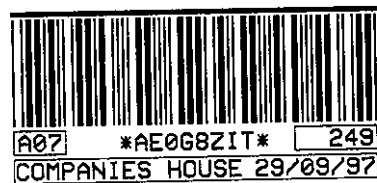


INSPEC FINANCE LIMITED  
(Registered Number 2685504)

DIRECTORS' REPORT AND ACCOUNTS

30 NOVEMBER 1996



# **INSPEC FINANCE LIMITED**

## **DIRECTORS' REPORT**

The directors have pleasure in submitting their report and accounts for the Company for the year ended 30 November 1996.

### **ACTIVITIES**

The principal activity of the Company during the period was the provision of financial services to the Inspec Group of companies.

### **REVIEW OF THE BUSINESS**

The Company continued to manage the funding of the Inspec Group of companies.

### **PROFITS AND DIVIDENDS**

The profit after taxation for the year amounted to £9,454,000 (1995: £2,732,000). An interim dividend of £5,000,000 was paid in December 1996 and, as the directors do not propose a final dividend, this amounts to a total dividend for the year of £5,000,000 (1995: £460,000) leaving £4,454,000 (1995: £2,272,000) to be transferred to reserves.

### **DIRECTORS**

Mr J A Ratcliffe served as a director of the Company throughout the year. Dr J Hollowood resigned as a director of the Company and Mr G S Corsi was appointed as a director of the Company on 21 November 1996. Both Mr Ratcliffe and Mr Corsi are directors of the holding company, Inspec Group plc, in whose accounts details of their interests are shown.

## INSPEC FINANCE LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### ELECTIVE RESOLUTIONS

At the annual general meeting on 3 October 1996 the following elective resolutions were approved:

- to dispense with the obligation to lay accounts and reports before the Company in general meeting.
- to dispense with the obligation to hold annual general meetings; and
- to dispense with the obligation to appoint auditors annually.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by Company Law to prepare financial statements which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year then ended. In preparing these 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;
- prepare the financial statements on a 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 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.

On behalf of the Board



G S Corsi  
Director  
1 September 1997

## **INSPEC FINANCE LIMITED**

### **AUDITORS' REPORT TO THE MEMBERS OF INSPEC FINANCE LIMITED**

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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

As described on page 2 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse  
Chartered Accountants and Registered Auditors

Newcastle-upon-Tyne

1 September 1997

# INSPEC FINANCE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 NOVEMBER 1996

	<u>Note</u>	Year ended 30 November <u>1996</u>	Year ended 30 November <u>1995</u>
		£'000	£'000
Administrative expenses		(83)	(50)
Other operating income		3,721	-
Interest payable to Group undertakings		(7,102)	(4,265)
Interest receivable from Group undertakings		14,597	7,377
Other interest receivable		2	2
Bank interest payable		(2,246)	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	8,889	3,064
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	4	<hr/> 565	<hr/> (332)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		9,454	2,732
Dividends - paid		-	(460)
- proposed		<hr/> (5,000)	<hr/> -
AMOUNT TRANSFERRED TO RESERVES	10	<hr/> <u>4,454</u>	<hr/> <u>2,272</u>

The Company has no recognised gains or losses other than the profit for the year. There is no material difference between the profit for the year and profits on an historical cost basis.

# INSPEC FINANCE LIMITED



## BALANCE SHEET AS AT 30 NOVEMBER 1996

	Note	1996 £'000	1995 £'000
<b>FIXED ASSETS</b>			
Investments	5	<u>290,395</u>	<u>111,150</u>
<b>CURRENT ASSETS</b>			
Debtors	6	39,917	8,681
Cash at bank and in hand		<u>286</u>	<u>-</u>
		40,203	8,681
<b>CREDITORS - amounts falling due within one year</b>	7	<u>7,211</u>	<u>4,775</u>
<b>NET CURRENT ASSETS</b>		<u>32,992</u>	<u>3,906</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		323,387	115,056
<b>CREDITORS - amounts falling due after more than one year</b>	8	179,418	77,640
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	4	<u>-</u>	<u>1,061</u>
<b>NET ASSETS</b>		<u><u>143,969</u></u>	<u><u>36,355</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	9	137,210	34,050
Profit and loss account	10	6,759	2,305
		<u>143,969</u>	<u>36,355</u>

Approved by the Board on  
1 September 1997

J A Ratcliffe

G S Corsi

The notes on pages 7 to 10 form part of these accounts

# INSPEC FINANCE LIMITED

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 30 NOVEMBER 1996

	<u>1996</u> £'000	<u>1995</u> £'000
Profit for the financial year	9,454	2,732
Dividends	(5,000)	(460)
New share capital issued	103,160	-
Net movement in shareholders' funds	<u>107,614</u>	<u>2,272</u>
Opening shareholders' funds	36,355	34,083
Closing shareholders' funds	<u><u>143,969</u></u>	<u><u>36,355</u></u>

The notes on pages 7 to 10 form part of these accounts

# INSPEC FINANCE LIMITED

## NOTES TO THE ACCOUNTS - 30 NOVEMBER 1996

### 1 ACCOUNTING POLICIES

#### (a) Accounting convention

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

#### (b) Deferred taxation

Provision is made, using the liability method, for all tax deferred by timing differences to the extent that there is reasonable probability that the tax deferral will crystallise in the foreseeable future.

#### (c) Cash flow statement

The Company, being a wholly owned subsidiary, has taken advantage of the exemption available under Financial Reporting Standard No.1 (Revised 1996) - Cash Flow Statements - not to prepare a cash flow statement.

### 2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging/ (crediting) the following:

	<u>1996</u> £'000	<u>1995</u> £'000
Group management charge	60	50
Foreign exchange gains	(3,721)	-
	<u>          </u>	<u>          </u>

### 3 DIRECTORS AND EMPLOYEES

#### (a) Employees

During the period the Company had no employees. The activities of the Company were performed by employees of other companies within the Inspec Group of companies for which a charge was made.

#### (b) Directors' emoluments

During the period the directors, who received no emoluments for services rendered to this Company, were directors of Inspec Group plc, in whose accounts information required by the Companies Act 1985 is shown.



# INSPEC FINANCE LIMITED

## NOTES TO THE ACCOUNTS - 30 NOVEMBER 1996 (CONTINUED)

### 4 TAXATION

#### (a) On profit on ordinary activities

	<u>1996</u> £'000	<u>1995</u> £'000
United Kingdom Corporation tax at 33% - current year	1,903	252
Deferred tax	(2,468)	80
	<u>(565)</u>	<u>332</u>

The taxation credit for the year ended 30 November 1996 has arisen due to the availability of taxation losses which are available for surrender from other group companies for which no payment is made.

#### (b) Deferred tax - full potential asset/ (liability)

	<u>1996</u> £'000	<u>1995</u> £'000
Analysis by category of timing difference:		
Short-term timing differences	<u>1,407</u>	<u>(1,061)</u>

An amount of £1,407,000 is included in Other Debtors in respect of deferred tax.

### 5 INVESTMENTS

Unsecured loan stock in fellow subsidiaries at cost:

	<u>1996</u> £'000	<u>1995</u> £'000
International Speciality Chemicals Limited (repayable 30 September 1997 & 19 September 2006)	136,053	15,100
Inspec Group Inc - formerly Alco Acquisition Corporation (repayable 30 March 2004; 30 September 2004; 8 February 2006 & 19 September 2006)	43,134	16,800
Alco Chemical Corporation (repayable 30 November 2004)	1,950	1,950
Roekhout BV (repayable 31 March 2001 and 4 May 2005)	80,323	77,300
Inspec France SAS (repayable 20 December 1996)	4,626	-
Industrias de los Derivados del Fenól de Sant Celoni SA (repayable 19 September 2000)	7,842	-
Inspec Deutschland GmbH (repayable 19 September 2006)	16,467	-
	<u>290,395</u>	<u>111,150</u>

# INSPEC FINANCE LIMITED

## NOTES TO THE ACCOUNTS - 30 NOVEMBER 1996 (CONTINUED)

### 6 DEBTORS

	<u>1996</u>	<u>1995</u>
	£'000	£'000
Amounts owed by fellow subsidiary undertakings	35,248	8,681
Amounts owed by parent undertaking	3,262	-
Other debtors	1,407	-
	<u>39,917</u>	<u>8,681</u>

### 7 CREDITORS - Amounts falling due within one year

	<u>1996</u>	<u>1995</u>
	£'000	£'000
Corporation tax	2,118	252
Amounts owed to parent undertaking	-	4,523
Overdrafts	13	-
Bank borrowings	5,000	-
Accruals	80	-
	<u>7,211</u>	<u>4,775</u>

### 8 CREDITORS - Amounts falling due after more than one year

	<u>1996</u>	<u>1995</u>
	£'000	£'000
Loan due to parent undertaking (repayable 4 May 2005)	-	77,640
Bank borrowings repayable between 1 and 2 years	15,000	-
Bank borrowings repayable between 2 and 5 years	164,418	-
	<u>179,418</u>	<u>77,640</u>

### 9 CALLED UP EQUITY SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	£'000	£'000
Authorised		
Ordinary shares of £1	<u>150,000</u>	<u>40,000</u>
Issued		
Ordinary shares of £1	<u>137,210</u>	<u>34,050</u>

103,160,000 shares were issued for cash during the year.

# INSPEC FINANCE LIMITED

## NOTES TO THE ACCOUNTS - 30 NOVEMBER 1996 (CONTINUED)

### 10 PROFIT AND LOSS ACCOUNT

	£'000
At 30 November 1995	2,305
Retained profit for the year	<u>4,454</u>
At 30 November 1996	<u>6,759</u>

### 11 CONTINGENT LIABILITIES

The Company has guaranteed certain borrowings of Inspec Nederland BV. The amount guaranteed as at 30 November 1996 was £4,327,000 (1995: nil).

### 12 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and the ultimate controlling party is Inspec Group plc, a company registered in England, of which the Company is a wholly owned subsidiary. Consolidated accounts for Inspec Group plc incorporating the results of this Company as at 31 December 1996 may be obtained from:

Inspec Group plc  
Charleston Industrial Estate  
Hardley  
Hythe  
Southampton SO45 3ZG

Transactions with other companies within the Inspec Group have not been disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard No.8 - Related Party Disclosures.