

***INSPEC FINANCE LIMITED***

**Directors' Report and Financial Statements**

**for the year ended 31 December 2001**

***Registered Number: 2685504***



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## ***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 31 December 2001.

### **Principal activities**

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

|                        | 2001<br>£'000 | 2000<br>£'000 |
|------------------------|---------------|---------------|
| Loss before taxation   | (36)          | (70)          |
| Taxation               | <u>11</u>     | <u>9</u>      |
| Loss for the year      | <u>(25)</u>   | <u>(61)</u>   |
| Transfer from reserves | <u>(25)</u>   | <u>(61)</u>   |

### **Dividends**

No interim dividend was paid (2000: nil). The directors are not able to recommend that a final dividend be paid in respect of the year (2000: nil).

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


The directors who served during the year and after the balance sheet date are as follows:

|                  |                                 |
|------------------|---------------------------------|
| Mr J A Brown     | Director (resigned 20.06.2001)  |
| Mr N H Smith     | Director (resigned 30.09.2001)  |
| Mr D H Warner    | Director                        |
| Mr D C M Andrews | Director (appointed 19.06.2001) |
| Mr P R C Rodger  | Director (appointed 19.06.2001) |
| Mr A J Savage    | Director (appointed 19.06.2001) |
| Mr J L Hamilton  | Director (appointed 03.05.2002) |

Mr D F Toner resigned as Company Secretary on 30 March 2001, on which date Mrs A Whalley was appointed. Mrs Whalley then resigned on 1 June 2001, on which date Miss G A Stapleton was appointed.

The ultimate parent company, E.ON AG, is registered and incorporated in Germany. Therefore, pursuant to s3 Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985, directors' interests of the ultimate parent are not shown.

By order of the Board



**G A Stapleton**  
Company Secretary

13 November 2002

Nations House  
103 Wigmore Street  
London  
W1U 1QS

## ***Inspec Finance Limited***

### **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.

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

We have audited the financial statements on pages 4 to 10.

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

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements 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.

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 Companies Act 1985. 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 with the company is not disclosed.

### **Basis of audit 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 31 December 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



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

**Date:** 3 December 2002

## ***Inspec Finance Limited***

### **Profit and Loss Account**

*for the year ended 31 December 2001*

|  | <i>Note</i> | <b>2001<br/>£'000</b> | <b>2000<br/>£'000</b> |
|--|-------------|-----------------------|-----------------------|
| <b>Operating loss</b>                              | <b>2</b>    | -                     | (1)                   |
| Income from other fixed asset investments          | 4           | -                     | 84                    |
| Other interest receivable and similar income       | 3           | 2                     | 120                   |
| Interest payable and similar charges               | 3           | <u>(38)</u>           | <u>(273)</u>          |
| <b>Loss on ordinary activities before taxation</b> |             | <b>(36)</b>           | <b>(70)</b>           |
| Tax on loss on ordinary activities                 | 5           | <u>11</u>             | <u>9</u>              |
| <b>Retained loss for the financial year</b>        |             | <b><u>(25)</u></b>    | <b><u>(61)</u></b>    |

All activities comprise continuing operations.

There are no recognized 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

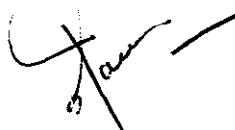
# ***Inspec Finance Limited***

## **Balance Sheet**

*at 31 December 2001*

|   | <i>Note</i> | <b>2001<br/>£'000</b> | <b>2000<br/>£'000</b> |
|---|-------------|-----------------------|-----------------------|
| <b>Assets employed</b>                                |             |                       |                       |
| <b>Current Assets</b>                                 |             |                       |                       |
| Debtors   | 6           | 160,917               | 166,459               |
| Cash at bank and in hand                              |             | <u>25</u>             | <u>-</u>              |
|   |             | <b>160,942</b>        | <b>166,459</b>        |
| <b>Creditors: amounts falling due within one year</b> |             |                       |                       |
| Amounts falling due within one year                   | 7           | (2,812)               | (8,304)               |
| <b>Net Assets</b>                                     |             | <u><b>158,130</b></u> | <u><b>158,155</b></u> |
| <b>Capital and Reserves</b>                           |             |                       |                       |
| Called up share capital                               | 8           | 139,735               | 139,735               |
| Profit and loss account                               | 9           | <u>18,395</u>         | <u>18,420</u>         |
| <b>Equity shareholders' funds</b>                     |             | <u><b>158,130</b></u> | <u><b>158,155</b></u> |

The financial statements on pages 4 to 10 were approved by the Board on 13 November 2002 and signed on its behalf by:



**A J Savage**  
Director

**Inspec Finance Limited****Reconciliation of movements in shareholders' funds**

|                                      | 2001<br>£'000  | 2000<br>£'000  |
|--------------------------------------|----------------|----------------|
| Loss for the financial year          | (25)           | (61)           |
| Transfer from reserves               | (25)           | (61)           |
| Shareholders' funds at start of year | 158,155        | 158,216        |
| Shareholders' funds at end of year   | <u>158,130</u> | <u>158,155</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 cash flow 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 Degussa AG (a company registered and incorporated in Germany), 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 Degussa AG, within which this Company is included, can be obtained from Degussa AG, Bennigsenplatz 1, 40474 Düsseldorf.

##### **Deferred taxation**

Provision is made for deferred taxation using the full provision 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**

Auditor's remuneration was borne by Degussa UK Holdings Limited, a fellow group company.

#### **3. Interest**

|   | 2001<br>£'000 | 2000<br>£'000 |
|---|---------------|---------------|
| <b>Other interest receivable and similar income</b> |               |               |
| Exchange gains                                      | <u>2</u>      | <u>120</u>    |
|   | <u>2</u>      | <u>120</u>    |
| <b>Other interest payable and similar charges</b>   |               |               |
| On bank loans and overdrafts                        | (38)          | (136)         |
| Exchange losses                                     | <u>-</u>      | <u>(137)</u>  |
|   | <u>(38)</u>   | <u>(273)</u>  |

**Inspec Finance Limited**

**Notes to the financial statements (continued)**

**4. Income from other fixed asset investments**

|   | 2001<br>£'000 | 2000<br>£'000 |
|---|---------------|---------------|
| Income from loans to group undertakings | <u>-</u>      | <u>84</u>     |

**5. Tax on profit on ordinary activities**

|                                       | 2001<br>£'000 | 2000<br>£'000 |
|---------------------------------------|---------------|---------------|
| UK Corporation tax at 30% (2000: 30%) | 11            | (26)          |
| Withholding Tax                       | <u>-</u>      | <u>17</u>     |
|                                       | <u>11</u>     | <u>(9)</u>    |

**6. Debtors**

|                                     | 2001<br>£'000  | 2000<br>£'000  |
|-------------------------------------|----------------|----------------|
| <b>Due within one year</b>          |                |                |
| Other Debtors                       | 1              | -              |
| Amounts due from group undertakings | <u>160,916</u> | <u>166,459</u> |
|                                     | <u>160,917</u> | <u>166,459</u> |

# *Inspec Finance Limited*

## Notes to the financial statements (continued)

### 7. Creditors: amounts falling due within one year

|                              | 2001<br>£'000 | 2000<br>£'000 |
|------------------------------|---------------|---------------|
| Bank overdraft               | -             | 5,481         |
| Taxation                     | 2,806         | 2,817         |
| Accruals and deferred income | 6             | 6             |
|                              | <u>2,812</u>  | <u>8,304</u>  |

### 8. Called up share capital

|  | 2001<br>£'000  | 2000<br>£'000  |
|--|----------------|----------------|
| Authorised                             |                |                |
| 150,000,000 ordinary shares of £1 each | <u>150,000</u> | <u>150,000</u> |
| Issued                                 |                |                |
| 139,735,000 ordinary shares of £1 each | <u>139,735</u> | <u>139,735</u> |

### 9. Profit and Loss Reserve

|  | 2001<br>£'000 | 2000<br>£'000 |
|--|---------------|---------------|
| Balance at start of period             | 18,420        | 18,481        |
| Retained loss for the financial period | (25)          | (61)          |
| Balance at end of period               | <u>18,395</u> | <u>18,420</u> |

## ***Inspec Finance Limited***

### **Notes to the financial statements (continued)**

#### **10. Ultimate holding company**

The Company's immediate holding company is Laporte Speciality Organics Limited, a company registered and incorporated in England & Wales. The Company's ultimate holding company is E.ON AG, a company registered and incorporated in Germany. The consolidated financial statements of E.ON AG can be obtained from E.ON-Platz 1, 40479 Düsseldorf.

The company is also consolidated in the accounts of Degussa AG, a company registered and incorporated in Germany. The financial statements of Degussa AG can be obtained from Bennigsenplatz 1, 40474 Düsseldorf.

#### **11. Contingent liabilities**

There are no contingent liabilities at the year-end.