

***INSPEC FINANCE LIMITED***

**Directors' Report and Financial Statements**

**for the year ended 30 November 1998**

*Registered Number: 2685504*



# *Inspec Finance Limited*

## **Directors' report and accounts**

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## ***Inspec Finance Limited***

### **Directors' report**

The Directors present their annual report, together with the audited financial statements of the Company, for the year ended 30 November 1998.

### **Principal activities**

The principal activity of the Company during the year was the provision of financial services to the Inspec group of Companies.

### **Business review**

	1998	1997
	£000	£000
Profit before taxation	17,753	16,463
Taxation	(5,503)	(1,998)
Profit for year	12,250	14,465
Dividend	-	(12,000)
Transfer to reserves	12,250	2,465

The Company ceased management of the funding of the Inspec group of companies on 30 November 1998, following the acquisition of the Inspec group of companies by Laporte plc.

### **Dividends**

No interim dividend was paid (1997 : £12,000,000). The directors do not recommend that a final dividend be paid in respect of the year (1997 : nil).

### **Payments to suppliers**

The Company does not follow any code or standard on payment practice. Terms and conditions are agreed with suppliers. Payment is then made in accordance with the agreement, providing the supplier has met the terms and conditions.

### **Directors and directors' interests**

The directors during the year were:

Mr. J A Ratcliffe	(resigned 14 May 1998)
Mr. G S Corsi	(resigned 31 December 1998)
Mr. D H Warner	(appointed 14 May 1998)
Mr. J A Brown	(appointed 31 December 1998)

None of the directors held any beneficial interests in the share capital of the Company at any time during the year. Mr. Brown and Mr. Warner are directors of the immediate holding company, Laporte Speciality Organics Limited (formerly Inspec Group plc), in whose accounts details of their interests in the ultimate parent company, Laporte plc, are shown.

## ***Inspec Finance Limited***

### **Directors' report continued**

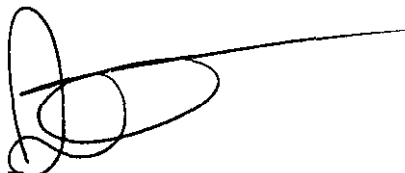
#### **Year 2000**

Significant effort has been devoted throughout 1998 to addressing the implications of the year 2000 on the Company's operations. Across the Laporte Group, the total revenue costs associated with this programme are in the order of £3 million and incremental capital expenditure of £5m has been incurred.


#### **Auditors**

PricewaterhouseCoopers resigned as the Company's auditor on 15 January 1999 and KPMG Audit Plc were appointed to fill the casual vacancy arising. In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



**D F Toner**  
*Company Secretary*

 December 1999

Nations House  
103 Wigmore Street  
London  
W1H 9AB

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements 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 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 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 and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## ***Inspec Finance Limited***

### **Auditor's report to the members of Inspec Finance Limited**

We have audited the financial statements on pages 5 to 12.

#### **Respective responsibilities of directors and auditors**

As described on page 3, the Company's directors are responsible for the preparation of 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 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 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 30 November 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc  
*Chartered Accountants*  
*Registered Auditor*  
*Southampton*

23 December 1999

## ***Inspéc Finance Limited***

### **Profit and Loss Account** *for the year ended 30 November 1998*

	<i>Note</i>	<b>1998</b> <b>£000</b>	<b>1997</b> <b>£000</b>
<b>Operating (loss)/profit</b>	<b>2</b>	<b>(208)</b>	<b>945</b>
Income from other fixed asset investments	5	<b>25,133</b>	26,062
Other interest receivable and similar income	3	<b>22</b>	60
Interest payable and similar charges	3	<b>(7,194)</b>	(10,604)
<b>Profit on ordinary activities before taxation</b>		<b>17,753</b>	<b>16,463</b>
Tax on profit on ordinary activities	6	<b>(5,503)</b>	(1,998)
<b>Profit on ordinary activities after taxation</b>		<b>12,250</b>	<b>14,465</b>
<b>Profit for the financial year</b>			
Dividends	7	<b>-</b>	(12,000)
<b>Retained profit for the year</b>		<b>12,250</b>	<b>2,465</b>

All activities comprise continuing operations.

There are no recognised gains or losses in either year other than as disclosed in the profit and loss account.

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

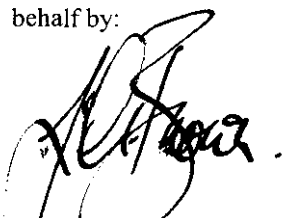
# *Inspec Finance Limited*

## **Balance Sheet**

at 30 November 1998

	Note	1998 £000	1997 £000
<b>Fixed assets</b>			
Investments	8	161	272,824
<b>Current assets</b>			
Debtors	9	23	4,686
Cash at bank and in hand		167,344	-
		<u>167,367</u>	<u>4,686</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(6,319)</u>	<u>(17,780)</u>
<b>Net current assets/(liabilities)</b>		<u>161,048</u>	<u>(13,094)</u>
<b>Total assets less current liabilities</b>		<b>161,209</b>	<b>259,730</b>
<b>Creditors: amounts falling due after more than one year</b>	11	-	(110,771)
<b>Net assets</b>		<u><b>161,209</b></u>	<u><b>148,959</b></u>
<b>Capital and reserves</b>			
Called up share capital	12	139,735	139,735
Profit and loss account	13	21,474	9,224
<b>Equity shareholders' funds</b>		<u><b>161,209</b></u>	<u><b>148,959</b></u>

The financial statements on pages 5 to 12 were approved by the Board on 22 December 1999 and signed on its behalf by:

  
**J A BROWN**  
 Director



***Inspéc Finance Limited***

**Reconciliation of movements in shareholders' funds**

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
<b>Profit for the financial year</b>	<b>12,250</b>	14,465
Dividends	-	(12,000)
	<u>12,250</u>	<u>2,465</u>
 New share capital subscribed (net of issue costs)	 -	 2,525
<b>Net addition to shareholders' funds</b>	<b>12,250</b>	4,990
Opening shareholders' funds	<u>148,959</u>	<u>143,969</u>
<b>Closing shareholders' funds</b>	<u><u>161,209</u></u>	<u><u>148,959</u></u>

# ***Inspec Finance Limited***

## **Notes to the financial statements**

### **1. Principal accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### **Basis of accounting**

The Company's financial statements have been prepared under the historical cost convention in accordance with applicable UK Accounting Standards.

Under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent company includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Laporte plc, the Company has taken advantage of the exemption in FRS 8 and has not disclosed transactions or balances with entities which form part of the Group. The consolidated financial statements of Laporte plc, within which this Company is included, can be obtained from Nations House, 103 Wigmore Street, London W1H 9AB.

#### **Deferred taxation**

Provision is made for deferred taxation using the liability method only to the extent that it is considered probable that a liability will occur in the future.

#### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or the forward cover rate. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

### **2. Operating (loss)/profit**

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
Net operating (expense)/income	<b>(161)</b>	<b>1,199</b>
Administrative expenses	<b>(47)</b>	<b>(254)</b>
Operating (loss)/profit	<b>(208)</b>	<b>945</b>
	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
Operating (loss)/profit is after charging/(crediting):		
Audit fees - KPMG Audit Plc	-	-
- Other	-	5
Foreign exchange losses/(gains)	<b>47</b>	<b>(1,199)</b>

Auditor's remuneration was borne by the parent company.

## ***Inspec Finance Limited***

### **Notes to the financial statements**

#### **3. Interest**

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
<b>Interest payable and similar charges</b>		
On bank loans and overdrafts	(6,623)	(9,275)
Amounts to group undertakings	(571)	(1,329)
	<u>(7,194)</u>	<u>(10,604)</u>
<b>Interest receivable</b>		
Bank	<u>22</u>	<u>60</u>
<b>Net interest</b>	<u>(7,172)</u>	<u>15,544</u>

#### **4. Directors and employees**

##### **Employees**

During the year, the Company had no employees (1997: nil). The activities of the Company were performed by employees of other companies within the Inspec group for which a charge was made.

##### **Directors**

All the directors are employees of other Group undertakings and receive no emoluments in respect of services provided to the Company.

#### **5. Income from other fixed asset investments**

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
Income from loans to group undertakings	25,133	26,062
	<u>25,133</u>	<u>26,062</u>

#### **6. Tax on profit on ordinary activities**

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
UK corporation tax at 31% (1997: 31 %)	5,503	591
Deferred taxation	-	1,407
	<u>5,503</u>	<u>1,998</u>

# ***Inspec Finance Limited***

## **Notes to the financial statements**

### **6. Tax on profit on ordinary activities (continued)**

There is currently no unprovided deferred taxation (1997: Nil).

### **7. Dividends**

	<b>1998 £000</b>	<b>1997 £000</b>
Equity shares:		
Interim dividend paid	-	12,000
Final dividend proposed	-	-
	<u>-</u>	<u>12,000</u>

### **8. Investments**

	<b>Loans to group undertakings £000</b>
<i>Cost and Net Book value</i>	
At beginning of year	272,824
Repayments	<u>(272,663)</u>
At end of year	<u>161</u>

On 30 November 1998 Laporte plc undertook a refinancing operation of the Inspec group of companies resulting in loans to group undertakings being repaid. The remaining balance at 30 November 1998 has subsequently been repaid.

### **9. Debtors**

	<b>1998 £000</b>	<b>1997 £000</b>
<b>Due within one year</b>		
Amounts due by parent and fellow subsidiary undertakings	<u>23</u>	<u>4,686</u>

• **Inspec Finance Limited**

**Notes to the financial statements**

**10. Creditors: due within one year**

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
Bank & other loans	-	15,000
Amounts due to parent and fellow subsidiary undertakings	342	-
Taxation and social security	5,968	2,709
Accruals and deferred income	9	71
	<u>6,319</u>	<u>17,780</u>

All bank borrowings were repaid upon the acquisition of Inspec Group plc and its subsidiaries on 20 September 1998 by Laporte plc.

**11. Creditors: due after more than one year**

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
Bank & other loans		
repayable 1-2 years	-	25,000
repayable 2-5 years	-	85,771
	<u>-</u>	<u>110,771</u>

**12. Called up share capital**

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
Authorised		
150,000,000 ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid		
139,735,000 ordinary shares of £1 each	<u>139,735</u>	<u>139,735</u>

**13. Reserves**

	<b>Profit and loss £000</b>
Balance at start of year	9,224
Retained profit for the financial year	<u>12,250</u>
Balance at end of year	<u>21,474</u>

## ***Inspec Finance Limited***

### **Notes to the financial statements**

#### **14. Ultimate holding company**

The Company's immediate holding company is Laporte Speciality Organics Limited (formerly Inspec Group plc), a company registered and incorporated in England & Wales.

The Company's ultimate holding company is Laporte plc, a company registered and incorporated in England and Wales. The Company is included within the consolidated accounts of Laporte plc. Accounts for Laporte plc are available at Nations House, 103 Wigmore Street, London W1H 9AB.