assets of the business. The loans comprising the above amount are as follows:-

£6,101,000 loan repayable on March 29, 1996. Interest payable annually in arrears at 4.25% (variable).

£762,600 loan repayable on March 29, 1996. Interest payable annually in arrears at 4.25% (variable).

£148,000 loan repayable on March 29, 1997. Interest payable annually in arrears at 7.125% (variable).

18 PENSION COMMITMENTS

From January 1, 1990 to March 31, 1990 the company participated in the BP Pension Fund. The pension cost for this period was equal to the contributions of £42,000 paid by the company.

Since April 1, 1990, the company has operated a defined benefit pension scheme which is funded by the payment of contributions to a separately administered trust fund. The requirements of SSAP24 have been implemented for the first time in the year ended December 31, 1990.

NOTES TO THE ACCOUNTS at December 31, 1990

18 PENSION COMMITMENTS (continued)

The pension cost of the scheme is determined with the advice of a qualified actuary on the basis of triennial valuations. The most recent valuation was carried out as at April 1, 1990 using the Projected Unit method, together with the following main assumptions:

Rate of interest	9½% per annum
Salary increases	8% per annum
Increases to pension in payment	5% per annum
Dividend growth rate	5½% per annum

The valuation showed that the market value of the scheme's assets at April 1, 1990 amounted to £2,919,000 and the actuarial value of the assets was sufficient to cover 121% of the benefits that had accrued to members, after allowing for the effect of figure increases in their earnings. The surplus has been spread forward over the expected service lives of the scheme membership as a variation. The pension expense for the period April 1, to December 31 was £102,000, giving a pension charge of £144,000 for the full year.

19 CAPITAL COMMITMENTS

Group

Amounts authorised and contracted for but not provided in the accounts amounted to £126,000 for the group (1989; £nil). These relate to computer equipment to be acquired by means of a finance lease.

Company

There are no capital commitments contracted for or authorised by the directors as at December 31, 1990 (1989; £nil).

20 SHARE CAPITAL

	Authorised		Allotted, called up & fully paid	
	1990 £'000	1989 £'000	1990 £'000	1989 £'000
Ordinary shares of £1 each	<u>7,100</u>	<u>5,000</u>	<u>7,100</u>	<u>5,000</u>

During the year the authorised share capital was increased by 2,100,000 ordinary shares of £1 each. Shares were allotted as follows:-

On October 12, 1990, 1,638,000 ordinary shares of £1 each were issued at par in full satisfaction of a loan from the ultimate parent undertaking.

On November 8, 1990 a further 462,000 ordinary shares of £1 each were issued at par to assist the with the expansion plans of the company.

NOTES TO THE ACCOUNTS
at December 31, 1990

21 RESERVES

<i>Group</i>	<i>Note</i>	<i>Revaluation reserve £'000</i>	<i>Profit and loss account £'000</i>
At January 1, 1990		355	(362)
Prior year adjustment	22	(355)	—
As restated		-	(362)
Unconsolidated reserves brought forward			(20)
Exchange difference on investment in subsidiary undertaking		-	3
Retained losses for the year		—	(669)
At December 31, 1990		—	(1,048)
<i>Company</i>	<i>Note</i>	<i>Revaluation reserve £'000</i>	<i>Profit and loss account £'000</i>
At January 1, 1990		355	(362)
Prior year adjustment	22	(355)	—
As restated		-	(362)
Retained losses for the year		-	(499)
At December 31, 1990		—	(861)

22 PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to a change in accounting policy so as to account for all land and buildings at historic cost. The accounting policy has been changed as it is believed that the new policy will give a fairer presentation of the results and of the financial position of the business.

NOTES TO THE ACCOUNTS

at December 31, 1990

2. POST BALANCE SHEET EVENTS

On March 20, 1991 1,200,000 ordinary shares of £1 each were issued at par.

The issue will enable the company to continue to develop in accordance with its medium term objectives.

24. PARENT UNDERTAKING

The directors regard Nippon Zeon Company Limited, a company incorporated in Japan, as being the ultimate parent undertaking.