

**ELEMENTIS UK LIMITED**  
**Registered Number: 656457**

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**



## **ELEMENTIS UK LIMITED**

### **Directors' report for the year ended 31 December 1999**

The directors submit their report and the audited financial statements for the year ended 31 December 1999.

#### **Directors**

The directors of the Company who served during the year were as follows:

PD Brown  
GR Fairweather  
B Norman (Resigned 1 July 1999)

#### **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 at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then to apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 ensuring that the Company keeps proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and which 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.

#### **Principal activities and business review**

The activity of the Company has been to manufacture a range of organic and inorganic chemicals in the UK for sale worldwide.

Elementis UK Limited acquired the assets and liabilities of two of its subsidiaries, Rheox Limited and Abbey Chemicals Limited, as at 1 January 1999 for the consideration of £25,135,000.

The results for the year ended 31 December 1999 and the state of affairs of the Company at that date are set out in the annexed accounts.

#### **Post balance sheet event**

By an ordinary resolution of the Company, passed on 23 June 2000, the share capital of the Company was increased to £26,500,000 by the creation of 25,000,000 ordinary shares of £1 each. 25,000,000 ordinary shares were subsequently allotted fully paid to Elementis London Limited on 23 June 2000.

## ELEMENTIS UK LIMITED

### Directors' report for the year ended 31 December 1999 (continued)

#### Dividends

The company paid an interim dividend of £25,439,000 during the year (1998: £nil)

The directors do not recommend the payment of a final dividend.

#### Directors' interests in shares, options and loan notes

The directors, and their families had no beneficial interest in the share capital of the Company at any time during the year.

GR Fairweather is also a director of the Company's ultimate parent undertaking, Elementis plc, and his interests in its share capital are disclosed in the financial statements of that company.

The interests in shares and options in the ultimate parent undertaking of the other directors in office at the end of the year were as follows:

	Ordinary shares beneficial		Ordinary shares under option			
	Elementis plc 5p at 1.1.99	Elementis plc 5p at 31.12.99	Elementis plc 5p at 1.1.99	Granted during the year	Elementis plc 5p at 31.12.99	Note
PD Brown	278	278	135,630 8,753 80,737	66,116	135,630 8,753 146,853	(1) (2) (3)

- (1) Options granted under the Elementis Group Option Schemes exercisable between three and ten years from the date of grant at prices in the range of 132.8p and 184.8p per share.
- (2) Options granted under the Elementis Group Savings Related Share Option Schemes at 111.4p per share.
- (3) Options held under the Elementis Group Performance Share Plan. These are exercisable after the end of a three-year performance period starting from the beginning of the year in which the grant was made at an option price of 1p subject to achievement of the performance targets.

## **ELEMENTIS UK LIMITED**

### **Directors' report for the year ended 31 December 1999 (continued)**

#### **Employment of disabled persons**

The policy adopted regarding disabled persons is to encourage their employment by considering suitable applications. No restrictions are placed on their training, career development or promotion, and individuals are encouraged to apply for duties which they are capable of performing. Employees of the Company who become disabled are allowed to continue employment in their current position or in a suitable alternative with appropriate training.

#### **Employee involvement**

The Company recognises the benefit of employee involvement by way of regular discussion and meetings. Information is provided to employees showing the performance of the Company.

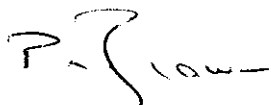
#### **Policy on payment of suppliers**

The Company and its subsidiaries apply a policy of agreeing payment terms with each of their major suppliers and they abide by these terms, subject to satisfactory performance by the suppliers. Trade creditors at 31 December 1999 were equivalent to 65 (1998 :51) days of purchases during the year ended on that date.

#### **Auditors**

The auditors, PricewaterhouseCoopers, have signified their willingness to continue in office as auditors. The Company has passed an elective Resolution pursuant to Section 386 of the Companies Act 1985 dispensing with the obligation to appoint auditors annually.

On behalf of the board



PD Brown  
Secretary

23 June 2000

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## **Auditors' report to the members of Elementis UK Limited**

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

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

The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## **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 at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers, London  
Chartered Accountants and Registered Auditors

23 June 2000

# ELEMENTIS UK LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	1999 £'000	Restated 1998 £'000
<b>Turnover</b>	2	134,903	118,488
Cost of sales before exceptional items		(100,307)	(79,465)
Exceptional items	3	<u>(3,156)</u>	<u>-</u>
<b>Gross profit</b>		31,440	39,023
Distribution costs		(7,242)	(6,361)
Administrative expenses		(10,184)	(8,633)
Management charges		(7,572)	(1,236)
<b>Operating profit</b>		<u>6,442</u>	<u>22,793</u>
Income from investments in group undertakings		6,500	-
Profit on disposal of fixed assets		-	3,218
Provision for loss on disposal of property		(1,900)	-
Write down of investment in subsidiary undertaking		-	(2,136)
<b>Profit on ordinary activities before interest</b>	3	<u>11,042</u>	<u>23,875</u>
Net interest (payable)/ receivable	5	(3)	1,274
<b>Profit on ordinary activities before tax</b>		<u>11,039</u>	<u>25,149</u>
Tax on profit on ordinary activities	6	493	(8,540)
<b>Profit for the financial year</b>		<u>11,532</u>	<u>16,609</u>
Dividends	7	(25,439)	-
<b>Amount transferred (from)/ to reserves</b>	17	<u>(13,907)</u>	<u>16,609</u>

There were no recognised gains or losses other than the profit for the financial year.

Turnover and profit before tax is derived from continuing operations.

The notes on pages 7 to 18 form part of these accounts.

**ELEMENTIS UK LIMITED**

**BALANCE SHEET AT 31 DECEMBER 1999**

	Note	1999 £'000	Restated 1998 £'000
<b>Fixed assets</b>			
Intangible assets	8	10,598	-
Tangible assets	9	58,906	44,772
Investments:			
Group undertakings	10	34,250	34,250
Associated undertakings	10	22	22
		<u>103,776</u>	<u>79,044</u>
<b>Current assets</b>			
Stocks	11	22,286	19,395
Debtors	12	39,530	22,717
Cash at bank in hand		1,659	20,227
		<u>63,475</u>	<u>62,339</u>
<b>Creditors: amounts falling due within one year</b>			
Borrowings	13	-	(1,863)
Creditors	14	(48,474)	(34,615)
		<u>(48,474)</u>	<u>(36,478)</u>
<b>Net current assets</b>		<u>15,001</u>	<u>25,861</u>
<b>Total assets less current liabilities</b>		<u>118,777</u>	<u>104,905</u>
<b>Creditors :amounts falling due after more than one year</b>			
Government grants		(822)	(108)
Amounts owed to group undertakings		(112,004)	(83,403)
		<u>(112,826)</u>	<u>(83,511)</u>
<b>Provisions for liabilities and charges</b>	15	(4,447)	(5,983)
		<u>(117,273)</u>	<u>(89,494)</u>
		<u>1,504</u>	<u>15,411</u>
<b>Capital and reserves</b>			
Called up share capital	16	1,500	1,500
Profit and loss account	17	4	13,911
<b>Shareholders' funds – equity</b>	18	<u>1,504</u>	<u>15,411</u>

GR Fairweather  
Director

Approved by the Board on 23 June 2000

The notes on pages 7 to 18 form part of these accounts

## **ELEMENTIS UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **for the year ended 31 December 1999**

#### **1 Accounting policies**

The financial statements have been prepared in accordance with generally accepted accounting principles and applicable accounting standards, which are unchanged from the previous year.

The financial statements on pages 5 to 18 are prepared under the historical cost convention.

Consolidated accounts are not prepared because the Company is a wholly owned subsidiary and its results are included in the consolidated accounts of Elementis plc its ultimate parent undertaking at 31 December 1999.

#### **Exchange rates**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities are translated into sterling at the rates of exchange ruling at the relevant balance sheet date; any exchange differences arising thereon are included in the profit and loss account.

#### **Pension and other post-retirement benefits**

The cost of providing retirement pensions and related benefits is charged to the profit and loss account on a systematic and regular basis over the periods during which Elementis UK Limited benefits from employees' services. Any difference between the charge to the profit and loss and contributions paid to beneficiaries or retirement fund trustees is dealt with in the balance sheet as a prepayment or provision, whichever is appropriate. Deferred tax is accounted for in full on this balance. Prior to 31 December 1998 all SSAP24 pension liabilities were accounted for in the consolidated group accounts of Elementis plc and the pension charge recorded in the Company's financial statements reflected contributions payable. From 1 January 1999 the SSAP 24 provision is recognised directly in the individual company accounts. The comparative financial statements of the Company for 1998 have been restated to reflect this change.

#### **Goodwill**

Goodwill arising on acquisition since 1 January 1998 is capitalised in the balance sheet and then amortised through the profit and loss account over its estimated useful life, up to a maximum of 20 years. Goodwill arising on acquisition prior to this date was charged directly against reserves in the year of acquisition; on subsequent disposals this is charged through the profit and loss account.

#### **Leased assets**

Rental costs in respect of operating leases are charged against profit before interest as they arise.



## ELEMENTIS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999 (continued)

#### Depreciation

Freehold land is not depreciated. Leasehold property is depreciated over the period of the lease. Freehold buildings, plant and machinery, vehicles, and fixtures, fittings, tools and equipment are depreciated over their estimated useful lives on a straight line basis. Estimated useful lives of these assets are:

Buildings	10 to 50 years
Plant and machinery	2 to 20 years
Vehicles	2 to 10 years
Fixtures, fittings, tools and equipment	3 to 20 years

#### Stocks

Stocks are stated at cost or net realisable value whichever is the lower. Cost, in the case of manufactured goods, includes direct and overhead expenses attributable to manufacture.

#### Deferred tax

Deferred tax is provided using the liability method in respect of timing differences between profits as computed for tax purposes and profits as stated in the financial statements to the extent that the liability is expected to be payable in the foreseeable future.

#### Government grants

Grants against capital expenditure from government and other bodies are capitalised and released to the profit and loss account over the period during which the relevant assets are depreciated.

## 2 Turnover and segmental information

Turnover, which originates in the United Kingdom, represents sales of specialty chemicals to third parties excluding VAT.

Turnover and operating profit is derived from one class of business.

Analysis of turnover by geographical markets:

	1999 £'000	1998 £'000
Europe	100,032	92,617
North America	9,051	10,831
Rest of the World	25,820	15,040
	<u>134,903</u>	<u>118,488</u>

# ELEMENTIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999 (continued)

### 3 Profit on ordinary activities before interest

Profit on ordinary activities before interest is stated after charging / (crediting):	1999 £'000	1998 £'000
Staff costs:		
Wages and salaries	14,400	16,601
Social security costs	1,524	1,505
Pension (credit) / costs	(1,294)	1,180
Depreciation of owned tangible fixed assets	5,788	5,046
Amortisation of goodwill	709	-
Hire charges for plant & machinery	417	511
Hire charges for other assets	49	-
Government grants credited	(59)	(220)
Audit fees and expenses	36	36
Other fees paid to the auditors	-	1
Exceptional charges (charged to cost of sales) :		
Permanent impairment of assets	998	-
Provision for restructuring costs	2,158	-

### 4 Directors and employees

	1999 £'000	1998 £'000
Directors' emoluments:		
Salary	72	172
Bonuses	1	22
Redundancy	138	94
Non-cash benefits	-	13
	<u>211</u>	<u>301</u>
Pension contributions	111	15
	<u>322</u>	<u>316</u>

The aggregate emoluments of the highest paid director, excluding pension contributions, were £210,507 (1998 - £173,559). The accrued pension entitlement of this director was £nil (1998 - £nil).

The emoluments of two directors were borne by Elementis plc. These directors performed substantially all their executive duties in respect of that Company.

## ELEMENTIS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999 (continued)

#### 4 Directors and employees (continued)

Certain directors had options over shares in the ultimate holding Company, Elementis plc, details of which are given in the directors report.

The average number of employees during the year was 628 (1998 : 675).

#### 5 Net interest (payable)/receivable

	1999 £'000	1998 £'000
Interest receivable in respect of:		
Cash at bank	22	1,602
Interest payable in respect of:		
Bank loans and overdrafts	(25)	(69)
Loans from group undertakings	-	(259)
	<u>(3)</u>	<u>1,274</u>

#### 6 Tax on profit on ordinary activities

	1999 £'000	1998 £'000
The (credit)/charge for tax comprises:		
United Kingdom corporation tax @ 30.25% (1998-31.0%)	2,703	4,521
Prior year adjustment	(2,714)	2,735
Deferred tax	(482)	1,284
	<u>(493)</u>	<u>8,540</u>

#### 7 Dividends

	1999 £'000	1998 £'000
Dividends paid on ordinary shares:		
Interim	<u>25,439</u>	<u>-</u>

## ELEMENTIS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999 (continued)

#### 8 Intangible assets

	Goodwill £'000
Cost:	
At 1 January 1999	-
Acquisition of businesses	11,307
At 31 December 1999	<u>11,307</u>
Amortisation:	
At 1 January 1999	-
Amortisation for the year	709
At 31 December 1999	<u>709</u>
Net book value:	
At 31 December 1999	<u>10,598</u>
At 31 December 1998	<u>-</u>

# **ELEMENTIS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999 (continued)**

### **9 Tangible fixed assets**

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools & equipment £'000	Assets under construction £'000	Total £'000
Cost:					
At 1 January 1999	17,957	108,646	3,681	5,066	135,350
Additions	531	3,464	182	11,821	15,998
Acquisition of businesses	2,936	6,309	-	-	9,245
Disposals	(59)	(3,209)	(143)	-	(3,411)
Transfers	2,936	2,842	9	(5,787)	-
At 31 December 1999	<u>24,301</u>	<u>118,052</u>	<u>3,729</u>	<u>11,100</u>	<u>157,182</u>
Depreciation:					
At 1 January 1999	9,996	77,389	3,193	-	90,578
Charge for the year	916	4,620	252	-	5,788
Acquisition of businesses	1,236	3,891	-	-	5,127
Disposals	(59)	(3,016)	(142)	-	(3,217)
At 31 December 1999	<u>12,089</u>	<u>82,884</u>	<u>3,303</u>	<u>-</u>	<u>98,276</u>
Net book value:					
At 31 December 1999	<u>12,212</u>	<u>35,168</u>	<u>426</u>	<u>11,100</u>	<u>58,906</u>
At 31 December 1998	<u>7,961</u>	<u>31,257</u>	<u>488</u>	<u>5,066</u>	<u>44,772</u>

# ELEMENTIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999 (continued)

### 10 Investments

#### Group undertakings

	1999 £'000	1998 £'000
Shares in group undertakings at cost:		
At 1 January 1999	34,250	2,679
Additions	-	33,707
Provision for permanent diminution in value	-	(2,136)
At 31 December 1999	<u>34,250</u>	<u>34,250</u>

Principal investments in group undertakings are as follows:

	<i>Country of incorporation</i>	<i>Equity Held %</i>
Equalbadge Limited	England	100
N B Chrome Limited	England	92
Rheox Limited	England	100

#### Associated undertakings

	1999 £'000	1998 £'000
Shares in associated undertakings at cost:		
At 1 January 1999	22	390
Disposals	-	(368)
At 31 December 1999	<u>22</u>	<u>22</u>

Principal investments in associated undertakings are as follows:

	<i>Country of incorporation</i>	<i>Proportion held %</i>
ALA Chemicals	India	40

In the opinion of the directors, the value of investments is not less than the value at which they are included in the balance sheet.

## ELEMENTIS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999 (continued)

#### 11 Stocks

	1999 £'000	1998 £'000
Raw materials and consumables	7,522	8,768
Work in progress	2,424	1,729
Finished goods and goods for resale	12,340	8,898
	<u>22,286</u>	<u>19,395</u>

#### 12 Debtors

	1999 £'000	1998 £'000
Trade debtors	22,418	16,853
Bills of exchange	50	24
Amounts owed by group undertakings	14,146	4,097
Other debtors	1,746	703
Prepayments and accrued income	1,170	1,040
	<u>39,530</u>	<u>22,717</u>

#### 13 Borrowings

	1999 £'000	1998 £'000
Borrowings repayable within one year:		
Unsecured bank borrowings	<u>-</u>	<u>1,863</u>

# **ELEMENTIS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999 (continued)**

### **14 Creditors: amounts falling due within one year**

	1999 £'000	1998 £'000
Trade creditors	11,774	9,147
Bills of exchange payable	-	289
Amounts owed to group undertakings	10,245	326
Amounts due to parent undertaking in respect of corporation tax	21,617	21,709
Other taxes and social security	442	564
Other creditors	562	277
Accruals and deferred income	3,834	2,303
	<u>48,474</u>	<u>34,615</u>

### **15 Provisions for liabilities and charges**

	Deferred tax £'000	Other £'000	Pension £'000	Total £'000
At 1 January 1999 – restated	806	2,630	2,547	5,983
Utilised during the period	-	(1,923)	(340)	(2,263)
Transfers (to)/ from profit and loss account	(482)	2,447	(1,294)	671
Acquisition of businesses	-	-	56	56
At 31 December 1999	<u>324</u>	<u>3,154</u>	<u>969</u>	<u>4,447</u>

The other provisions for liabilities and charges at 31 December 1999 principally relate to the exceptional cost of restructuring as referred to in Note 3.



# **ELEMENTIS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **for the year ended 31 December 1999 (continued)**

### **15 Provisions for liabilities and charges (continued)**

The provision made for deferred tax and the full potential liability is stated below:

	Provision made		Full potential liability	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Accelerated capital allowances	1,308	1,524	5,623	8,454
Other timing differences	(984)	(718)	(1,786)	-
Roll over relief	-	-	-	-
	<u>324</u>	<u>806</u>	<u>3,837</u>	<u>8,454</u>

The Company participates in the Elementis Group Pension Scheme. This Scheme is of the funded defined benefit type providing benefits to certain employees within the Elementis Group and the assets are held separately from the Group's assets.

The latest actuarial valuation of the Scheme was carried out as at 30 September 1999. Details of this valuation are contained in the financial statements of Elementis plc.

Total pension credit to profit and loss amounted to £1,294,000 (1998 - £1,180,000 charge).

### **16 Called up share capital**

	Authorised		Issued and fully paid	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Ordinary shares of £1 each	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>

### **17 Reserves**

	Profit & loss account £'000
At 1 January 1999 as previously stated	16,458
Prior year adjustment	<u>(2,547)</u>
At 1 January 1999 restated	13,911
Retained loss for the year	<u>(13,907)</u>
At 31 December 1999	<u>4</u>

## ELEMENTIS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999 (continued)

#### 18 Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'000
Profit for the financial year after tax	11,532	16,609
Dividends	(25,439)	-
Net (decrease) / increase to shareholders' funds	(13,907)	16,609
Opening shareholders' funds as previously stated	17,958	600
Prior year adjustment	(2,547)	(1,798)
Opening shareholders' funds - restated	15,411	(1,198)
Closing shareholders' funds	1,504	15,411

#### 19 Acquisition of businesses

During the year, the Company acquired the trading and net assets as at 1 January 1999 of two subsidiaries, Rheox Limited and Abbey Chemicals Limited.

	Book value £'000	Revaluations £'000	Accounting policies £'000	Fair value £'000
Intangible assets	873	-	(873)	-
Tangible assets	3,648	470	-	4,118
Working capital	7,311	(57)	-	7,254
Cash at bank	3,173	-	-	3,173
Provisions	(717)	-	-	(717)
Deferred tax	(250)	250	-	-
	14,038	663	(873)	13,828
Consideration – debt free/ cash free basis				21,962
Cash at bank in assets acquired				3,173
Consideration paid				25,135
Goodwill				11,307

#### 20 Commitments

Commitments to pay operating lease rentals for the next year comprise:

	Land & buildings		Other assets	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Leases terminating:				
Within one year	13	34	101	-
Between one and five years	114	147	72	-
	127	181	173	-

Capital expenditure contracted but not provided for amounted to £209,000 (1998 - £9,429,000).

## **ELEMENTIS UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999 (continued)**

#### **21 Contingent liabilities**

The Company is a member of the Elementis Group cash management scheme, under which each Company provides a guarantee to discharge the indebtedness of any other Group Company which is party to the scheme, limited to the extent of its own cash balances within the scheme.

#### **22 Parent and ultimate parent undertakings**

The Company's immediate parent undertaking is Elementis London Limited.

Elementis plc was the smallest and largest group to consolidate the financial statements of the Company. Copies of the consolidated financial statements of Elementis plc may be obtained from One Great Tower Street, London, EC3R 5AH.

#### **23 Related party transactions**

As the Company is a wholly owned subsidiary of Elementis plc advantage has been taken of the exemption afforded by FRS8 not to disclose any related party transactions with members of the Elementis Group or associates and joint ventures of Elementis plc.

#### **24 Cash flow statement**

Elementis plc has presented in its consolidated financial statements a group cash flow statement drawn up in accordance with the provisions of Financial Reporting Standard 1 (FRS1). Accordingly the Company has taken advantage of the exemption available under FRS1 to dispense with presenting its own cash flow statement.

#### **25 Post balance sheet event**

On 23 June 2000 the Company allotted fully paid 25,000,000 ordinary shares of £1 each to Elementis London Limited for a consideration of £25,000,000.