

SARCLEAR LIMITED

Directors' Report and Accounts

for the year ended 31 December 1996

Registered Number: 2357551



Sarclear Limited

Directors' report and accounts

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Sarclear Limited

Directors' report

The directors present herewith their annual report, together with the audited accounts of the Company, for the year ended 31 December 1996.

Principal activities and business review

The Company acts as an intermediate holding company and derives income from investments in fellow subsidiary undertakings. This situation is expected to continue for the foreseeable future.

Dividends

The directors recommend that no dividend be paid in respect of the year (1995: £25,000,000). The retained profit for the year, after deduction of dividends, amounts to £30,000 has been transferred to reserves.

Investments in subsidiary undertakings

Details of movements in the Company's interests in subsidiary undertakings are disclosed in note 8 on page 9.

Directors and directors' interests


The directors who served during the year were as follows:

C E Beasley
J D Law
A J Scull

The directors' interests in the shares of Laporte plc are disclosed in note 16 on page 11.

None of the directors had any interest in the share capital of the Company at any time during the year.

By order of the board



C E Beasley
Secretary

18 June 1997

3 Bedford Square
London
WC1B 3RA

Sarclear Limited

Directors' responsibility statement

The following statement, which should be read in conjunction with the auditors' report, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The accounts have been prepared on a going concern basis.

The directors consider that in preparing the accounts on pages 4 to 11 applicable accounting standards have been applied consistently, and reasonable and prudent judgements and estimates have been made.

The directors have responsibility for ensuring that accounting records are kept which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors 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.

Sarclear Limited

Auditors' report to the members of Sarclear Limited

We have audited the accounts on pages 4 to 11.

Respective responsibilities of directors and auditors

As described on page 2, the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 1996 and of the profit of the Company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

18 June 1997

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

Sarclear Limited

Profit and loss account

for the year ended 31 December 1996

	Note	1996 £'000	1995 £'000
Operating (loss)/profit		(186)	(1)
Interest receivable	4	249	2
Income from shares in subsidiary undertakings		-	3,204
Profit on disposal of investments	5	-	97,157
Profit on ordinary activities before taxation		63	100,362
Taxation on profit on ordinary activities	6	(33)	(258)
Profit for the financial year		30	100,104
Dividend paid and proposed		-	(25,000)
Retained profit for the year		30	75,104
Retained profit brought forward		75,762	658
Retained profit carried forward		75,792	75,762

A statement of movements in reserves is given in note 14 on page 11.

There are no other recognised gains or losses in either year other than the profit/(loss) for the financial year.

The Company made no acquisitions and had no discontinued operations within the meaning of Financial Reporting Standard 3 in either the current or preceding year.

Sarclear Limited

Balance sheet

at 31 December 1996

	Note	1996		1995	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		15		15
Investments	8		166,403		165,855
Current assets					
Debtors	9	676		3,009	
Debtors falling due after more than one year	9	-		68	
		<u>676</u>		<u>3,077</u>	
Creditors					
Amounts falling due within one year					
Short-term borrowings		(8,039)		(45,142)	
Other creditors	10	(9,855)		(38,048)	
		<u>(17,894)</u>		<u>(83,190)</u>	
Net current liabilities			(17,218)		(80,113)
Total assets less current liabilities			<u>149,200</u>		<u>85,757</u>
Creditors					
Amounts falling due after one year					
Other creditors	11		(63,413)		-
Net Assets			<u>85,787</u>		<u>85,757</u>
Capital and reserves					
Called up share capital	12		144		144
Share premium account	13		9,851		9,851
Profit and loss account	14		75,792		75,762
Equity shareholders' funds			<u>85,787</u>		<u>85,757</u>

These accounts on pages 4 to 11 were approved by the Board on
and were signed on its behalf by:

18 June 1997



J D Law
Director

Sarclear Limited

Reconciliation of movements in shareholders' funds *for the year ended 31 December 1996*

	1996	1995
	£	£
Profit for the financial year	30	100,104
Dividends paid	-	(25,000)
Opening shareholders' funds	85,757	10,653
Closing shareholders' funds	85,787	85,757

Sarclear Limited

Notes to the Accounts

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 accounts.

Basis of accounting

The accounts have been prepared under the historical cost convention, in accordance with applicable UK accounting standards.

The Company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These accounts present information about the Company as an individual entity and not about its Group.

Under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking of an EC parent.

Fixed asset investments

No depreciation is provided on freehold land.

Fixed asset investments are valued at cost less any permanent diminution in value.

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.

Deferred taxation

Provision is made for deferred tax using the liability method to the extent that it is probable that an actual liability will occur in the future.

2. Directors and employees

The Company has no employees (1995 : none). All the directors are employees of other Group undertakings and receive no emoluments in respect of services to the Company (1995 : £nil).

Sarclear Limited

Notes to the Accounts

3. Auditors' remuneration

The auditors' remuneration has been borne by the ultimate parent company.

4. Interest

	1996 £'000	1995 £'000
Interest receivable from subsidiary undertakings	2,711	71
Other interest receivable	4	-
Other interest payable	(2,466)	(69)
	<u>249</u>	<u>2</u>

5. Profit on disposal of investments

	1996 £'000	1995 £'000
Proceeds from disposals	-	110,222
Cost of investments	-	(13,065)
Profit on disposal of investments	<u>-</u>	<u>97,157</u>

6. Taxation

	1996 £'000	1995 £'000
Corporation tax at 33% (1995: 33%)	(83)	(50)
Overseas tax	-	(160)
Current year tax	(83)	(210)
Prior year adjustment	50	(48)
	<u>(33)</u>	<u>(258)</u>

Sarclear Limited

7. Tangible assets

	Freehold land £ '000
Cost	
At 31 December 1996 and 31 December 1995	15
Depreciation	
At 31 December 1996 and 31 December 1995	-
Net book value	
At 31 December 1996 and 31 December 1995	15

8. Investments in subsidiary undertakings

	£'000
Balance at start of year	165,855
Investment in subsidiary undertaking	1
Loan to subsidiary undertaking	547
Balance at end of year	166,403

The above represents investments in subsidiary undertakings as follows:

	% of ordinary shares owned	Country of registration and operation
Evode Schwaab GmbH (in liquidation)	51	Germany
Laporte Chemicals Ltd. (holding company)	15	UK
Plaskem Holdings Pty. (holding company)	100	Australia
AW Compounders Limited (polymer compounds for fashion footwear)	100	Canada
Evode Industries (Export) Ltd (dormant company)	100	Ireland

The class of share in the above companies is ordinary with the exception of Laporte Chemicals Ltd. The shareholding in Laporte Chemicals Ltd comprises 300,000 unclassified shares of £1 each.

In the opinion of the directors, the aggregate value of the Company's investment consisting of shares in or amounts due from these subsidiaries is not less than the aggregate amount at which these assets are included in the Company's balance sheet.

Sarclear Limited

Notes to the Accounts

9. Debtors

	1996 £'000	1995 £'000
Due within one year		
Other debtors	-	-
Amounts owed by parent undertakings	676	3,009
	<u>676</u>	<u>3,009</u>
Due after more than one year		
Amounts owed by fellow subsidiary undertakings	-	68
	<u>676</u>	<u>3,077</u>

10. Other creditors falling due within one year

	1996 £'000	1995 £'000
Sundry creditors	242	69
Amounts due to fellow subsidiary undertakings	24	-
Amounts owed to parent undertakings	-	37,901
Amounts owed to subsidiary undertakings	9,479	-
Corporation tax	110	78
	<u>9,855</u>	<u>38,048</u>

11. Other creditors falling due after one year

	1996 £'000	1995 £'000
Bank loans	25,511	-
Amounts owed to parent undertakings	37,902	-
	<u>63,413</u>	<u>-</u>

12. Share capital

	1996 £'000	1995 £'000
Authorised		
1,000,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and full paid		
143,770 ordinary shares of £1 each	144	144

13. Share premium account

	£'000
At 31 December 1996 and 31 December 1995	<u>9,851</u>

Sarclear Limited

Notes to the Accounts

14. Profit and loss account

	£'000
At 1 January 1996	75,762
Retained profit for the year	30
At 31 December 1996	<u>75,792</u>

15. Ultimate holding company

The Company's ultimate holding company is Laporte plc, a company incorporated in Great Britain and registered in England and Wales. The Company is included within the consolidated accounts of Laporte plc. Copies of Laporte plc accounts are available from 3 Bedford Square, London, WC1B 3RA.

16. Directors' interests

The directors interests in the shares of the ultimate parent company were as follows:

	As at 01.01.96	Acquired in the Period	Options exercised	Disposals	As at 31.12.96
<u>Ordinary Shares</u>					
C E Beasley	452	-	397	-	849
J D Law	2,937	-	-	-	2,937
A J Scull	2,281	-	-	(1,130)	1,151
<u>Savings Related Share Scheme</u>					
C E Beasley	3,842	174	(395)	-	3,621
J D Law	3,078	522	-	-	3,600
A J Scull	3,481	-	-	-	3,481
<u>Share Option scheme</u>					
C E Beasley	5,500	-	-	-	5,500
J D Law	8,000	-	-	-	8,000
A J Scull	30,000	-	-	-	30,000

17. Commitments

The Company had no capital commitments at 31 December 1996 (1995: £Nil).