

Ellis & Everard (UK Holdings) Limited

Directors' report and financial statements

30 April 1997

Registered number 3024231



Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the auditors to the members of Ellis & Everard (UK Holdings) Limited	3
Profit and loss account	4
Reconciliation of movements in shareholders' funds	4
Balance sheet	5
Notes	6

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 1997.

Principal activity

The Company is a sub-holding company, holding investments in certain companies which are members of the Ellis & Everard plc group.

An additional two shares were issued during the year for a consideration of £113,828,819. This issue was made in connection with a group reorganisation.

Results and dividends

The results for the year are set out in the profit and loss account on page 4. Dividends of £2,000,000 (1996: £2,000,000) were paid during the year. The directors propose a final dividend for the year of £5,510,000 (1996: £4,900,000).

On 1 November 1996 the Company acquired the entire issued share capital of Chemitrade (Holdings) Limited for a total consideration of £7,734,685 and on 22 May 1996 investments in Giltrain Plastics Limited and on 29 November 1996 G Fiske & Co. Limited were transferred to the Company from the ultimate parent company, Ellis & Everard plc. Further details of these transactions are provided in note 6 to the financial statements.

The trades, assets and liabilities of Horneman (UK) Limited and Giltrain Plastics Limited were sold to the Company on 30 April 1997. Ellis & Everard (UK) Holdings Limited then sold the trades, assets and liabilities of these businesses to Distrupol Limited, a wholly owned subsidiary undertaking, on the same date. These transactions were effected on an arms length basis at market values. Further details of these transactions are provided in note 6 to the financial statements.

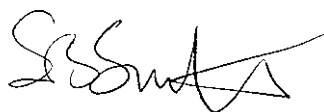
Directors and directors' interests

The directors who held office throughout the year were:

PS Wood
JN Phillpotts
JAW Samuel

All of the directors are also directors of the ultimate parent company, Ellis & Everard plc, therefore their interests in group undertakings are not required to be recorded in the register of directors' interests maintained by this Company.

By order of the board



Stephen Brian Smith
Secretary

46 Peckover Street
Bradford
West Yorkshire
BD1 5BD

30 September 1997

Statement of directors' responsibilities

The following statement which should be read in conjunction with the auditors' report set out on page 3 is made for the purpose of clarifying the respective responsibilities of the directors and auditors.

The directors are required by law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company at the end of the financial period, 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 which are disclosed and explained in the financial statements;
- prepare the financial statements on the basis of a going concern where they have a reasonable expectation that the Company will continue in operational existence for the foreseeable future.

The directors are responsible for ensuring that proper accounting records are maintained 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. The directors are also responsible for the Company's system of internal financial control which is designed to provide reasonable assurance of:

- the safeguarding of assets against unauthorised use or disposition;
- the prevention and detection of fraud and other irregularities;
- the reliability of financial information published both internally and externally.



KPMG Audit Plc

Peat House
1 Commercial Street
Forster Square
Bradford BD1 4AS

Auditors' report to the members of Ellis & Everard (UK Holdings) Limited

We have audited the financial statements 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 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 April 1997 and of its result for the profit then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

30 September 1997

Profit and loss account

for the year ended 30 April 1997

		Year ended 30 April	Fourteen month period ended 30 April
	Note	1997 £000	1996 £000
Amounts written off investments	6	(7,820)	-
Income from shares in subsidiary undertakings		16,708	8,125
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	8,888	8,125
Tax on profit on ordinary activities	4	(1,378)	(1,225)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		7,510	6,900
Dividends	5	(7,510)	(6,900)
		<hr/>	<hr/>
Result for the financial year		-	-
		<hr/>	<hr/>

There were no recognised gains or losses in the current year other than those reflected in the profit and loss account.

The profit and loss account is prepared on an unmodified historical cost basis.

Reconciliation of movements in shareholders' funds

for the year ended 30 April 1997

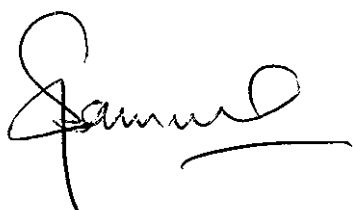
	Year ended 30 April	Fourteen month period ended 30 April
	1997 £000	1996 £000
Profit for the financial year	7,510	6,900
Dividends	(7,510)	(6,900)
	<hr/>	<hr/>
Increase in share premium	113,829	-
	<hr/>	<hr/>
Net addition to shareholders' funds	113,829	-
Opening shareholders' funds	-	-
	<hr/>	<hr/>
Closing shareholders' funds	113,829	-
	<hr/>	<hr/>

Balance sheet

at 30 April 1997

	Note	1997 £000	1996 £000
Fixed assets			
Investments	6	129,782	113,829
Current assets			
Debtors	7	1,615	-
Cash at bank and in hand		1,257	4,900
		<u>2,872</u>	<u>4,900</u>
Creditors: amounts falling due within one year	8	<u>(18,825)</u>	<u>(118,729)</u>
Net current liabilities		<u>(15,953)</u>	<u>(113,829)</u>
Net assets		<u>113,829</u>	<u>-</u>
Capital and reserves			
Called up equity share capital	9	-	-
Share premium account	10	113,829	-
Profit and loss account	10	-	-
Shareholders' funds - equity		<u>113,829</u>	<u>-</u>

These financial statements were approved by the board of directors on 30 September 1997 and were signed on its behalf by:



John Andrew Walter Samuel
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost accounting rules and in accordance with applicable UK accounting standards.

Cash flow statement

Under Financial Reporting Standard No. 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 a Company registered in England and Wales.

Consolidation

The Company has not prepared consolidated financial statements as it is a wholly owned subsidiary undertaking of a company incorporated in England and Wales. In the opinion of the directors the Company's investment in its subsidiary undertakings is worth not less than the value included in these financial statements.

Advance corporation tax

Advance corporation tax is carried forward only to the extent that it is considered recoverable in the foreseeable future.

Deferred taxation

Provision is made for deferred taxation, on the liability method, to the extent that it is probable that a liability will crystallise in the foreseeable future.

2 Profit on ordinary activities before taxation

	Year ended 30 April	Fourteen month period ended 30 April
	1997	1996
	£000	£000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration - audit work	-	-
- non audit fees	-	-
Directors' emoluments including pension scheme contributions (note 4)	-	-
	<hr/>	<hr/>

Notes (continued)

3 Employees

There were no employees of the Company in the year apart from the directors. No directors received any emoluments from the Company in the year.

4 Tax on profit on ordinary activities

	Year ended 30 April	Fourteen month period ended 30 April
	1997	1996
	£000	£000
UK corporation tax at 33%	-	-
Taxation on investment income at 20%	1,378	1,225
	<hr/>	<hr/>
	1,378	1,225
	<hr/>	<hr/>

The tax charge for the year has been reduced by unfranked investment income of £9,819,869 (1996: £2,000,000).

5 Dividends

	Year ended 30 April	Fourteen month period ended 30 April
	1997	1996
	£000	£000
Paid	2,000	2,000
Proposed	5,510	4,900
	<hr/>	<hr/>
	7,510	6,900
	<hr/>	<hr/>

Notes (continued)

6 Fixed asset investments

	1997 £000	1996 £000
Investments in group undertakings at cost	129,782	113,829
	<hr/>	<hr/>
		£000
Movements in the cost of investments in group undertakings were:		
1 May 1996		113,829
Acquisition		7,735
Transfer from ultimate parent company		7,648
Amounts written off investments		(7,820)
Increase in investment		8,390
		<hr/>
30 April 1997		129,782
		<hr/>

Information regarding principal trading subsidiary undertakings is shown in note 11.

On 1 November 1996, the company acquired the whole of the issued share capital of Chemitrade (Holdings) Limited for a consideration of £7,734,685. On 22 May 1996 and 29 November 1996 the whole of the issued share capital of Giltrain Plastics Limited and G Fiske & Co. Limited respectively were transferred to the Company from the ultimate parent Company, Ellis & Everard plc. These transfers were effected at the market value of £7,648,000 as part of a group reorganisation.

On 30 April 1997 as part of a group reorganisation the Company acquired the trade, assets and liabilities of Horneman (UK) Limited and Giltrain Plastics Limited at a valuation of £8,389,869. These trades, assets and liabilities were held for immediate disposal to Distrupol Limited.

After this transaction the carrying values of the investments in the share capitals of these companies were reviewed and £7,819,869 was written off the carrying values of these investments.

On 30 April 1997 the Company sold the former trades, assets and liabilities of Horneman (UK) Limited and Giltrain Plastics Limited to Distrupol Limited, a wholly owned subsidiary undertaking. In consideration Distrupol Limited issued 1,531,000 shares at a valuation of £8,389,869.

Notes (continued)

7 Debtors

	1997 £000	1996 £000
Amounts due within one year:		
Amounts owed by fellow subsidiary undertakings	415	-
VAT recoverable	1,200	-
	<hr/> 1,615 <hr/>	<hr/> - <hr/>

8 Creditors: amounts falling due within one year

	1997 £000	1996 £000
Amounts owed to parent company	16,530	4,900
Amounts owed to fellow subsidiary undertakings	2,223	113,829
Accruals	72	-
	<hr/> 18,825 <hr/>	<hr/> 118,729 <hr/>

9 Share capital

	1997 £000	1996 £000
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<hr/> 1 <hr/>	<hr/> 1 <hr/>
<i>Allotted, called up and fully paid</i>		
4 ordinary shares of £1 each	<hr/> - <hr/>	<hr/> - <hr/>

An additional two shares were issued during the year for a consideration of £113,828,819. The issue was part of a group reorganisation.

Notes (continued)

10 Reserves

	Share premium account £000
1 May 1996	-
Retained profit for the year	-
Issue of shares	113,829
Goodwill written back on disposal	-
Goodwill	-
	<hr/>
30 April 1997	113,829
	<hr/> <hr/>

11 Principal subsidiary undertakings

Those subsidiary undertakings which are significant in the context of the Company's activities are listed below. The entire issued share capital of all subsidiary undertakings is held by the Company. The principal country of operation of each subsidiary undertaking is the country of incorporation.

Subsidiary undertaking	Principal activity	Country of incorporation
<i>Held at 30 April 1997</i>		
Ellis & Everard (UK) Limited	Sales, marketing and distribution of chemicals	England
Ellis + Everard (Northern Ireland) Limited	Sales, marketing and distribution of chemicals	Northern Ireland
Distrupol Limited	Sales, marketing and distribution of polymers	England
Chemitrade (Holdings) Limited	Sales, marketing and distribution of chemicals	England
G Fiske & Co Limited	Sales, marketing and distribution of chemicals	England

Notes *(continued)*

12 Ultimate parent company

The ultimate parent company is Ellis & Everard plc, a company registered in England and Wales. Ellis & Everard plc is the only company which prepares group financial statements incorporating the financial statements of this company. These group financial statements are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.