

***LAPORTE PERFORMANCE CHEMICALS UK LIMITED***

**Directors' Report and Financial Statements**

**for the year ended 31 December 1999**

***Registered Number: 2708129***



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# *Laporte Performance Chemicals UK Limited*

## **Directors' report and financial statements**

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# **Laporte Performance Chemicals UK Limited**

## **Directors' report**

The Directors present their annual report, together with the audited financial statements of the Company, for the year ended 31 December 1999.

## **Principal activities**

The principal activities of the Company are concerned with the manufacture and distribution of speciality chemical products and provision of related services. These activities are directed towards industrial and commercial applications.

## **Business review**

	1999 £'000	1998 £'000
Turnover	99,761	143,042
Loss before taxation	(5,952)	(4,872)
Taxation	2,364	3,726
Loss for the year transferred to reserves	(3,588)	(1,146)

1999 was a good year for the Hythe/Barry based businesses. Commodity raw material prices were at their lowest level for many years in the first half of the year and demand across most product ranges was close to record levels. The acrylic monomers business, in particular, showed most growth over the previous year. The business has been restructured to live with the strength of the Sterling. The recovery in some Asian markets contributed significantly to the improvement over 1998 and demand in Europe strengthened over the year and the US market remained robust.

However, 1999 was a particularly difficult year for both Knottingley and Stanlow, both sites suffered from over- capacity in the market place and generally lower than forecasted demand. The poor market conditions were largely driven by the economic downturn in the Far East which continued to affect our customers selling into the region and our direct business.

## **Research and development**

The Company follows a policy of supporting a level of research activities commensurate with the current and future requirements of the business.

## **Dividends**

The Directors do not recommend the payment of a dividend in respect of the year (1998 : £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. Trade creditors at the year end were equivalent to 55 days (1998 : 53 days) based on average amounts invoiced by suppliers during the year.

# Laporte Performance Chemicals UK Limited

## Directors' report continued

### Directors and directors' interests

The directors during the year were:

J A Brown (appointed 12 April 1999)  
A E Loftus  
A C Currie (resigned 31 October 1999)

H Pritchard  
B R Foster

None of the directors held any beneficial interests in the share capital of the Company at any time during the year. The interests of the directors in the share capital of the ultimate parent company, Laporte plc, are shown below:

	As at 01.01.99	Acquired in the year	Options Exercised	Disposals	As at 31.12.99
<b>Ordinary Shares</b>					
<i>J A Brown *</i>	-	-	-	-	-
<i>B R Foster</i>	-	-	-	-	-
<i>A E Loftus</i>	-	-	-	-	-
<i>H Pritchard</i>	-	-	-	-	-
<b>B' Shares</b>					
<i>J A Brown*</i>	-	-	-	-	-
<i>B R Foster</i>	-	-	-	-	-
<i>A E Loftus</i>	-	-	-	-	-
<i>H Pritchard</i>	-	-	-	-	-
	As at 01.01.99	Granted	Exercised	Lapsed unexercised	As at 31.12.99
<b>Share Option Schemes/Bonus Schemes</b>					
<i>J A Brown*</i>	15,058	-	-	-	15,058
<i>B R Foster</i>	-	-	-	-	-
<i>A E Loftus</i>	-	-	-	-	-
<i>H Pritchard</i>	-	-	-	-	-
<b>SAYE</b>					
<i>J A Brown*</i>	-	3,708	-	-	3,708
<i>B R Foster</i>	5,393	741	-	-	6,134
<i>A E Loftus</i>	-	3,708	-	-	3,708
<i>H Pritchard</i>	6,646	-	-	-	6,646
<b>Long Term Incentive Plans</b>					
<i>J A Brown*</i>	8,278	10,655	-	-	18,933
<i>B R Foster</i>	-	2,909	-	-	2,909
<i>A E Loftus</i>	-	3,366	-	-	3,366
<i>H Pritchard</i>	-	-	-	-	-

\* Directors' interests for J A Brown are from the date of his appointment until end of period

### Loans/Debentures in Laporte plc

As at 31/12/1999, B R Foster has 490,000 floating rate unsecured loan notes (1998 : 504,900)

As at 31/12/1999, A E Loftus has 1,044,959 floating rate unsecured loan notes (1998 : 1,044,959)

As at 31/12/1999, H Pritchard has 681,767 floating rate unsecured loan notes (1998 : 1,188,869)

# **Laporte Performance Chemicals UK Limited**

## **Directors' report continued**

### **Employees**

Laporte continues to develop its employment policies to suit the requirements of the changing Group. Employee relations are of a high order and are the result of a flexible approach from both management and employees which ensures a broad degree of employee commitment and involvement. Laporte's policy is to give disabled people equal consideration and opportunity for employment subject to their capabilities. Employees who become disabled are assisted and encouraged to continue in their existing employment or, where appropriate, are redeployed in suitable alternative work.

Laporte endeavours constantly to ensure regular communication and consultation with employees and extensive use is made of the Company's intranet system. Annual and half year results and information on major developments are communicated promptly to business units for communication to employees. Communications on pensions, employee share schemes and incentive benefits are made on a collective or individual basis as appropriate. In accordance with the European Works Council Directive, Laporte has established a European Employee Council consisting of 12 employee representatives elected from across the Group's European businesses including the UK.

### **Employee share schemes**

Eligible employees may participate in the Laporte plc share schemes.

### **Charitable and political contributions**

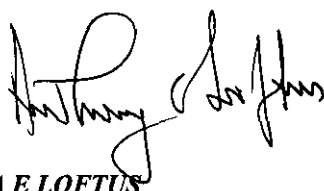
The total amount of charitable contributions made in the UK by the Company during the financial year was £10,105 (1998 : £18,318).

No political contributions were made in the year (1998 : £nil).

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



**A E LOFTUS**  
*Director*  
11 October 2000

Nations House  
103 Wigmore Street  
London  
W1U 1QS

## ***Laporte Performance Chemicals UK 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.

## ***Laporte Performance Chemicals UK Limited***

### **Auditor's report to the members of Laporte Performance Chemicals UK Limited**

We have audited the financial statements on pages 6 to 21.

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

The directors are responsible for preparing the directors' report and, as described on page 4, 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. 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 1999 and of its loss 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

12 October 2000

# **Laporte Performance Chemicals UK Limited**

## **Profit and Loss Account**

*for the year ended 31 December 1999*

	Note	1999		1998	
		£'000	£'000	£'000	£'000
<b>Turnover</b>	2,3				
Continuing operations		99,761		111,836	
Discontinued operations		-		31,206	
		<u>99,761</u>	<u>99,761</u>	<u>143,042</u>	
<b>Operating profit</b>	3				
Continuing operations		7,310		8,497	
Discontinued operations		-		3,131	
		<u>7,310</u>	<u>7,310</u>	<u>11,628</u>	
Income from shares in group undertakings		-			56
Other interest receivable and similar income	5	191			83
Interest payable and similar charges	5	(13,453)		(16,639)	
<b>Loss on ordinary activities before taxation</b>		<u>(5,952)</u>		<u>(4,872)</u>	
Tax credit on loss on ordinary activities	7	2,364		3,726	
<b>Loss on ordinary activities after taxation and retained loss for the financial year</b>		<u>(3,588)</u>	<u>(3,588)</u>	<u>(1,146)</u>	

There were no recognised gains or losses for 1999 or 1998 other than the loss for the year.

There is no material difference between the loss for the year as stated above and the historical cost equivalent.



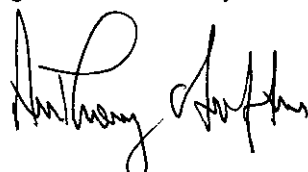
# Laporte Performance Chemicals UK Limited

## Balance Sheet at 31 December 1999

	Note	1999 £'000	1998 £'000
<b>Fixed assets</b>			
Intangible assets	8	88,108	96,006
Tangible assets	9	47,181	48,833
Investments	10	<u>25</u>	<u>52</u>
		<b>135,314</b>	<b>144,891</b>
<b>Current assets</b>			
Stocks	11	12,774	12,616
Debtors	12	34,010	54,988
Cash at bank and in hand		<u>4,244</u>	<u>3,222</u>
		<b>51,028</b>	<b>70,826</b>
<b>Creditors: amounts falling due within one year</b>	13	<u>(18,890)</u>	<u>(15,962)</u>
<b>Net current assets</b>			
Due within one year		32,138	54,864
Debtors due after more than one year	12	<u>1,501</u>	<u>1,377</u>
		<b>33,639</b>	<b>56,241</b>
<b>Total assets less current liabilities</b>		<b>168,953</b>	<b>201,132</b>
<b>Creditors: amounts falling due after more than one year</b>	14	(155,016)	(183,851)
<b>Provisions for liabilities and charges</b>	15	<u>(6,575)</u>	<u>(6,331)</u>
<b>Net assets</b>		<b>7,362</b>	<b>10,950</b>
<b>Capital and reserves</b>			
Called up share capital	16	100	100
Share premium account	17	1,900	1,900
Profit and loss account	17	<u>5,362</u>	<u>8,950</u>
<b>Equity shareholder's funds</b>		<b>7,362</b>	<b>10,950</b>

These financial statements were approved by the Board of directors on  
signed on its behalf by:

2000 and



11 October 2000.

**A E LOFTUS**  
Director

## *Laporte Performance Chemicals UK Limited*

### Reconciliation of movements in shareholder's funds

	1999 £'000	1998 £'000
Loss for the financial year	(3,588)	(1,146)
Opening shareholder's funds	10,950	12,096
Closing shareholder's funds	<u>7,362</u>	<u>10,950</u>

# ***Laporte Performance Chemicals UK 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 preparation**

These financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards.

The Company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

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 the Company is included, can be obtained from Nations House, 103 Wigmore Street, London W1H 9AB.

#### **Turnover**

Turnover is expressed at invoiced value, including carriage and insurance, excluding value added tax.

#### **Depreciation**

The original cost, less estimated residual values, of tangible fixed assets are depreciated on a straight-line basis over their estimated useful economic lives. The criteria for economic lives are:

- |   |                           |
|---|---------------------------|
| · plant, plant specific buildings and equipment           | - maximum of twenty years |
| · freehold buildings (excluding plant specific buildings) | - maximum fifty years     |
| · leasehold properties                                    | - terms of lease          |
| · freehold land   | - not depreciated         |

#### **Intangible fixed assets and amortisation**

Patents and know how purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods of 20 years.

#### **Research and development**

Expenditure is charged against profits in the year in which it is incurred.

#### **Leases**

Rental payments under operating leases are charged against profits as incurred.

Assets held under finance leases are capitalised and included in tangible assets at fair value. Each asset is depreciated over the shorter of the lease term or its useful life. Obligations related to finance leases, net of finance charges in respect of future periods, are included, as appropriate, under creditors: amounts falling due within or after more than one year. The interest element of the rental obligation is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period.

# ***Laporte Performance Chemicals UK Limited***

## **Notes to the financial statements**

### **1. Principal accounting policies (continued)**

#### **Stocks**

Raw materials, work in progress and finished products are valued at the lower of cost and net realisable value. Cost includes materials, labour, works overheads and depreciation.

#### **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.

#### **Government grants**

Capital-based government grants receivable are credited to the profit and loss account in equal instalments over the lives of the related assets.

#### **Pensions**

The Company operates pension schemes which cover the majority of employees. The expected cost of pensions for the defined benefit schemes is charged against profit over the period benefiting from employees' service. Variations from the regular cost are charged against profit on a straight-line basis over the expected remaining service lives of employees in the schemes. The cost for other schemes is in accordance with UK practice and statutory requirements. The pension cost is assessed by independent qualified actuaries.

#### **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.

# *Laporte Performance Chemicals UK Limited*

## Notes to the financial statements

### 2. Turnover

	1999 £'000	1998 £'000
<b>Geographical destination:</b>		
<b>Continuing operations</b>		
United Kingdom	18,893	20,493
Continental Europe	53,707	59,700
North America	13,748	16,711
Rest of World	13,413	14,932
	<u>99,761</u>	<u>111,836</u>
<b>Discontinued operations</b>		
United Kingdom	-	3,320
Continental Europe	-	26,056
North America	-	1,460
Rest of World	-	370
	<u>-</u>	<u>31,206</u>
	<u>99,761</u>	<u>143,042</u>

All turnover and profits originate in the United Kingdom.

# Laporte Performance Chemicals UK Limited

## Notes to the financial statements

### 3. Operating profit

	1999			1998		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	99,761	-	99,761	111,836	31,206	143,042
Cost of sales	(83,244)	-	(83,244)	(91,799)	(27,879)	(119,678)
Gross profit	16,517	-	16,517	20,037	3,327	23,364
Distribution costs	(3,948)	-	(3,948)	(2,163)	-	(2,163)
Administrative expenses	(5,259)	-	(5,259)	(9,377)	(196)	(9,573)
Operating profit	7,310	-	7,310	8,497	3,131	11,628

Operating profit is stated after charging:

	1999 £'000	1998 £'000
Depreciation of owned tangible fixed assets	5,162	5,388
Amortisation and amounts written off of intangible fixed assets	7,898	5,785
Auditors' remuneration: - audit fees	20	30
- other fees	9	11
Operating lease rentals - plant and machinery	166	116
- land and buildings	440	468
Research and development expenditure	608	839

Included within cost of sales is £2,113,000 (1998 : £Nil) which represents an impairment loss on the patents that have been capitalised on the balance sheet.

# Laporte Performance Chemicals UK Limited

## Notes to the financial statements

### 4. Profit on termination of a discontinued operation

	1999 £'000	1998 £'000
Gross proceeds	-	1,206
Net assets sold	-	(1,206)
Profit on disposal of discontinued operations	-	-

### 5. Interest

	1999 £'000	1998 £'000
<b>Interest receivable</b>		
On bank deposits	191	83
<b>Interest payable and similar charges</b>		
On bank loans and overdrafts	35	130
Amounts to group undertakings	13,418	16,509
	13,453	16,639

### 6. Directors and employees

	1999 £'000	1998 £'000
Wages and salaries	10,903	10,591
Social security costs	889	817
Other pension costs (note 19)	653	601
	12,445	12,009

	No.	No.
<b>Average numbers employed</b>		
Operations	308	314
Administration	41	45
Other	35	49
	384	408

### Remuneration of directors

	1999 £'000	1998 £'000
Directors' emoluments	191	188
Performance related bonuses	56	6
	247	194
Amounts paid to third parties in respect of directors' services	-	60
	247	254

# Laporte Performance Chemicals UK Limited

## Notes to the financial statements

### Remuneration of directors (continued)

The emoluments of the highest paid director were £91,234 (1998 : £67,390). He is a member of a defined benefit scheme under which his accrued pension at the year end was £31,516 (1998 : £31,998). During the year, the highest paid director received shares under a long term incentive scheme. The highest paid director for 1999 and 1998 were two different individuals.

Benefits are accruing under defined benefit pension schemes for 4 directors at 31 December 1999 (1998:4).

Details of share options and loan notes are set out in the directors' report.

### 7. Tax benefit on loss on ordinary activities

	1999 £'000	1998 £'000
UK corporation tax at 30% (1998 : 31 %)	(2,607)	(4,619)
Deferred taxation	243	893
	<u>(2,364)</u>	<u>(3,726)</u>

There is currently no unprovided deferred taxation (1998 : Nil).

### 8. Intangible assets

	Patents £'000	Know-How £'000	Total £'000
<b>Cost</b>			
At beginning and end of year	<u>3,251</u>	<u>109,196</u>	<u>112,447</u>
<b>Amortisation</b>			
At beginning of year	813	15,628	16,441
Charged in year	325	5,460	5,785
Impairment losses	<u>2,113</u>	-	<u>2,113</u>
At end of year	<u>3,251</u>	<u>21,088</u>	<u>24,339</u>
<b>Net book value</b>			
At 31 December 1999	<u>-</u>	<u>88,108</u>	<u>88,108</u>
At 31 December 1998	<u>2,438</u>	<u>93,568</u>	<u>96,006</u>



# *Laporte Performance Chemicals UK Limited*

## Notes to the financial statements

### 9. Tangible assets

	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At beginning of year	4,068	60,975	342	22,989	88,374
Additions	14	1,555	35	1,906	3,510
Transfers between items	-	2,433	-	(2,433)	-
At end of year	4,082	64,963	377	22,462	91,884
<b>Depreciation</b>					
At beginning of year	1,410	36,955	186	990	39,541
Charge for year	152	4,122	24	864	5,162
At end of year	1,562	41,077	210	1,854	44,703
<b>Net book value</b>					
At 31 December 1999	2,520	23,886	167	20,608	47,181
At 31 December 1998	2,658	24,020	156	21,999	48,833

Land and buildings all relate to long leasehold property.

# Laporte Performance Chemicals UK Limited

## Notes to the financial statements

### 10. Investments

	1999 £'000	1998 £'000
<i>Shares in Group undertakings at cost</i>		
Laporte Speciality Organics SRL (formerly Inspec Italia SRL)	9	9
Laporte Speciality Organics SARL (formerly Inspec France SARL)	6	6
International Speciality Chemicals Belgium NV (see below)	-	27
Laporte Speciality Organics Far East Limited	10	10
	<u>25</u>	<u>52</u>

During 1999 the sales agent "International Speciality Chemicals Belgium NV" was liquidated as a result of the disposal of the Antwerp business interests in 1998.

### *Subsidiary Undertakings*

Details of the Company's principal operating subsidiary undertakings are as follows:

<i>Subsidiary</i>	<i>% of Ordinary Shares Held</i>	<i>Country of Incorporation and Operation</i>	<i>Nature of Business</i>
Laporte Speciality Organics SRL (formerly Inspec Italia SRL)	100	Italy	Sales Agent
Laporte Speciality Organics SARL (formerly Inspec France SARL)	100	France	Sales Agent
Laporte Speciality Organics Inc (formerly International Speciality Chemicals Inc)	100	USA	Sales Agent
Laporte Speciality Organics Far East Limited	100	England *	Sales Agent

\* Country of operation Korea

Group accounts have not been prepared because the Company is a wholly owned subsidiary of Laporte plc, a company registered in England and Wales. As a result, the financial statements present information about the Company as an individual undertaking and not about its group. In the opinion of the Directors the value of the Company's investments in its subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

# *Laporte Performance Chemicals UK Limited*

## Notes to the financial statements

### 11. Stocks

	1999 £'000	1998 £'000
Raw materials and consumables	3,980	2,899
Work in progress	799	1,491
Finished goods and goods for resale	7,995	8,226
	<u>12,774</u>	<u>12,616</u>

The difference between the estimated replacement cost of inventories and the purchase price or production cost is not material.

### 12. Debtors

	1999 £'000	1998 £'000
<b>Due within one year</b>		
Trade debtors	15,369	14,923
Amounts due by parent and fellow subsidiary undertakings	10,149	34,151
Amounts due by subsidiary undertakings	371	-
Corporation tax receivable	7,314	5,521
Other debtors	648	113
Prepayments and accrued income	159	280
	<u>34,010</u>	<u>54,988</u>
<b>Due after one year</b>		
Pension scheme prepayments	<u>1,501</u>	<u>1,377</u>

### 13. Creditors: due within one year

	1999 £'000	1998 £'000
Trade creditors	6,309	3,827
Amounts due to parent and fellow subsidiary undertakings	135	579
Amounts due to subsidiary undertakings	47	-
Taxation and social security	155	1,195
Other creditors	1,082	529
Accruals and deferred income	11,162	9,832
	<u>18,890</u>	<u>15,962</u>

# *Laporte Performance Chemicals UK Limited*

## Notes to the financial statements

### 14. Creditors: due after more than one year

	1999 £'000	1998 £'000
Amounts due to parent and fellow subsidiary undertakings	153,440	181,989
Other creditors	1,576	1,862
	<u>155,016</u>	<u>183,851</u>

### 15. Provisions for liabilities and charges

Taxation, including deferred taxation	£'000
At the beginning of year	6,331
Charge for the year	244
At the end of year	<u>6,575</u>

The amounts provided for deferred taxation are set out below:

	1999 Provided £'000	1998 Provided £'000
Difference between accumulated depreciation and amortisation and capital allowances	6,691	6,406
Other timing differences	<u>(116)</u>	<u>(75)</u>
	<u>6,575</u>	<u>6,331</u>

There is no unprovided deferred tax.

### 16. Called up share capital

	1999 £'000	1998 £'000
Authorised 100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued and fully paid 100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>

# Laporte Performance Chemicals UK Limited

## Notes to the financial statements

### 17. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at start of year	1,900	8,950	10,850
Retained loss for the financial year	-	(3,588)	(3,588)
Balance at end of year	<u>1,900</u>	<u>5,362</u>	<u>7,262</u>

### 18. Commitments and contingencies

	1999 £'000	1998 £'000
<b>Capital expenditure</b>		
Contracted but not provided	<u>356</u>	<u>62</u>

#### Payable during the following year under operating leases expiring:

	Properties		Other Leases	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Within one year	-	-	67	4
Between one and five years	-	-	58	77
After five years	<u>440</u>	<u>264</u>	<u>-</u>	<u>-</u>
	<u>440</u>	<u>264</u>	<u>125</u>	<u>81</u>

#### Guarantees

The Company has entered into a Cross Corporate Guarantee and Letter of Offset with the Bank of Scotland, in conjunction with certain other group companies

# *Laporte Performance Chemicals UK Limited*

## Notes to the financial statements

### 19. Pensions commitments

The Company is a participating employer within two defined benefit schemes as follows:

The Inspec scheme provides benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The most recent valuation was at 31 March 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the real rate of return on investments and the real rates of increase in salaries. These were as follows:-

- i) Real rate of return on investments : 4.25% per annum.
- ii) Real rate of increase in salaries : 2% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £14,286,866 at 31 March 1997 and that the actuarial value of those assets represented 108% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company will remain at 12% of earnings.

The pension charge for the year of £529,000 (1998: £491,000) was net of £Nil (1998:£41,000) in respect of the amortisation of experience surpluses that are being recognised over 14 years, the average remaining service lives of employees.

At the balance sheet date there was a prepayment of £597,000 (1998 : £597,000) in the balance sheet representing the difference between the amount charged in the profit and loss account and the amount paid into the pension scheme.

The Inspec Fine Chemicals scheme provides benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The most recent valuation was at 1 April 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

These were as follows:

- i) Rate of return on investments : 9% per annum.
- ii) Rate of increase in salaries : 7% per annum.
- iii) Rate of pension increases : 3% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £47,242,000 at 1 April 1997 and that the actuarial value of those assets represented 116% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the Company and employees will both remain at 5%.

The pension charge for the year of £124,000 (1998 : £110,000) was net of £124,000 (1997 : £125,000) in respect of the amortisation of experience surpluses that are being recognised over the average remaining service lives of employees.

At the balance sheet date there was a prepayment of £904,000 (1998 : £780,000) in the balance sheet representing the difference between the amount charged in the profit and loss account and the amount paid into the pension scheme.

## ***Laporte Performance Chemicals UK Limited***

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

#### **20. 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 group headed by Laporte plc is both the largest and smallest group for which the consolidated financial statements of Laporte plc are available to the public and may be obtained from Nations House, 103 Wigmore Street, London W1U 1QS.