

COURTAULDS ACETATE LIMITED

FINANCIAL STATEMENTS

1981-1982



COURTAULDS ACETATE LIMITED

(A wholly owned Subsidiary of Courtaulds plc
which is incorporated in England)

R E P O R T O F T H E D I R E C T O R S

The Directors have pleasure in submitting their report and financial statements for the year ended 31 March 1982.

STATUS

The Company which was an old public company under the Companies Act, 1980, is now a private company pursuant to a Special Resolution passed at an Extraordinary General Meeting held on 24 November 1981.

PRESIDENT

C. H. COLTON, CBE

DIRECTORS

H. BEAUFOY	Chairman
J. R. SMITH	Managing Director
G. A. CAMPBELL	
W. HENSTEAD	
D. HIGSON	
J. W. JOHNSON	
G. B. PHILIPSON	
J. B. WALMISLEY	
S. J. YOUNG	

All were Directors for the whole of the year except Mr. D. Higson, who was appointed a Director on 21 July 1981.

In accordance with the Articles of Association all the Directors retire from office at the Annual General Meeting and being eligible offer themselves for re-election.

SECRETARY AND REGISTERED OFFICE

S. Johnson, F.C.A., 18 Hanover Square, London W1A 2BB.

AUDITORS

Thomson McLintock & Co., Chartered Accountants,
70 Finsbury Pavement, London EC2A 1SX.

REPORT OF THE DIRECTORS (continued)FINANCIAL

The results for the year and appropriations are set out on page 6. An interim dividend of 1.4679p per £1 ordinary stock unit was paid during the year. It is recommended that no final dividend be paid on the ordinary stock in respect of the year ended 31 March 1982 (1981 - NIL).

TRADING AND PRINCIPAL ACTIVITIES

The principal activities of the Company and its Subsidiaries are the manufacture of acetate yarns and fibres, plastics and chemicals.

EXPORTS

Export sales by the Company and its Subsidiaries during the year amounted to £13,829,000 (1981 - £11,873,000). In addition there were exports of £60,196,000 (1981 - £65,267,000) through a Fellow Subsidiary.

ASSETS

The whole of the issued share capital of Leek Chemicals Limited was transferred to Courtaulds Acetate Limited from another Group Company with effect from 1 January 1981. The previous year's comparative figures in the accounts remain as stated last year, excluding the assets and liabilities of Leek Chemicals Limited.

EMPLOYMENT OF DISABLED PERSONS

Where individuals become disabled whilst in the Company's employ, every reasonable effort is made to provide opportunity for continued employment within the potential aptitude and ability of the person concerned, and to provide such facilities, including any appropriate training, as may be necessary for that purpose.

In dealing with applications for employment and the training, career development and promotion of existing employees, efforts are made to ensure that a disabled individual's potential aptitude and ability are considered both without prejudice and as constructively as possible in relation to the opportunities available.

DIRECTORS' INTERESTS

The interests of the directors in office at 31 March 1982 in the share and loan capital of the holding Company, Courtaulds plc, and its subsidiaries in accordance with the Register maintained pursuant to Section 29 of the Companies Act 1967 were as follows:

<u>Director</u>	<u>Class of share/stock</u>	<u>Unit</u>	Number at 1 April 1981 or date of appointment if later	Number at 31 March 1982

COURTAULDS ACETATE LIMITED

REPORT OF THE DIRECTORS (continued)

DIRECTORS' INTERESTS (continued)

<u>Director</u>	<u>Class of Share/Stock</u>	<u>Unit</u>	Number at 1 April 1981 or date of appointment if later	Number at 31 March 1982
a) in Courtaulds plc				
G. A. Campbell	Ordinary Shares	25p	25	25
W. Henstead	-	-	-	-
D. Higson	-	-	-	-
J. W. Johnson	Ordinary Shares	25p	352	352
	7% Debenture Stock	50p	26	26
G. B. Philipson	Ordinary Shares	25p	340	340
	7% Debenture Stock	50p	20	20
J. B. Walmisley	-	-	-	-
S. J. Young	-	-	-	-
b) in the International Paint Company Limited				
W. Henstead	Ordinary Shares	25p	2000	2000

AUDITORS

A resolution concerning the re-appointment of Thomson McLintock & Co., as the Company's Auditors, and the fixing of their remuneration, will be submitted at the forthcoming Annual General Meeting.

By Order of the Board

LONDON
24 May 1982

S. JOHNSON
Secretary

AUDITORS' REPORT

TO THE MEMBERS OF COURTAULDS ACETATE LIMITED

We have audited the financial statements on pages 5 to 17 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the Company and the Group at 31 March 1982 and of the result and source and application of funds of the Group for the year then ended and comply with the provisions of the Companies Acts 1948 to 1981 that were relevant to these statements.

[CERTIFIED A TRUE COPY.]



LONDON

25 May 1982

Thomson McLintock & Company
Chartered Accountants

COURTAULDS ACETATE LIMITED

ACCOUNTING POLICIES

The following policies have been adopted by the directors in the preparation of the accounts which they approved on 24 May 1982.

FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost to the Group Company which originally purchased them after deducting investment grants. Depreciation is based on fixed percentages of net cost at such rates as will write off the cost of the various assets over the period of their expected useful lives. Buildings are depreciated over 48 years and plant and equipment over periods ranging between 8 and 25 years.

BASIS OF STOCK VALUATION

Stocks are stated at cost or net realisable value, whichever is lower. Cost includes production overheads.

DEFERRED TAXATION

Deferred taxation is provided only in respect of timing differences between profits as computed for taxation purposes, and profits as stated in the accounts to the extent that there is a reasonable probability that such deferred taxation will be payable within the foreseeable future after taking into account the availability of Group Relief. Timing differences are due primarily to the excess of UK accelerated taxation allowances on capital expenditure over the corresponding depreciation charged in the accounts.

RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off in the year in which it is incurred.

FOREIGN CURRENCIES

Assets and liabilities have been converted into sterling at the market rates at 31 March 1982 subject to forward cover contracts.

CONSOLIDATION

The Consolidated Profit and Loss Account and Balance Sheet include the accounts of the Company and its subsidiaries made up to 31 March 1982. Leek Chemicals Limited was acquired with effect from 1 January 1981. Comparative figures remain as stated last year. The Group's share of the profits of Associated Companies has been included in the Profit and Loss Account and the Group's interest in these Companies is shown in the Group Balance Sheet.

LEASING

Fixed assets which are the subject of long term leasing agreements have

GROUP PROFIT AND LOSS ACCOUNT

For the year ended 31 March

	<u>Notes</u>	<u>1982</u> <u>£000</u>	<u>1981</u> <u>£000</u>
Sales	1	<u>136,237</u>	<u>137,527</u>
Trading loss	2	(295)	(3,991)
Group share of Profit of Associated Companies		<u>299</u>	<u>287</u>
Net profit/(loss) for the year before taxation		4	(3,704)
Taxation	3	<u>(91)</u>	<u>(53)</u>
Net loss after taxation		(87)	(3,757)
Minority Interest		(25)	124
Extraordinary Item	5	<u>(822)</u>	<u>(3,337)</u>
Net loss attributable to Courtaulds Acetate Limited		(934)	(6,970)
Dividends Paid:			
Preference	395		395
Ordinary	<u>110</u>	<u>(505)</u>	<u>- (395)</u>
		<u>(1,439)</u>	<u>(7,365)</u>
(Loss)/profit retained:			
Courtaulds Acetate Limited		(1,496)	(7,258)
Subsidiary Companies		65	(191)
Associated Companies		<u>(8)</u>	<u>84</u>
		<u>(1,439)</u>	<u>(7,365)</u>

GROUP BALANCE SHEET

As at 31 March

	<u>Notes</u>	<u>1982</u>	<u>1981</u>
		<u>£000</u>	<u>£000</u>
Share Capital	6	15,269	15,269
Reserves	7	50,389	51,828
Minority Interests in Subsidiaries		299	274
		<u>65,957</u>	<u>67,371</u>
Fixed Assets	9	36,199	38,182
Investments	10	1,344	1,347
		<u>37,543</u>	<u>39,529</u>
Current Assets			
Stocks	11	18,192	15,275
Debtors	12	7,284	2,574
Taxation		16	23
Owing by Courtaulds plc and Fellow Subsidiaries		27,633	38,859
Bank and Cash	13	10,941	4,788
		<u>64,066</u>	<u>61,519</u>
Current Liabilities			
Creditors		34,412	33,202
Overdrafts		302	-
Owing to Fellow Subsidiaries		938	475
		<u>35,652</u>	<u>33,677</u>
Net Current Assets		28,414	27,842
		<u>65,957</u>	<u>67,371</u>

J. R. SMITH
S. J. YOUNG

DIRECTORS

COURTAULDS ACETATE LIMITED

COMPANY BALANCE SHEET

As at 31 March

	<u>Notes</u>	<u>1982</u>	<u>1981</u>
		<u>£000</u>	<u>£000</u>
Share Capital	6	15,269	15,269
Reserves	7	48,986	50,482
		<u>64,255</u>	<u>65,751</u>
Fixed Assets	9	35,568	37,934
Investments in Subsidiaries	14	2,789	1,223
Investments at cost	10	381	376
		<u>38,738</u>	<u>39,533</u>
Current Assets			
Stocks	11	17,539	15,072
Debtors	12	5,196	1,308
Taxation		3	-
Owing by Courtaulds plc and Fellow Subsidiaries		27,024	38,526
Bank and Cash	13	10,323	4,772
		<u>60,085</u>	<u>59,678</u>
Current Liabilities			
Creditors		34,176	32,984
Taxation		-	3
Overdrafts		302	-
Owing to Fellow Subsidiaries		90	473
		<u>34,568</u>	<u>33,460</u>
Net Current Assets		25,517	26,218
		<u>64,255</u>	<u>65,751</u>

J. R. SMITH

S. J. YOUNG

DIRECTORS

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	For the year ended 31 March			
	1982		1981	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>SOURCE OF FUNDS</u>				
Profit/(loss) before taxation		4		(3,704)
Adjusted for items not involving movement of funds:				
Depreciation		6,075		4,726
Loss/(profit) retained in Associated Companies		8		(84)
		<u>6,087</u>		<u>938</u>
<u>TOTAL GENERATED FROM OPERATIONS</u>				
Disposal of fixed assets		127		8,485
		<u>6,214</u>		<u>9,423</u>
<u>APPLICATION OF FUNDS</u>				
Extraordinary item	(822)		(2,306)	
Dividends paid to holding company	(505)		(7,162)	
Dividends paid to minority interests	-		(16)	
Purchase of investment	(5)		-	
Purchase of fixed assets*	(4,219)		(6,423)	
Debentures redeemed	-		(423)	
Tax paid	(84)	(5,635)	(123)	(16,453)
		<u>579</u>		<u>(7,030)</u>
<u>(INCREASE)/DECREASE IN WORKING CAPITAL</u>				
Stocks*	(2,917)		9,930	
Debtors*	(4,710)		1,340	
Amounts owing from Courtaulds Group*	11,226		6,274	
Creditors*	1,210		(7,654)	
Amounts owing to Courtaulds Group*	463	5,272	(16)	9,874
		<u>5,851</u>		<u>2,844</u>
<u>MOVEMENT IN NET LIQUID FUNDS</u>				
Cash balances*	6,153		2,705	
Overdrafts	(302)	5,851	139	2,844

*Note 18 provides an analysis of the acquisition of Leek Chemicals Limited.

NOTES TO THE ACCOUNTS1 SALES

Sales represent amounts invoiced, excluding VAT, to customers outside the Courtaulds Acetate Group.

For the year ended 31 March

	<u>1982</u>	<u>1981</u>
	<u>£000</u>	<u>£000</u>
2 <u>TRADING LOSS</u> is after charging:		
Depreciation	6,075	4,726
Audit fees and expenses	29	45
Hire of plant and equipment	682	688
Interest paid on bank overdrafts (unsecured)	9	612
<u>and after crediting:</u>		
Interest received	226	-
	<u> </u>	<u> </u>
3 <u>TAXATION</u>		
UK Corporation Tax at 52% based on the profits of the year	(14)	(62)
Advance Corporation Tax recoverable	8	36
Overseas Tax	(3)	3
Adjustments in respect of previous years	11	-
	<u> </u>	<u> </u>
	2	(23)
Associated Companies share of Corporation Tax - on the year's taxable profits	89	76
	<u> </u>	<u> </u>
	91	53
	<u> </u>	<u> </u>

The Company's taxation charge has benefited from the net effects of depreciation charged in the accounts exceeding capital allowances and certain other timing differences amounting to £262,751 (1980/81 £263,000). The resultant taxable loss has been set against the profits of other Courtaulds Group Companies for no consideration.

COURTAULDS ACETATE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March

<u>1982</u>	<u>1981</u>
<u>£000</u>	<u>£000</u>

4 REMUNERATION OF DIRECTORS

Remuneration including pension contributions

Pension to former director's widow

197	164
3	3
<u>200</u>	<u>167</u>

Directors' emoluments excluding pension contributions:

The Chairman and 1981 highest paid director

25	27
<u>—</u>	<u>—</u>

Highest paid director

29	—
<u>—</u>	<u>—</u>

Other Directors

	<u>Numbers</u>	
	<u>1982</u>	<u>1981</u>
£- up to 5,000	—	—
5,001 to 10,000	—	2
10,001 to 15,000	1	—
15,001 to 20,000	4	5
20,001 to 25,000	2	—
25,001 to 30,000	—	1

5 EXTRAORDINARY ITEM

The extraordinary item represents the cost of reorganisation of the Company's manufacturing operations during the year, including the closure of Nelson's Works, Lancaster.

COURTAULDS ACETATE LIMITED

NOTES TO THE ACCOUNTS

6 SHARE CAPITAL

	<u>Authorised</u> <u>(£1 shares)</u>	<u>Issued and</u> <u>converted</u> <u>into stock</u> <u>(£1 units)</u>
	<u>£000</u>	<u>£000</u>
7% (now 4.9%) Cumulative first preference	3,500	3,500
7½% (now 5.25%) Second cumulative preference	4,250	4,250
Ordinary	12,000	7,519
	<u>19,750</u>	<u>15,269</u>

7 RESERVES

	<u>Group</u>	<u>Company</u>
	<u>£000</u>	<u>£000</u>
At 31 March 1981	51,828	50,482
Loss retained	(1,439)	(1,496)
At 31 March 1982	<u>50,389</u>	<u>48,986</u>

Group reserves include attributable retained profits and reserves of Associated Companies since acquisition amounting to £963,000 (1981 - £971,000), of which £665,000 is not distributable.

- 8 The Company's undertaking and assets together with those of certain Subsidiaries have been charged to secure the following indebtedness of Courtaulds plc: £39,588,578, 7% Debenture Stock 1982/1987 and £17,409,307 7½% Debenture Stock 1989/1994.

NOTES TO THE ACCOUNTS9 FIXED ASSETS

FIXED ASSETS	Land and Buildings				Plant and Equipment	Total
	Freehold	Leasehold		Total		
		Long Term	Short Term			
	£000	£000	£000	£000	£000	£000
<u>GROUP</u>						
Net Book amount at 31 March 1981	605	7,013	-	7,618	30,564	38,182
Additions	4	37	-	41	3,706	3,747
Purchase of Leek Chemicals Limited	99	36	-	135	337	472
	708	7,086	-	7,794	34,607	42,401
Less Disposals	9	85	-	94	33	127
Depreciation	30	553	-	583	5,492	6,075
Net Book amount at 31 March 1982	669	6,448	-	7,117	29,082	36,199
Representing Cost	1,848	14,321	3	16,172	92,701	108,873
Accumulated Depreciation	1,179	7,873	3	9,055	63,619	72,674
<u>COMPANY</u>						
Net Book amount at 31 March 1981	605	7,013	-	7,618	30,316	37,934
Additions	3	38	-	41	3,676	3,717
	608	7,051	-	7,659	33,992	41,651
Less Disposals	6	87	-	93	62	155
Depreciation	26	551	-	577	5,351	5,928
Net Book amount at 31 March 1982	576	6,413	-	6,989	28,579	35,568
Representing Cost	1,745	14,261	3	16,009	91,236	107,245

NOTES TO THE ACCOUNTS10 INVESTMENTS

In accordance with standard accounting practice, the Group's interest in Associated Companies is shown in the Group balance sheet. Details of these Companies, all of which are unquoted, are given on page 17. The Directors estimate that the market value of the investments is not materially different from the value shown in the Group balance sheet.

	<u>Group</u>	
	<u>1982</u>	<u>1981</u>
	<u>£000</u>	<u>£000</u>
<u>Unquoted Investments in Associated Companies</u>		
Preferred ordinary shares at cost	263	263
Equity shares at cost	<u>113</u>	<u>113</u>
Total cost	376	376
Group share of post-acquisition retained profits and reserves	<u>963</u>	<u>971</u>
	1,339	1,347
<u>Other Investments at Cost</u>	<u>5</u>	<u>-</u>
	<u>1,344</u>	<u>1,347</u>

11 STOCKS

	<u>Group</u>		<u>Company</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
Stocks comprise:				
Raw Materials	4,554	3,329	4,396	3,252
Work in Progress and Finished Goods	<u>13,638</u>	<u>11,946</u>	<u>13,143</u>	<u>11,820</u>
	<u>18,192</u>	<u>15,275</u>	<u>17,539</u>	<u>15,072</u>

12 DEBTORS

During the year the Company terminated a factoring agreement with a fellow subsidiary and has reassumed responsibility for collecting its trade debts. The cost of factoring charged in the Profit and Loss Account during the year was £183,000 (1980/81 £987,000).

NOTES TO THE ACCOUNTS13 BANK AND CASH

The Company and certain other fellow subsidiaries are parties to a Courtaulds Group banking facility under which the balance standing to the credit of the Company on the Group account at the year end may be used to offset liabilities of other fellow subsidiaries to the bank. The amounts standing to the credit of the Company and its subsidiaries under this arrangement at 31 March 1982 were:

	<u>1982</u>	<u>1981</u>
	<u>£000</u>	<u>£000</u>
Courtaulds Acetate Limited	8963	4181
Subsidiaries of Courtaulds Acetate Limited	<u>617</u>	<u>12</u>
Total	<u>9580</u>	<u>4193</u>

14 INVESTMENTS IN SUBSIDIARIES

Shares, at cost less amounts provided	388	135
Amounts owing by Subsidiaries	<u>3,041</u>	<u>1,647</u>
	3,429	1,782
Amounts owing to Subsidiaries	<u>(640)</u>	<u>(559)</u>
	<u>2,789</u>	<u>1,223</u>

Details of Subsidiaries are given on page 17.

15 DEFERRED TAXATION

The potential amount of deferred taxation and relief is as follows:

	<u>Group</u>	
	<u>1982</u>	<u>1981</u>
	<u>£000</u>	<u>£000</u>
UK Capital Allowances	16,068	18,644
Other UK timing differences	(1,325)	(2,149)
UK unused tax losses	(7,062)	-

NOTES TO THE ACCOUNTS

	<u>Group</u>		<u>Company</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
16 <u>CAPITAL COMMITMENTS</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Outstanding commitments in respect of uncompleted contracts for capital expenditure	<u>2,629</u>	<u>731</u>	<u>2,617</u>	<u>726</u>
Capital expenditure authorised but not yet the subject of a contract	<u>1,306</u>	<u>4,207</u>	<u>1,302</u>	<u>4,196</u>
17 <u>CONTINGENT LIABILITIES</u>				
Guarantee of Steel Cords Limited overdraft with Lloyds Bank	460	460	460	460
Instalments unpaid re leased assets	2,606	2,256	2,606	2,256
Debts subject to recourse	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,118</u>	<u>2,716</u>	<u>3,066</u>	<u>2,716</u>

18 ANALYSIS OF ACQUISITION OF LEEK CHEMICALS LIMITED FROM COURTAULDS plc

<u>Net Assets Acquired</u>	<u>£000</u>	<u>Discharged by</u>	<u>£000</u>
Fixed Assets	472	Debt due to	
Stocks	379	Courtaulds plc	253
Debtors	2		
Cash	393		
Creditors	(452)		
Debts due to fellow subsidiaries	(541)		
	<u>253</u>		<u>253</u>

19 ULTIMATE HOLDING COMPANY

Courtaulds Acetate Limited is a wholly owned subsidiary of Courtaulds plc which is incorporated in England.

COURTAULDS ACETATE LIMITED

SUBSIDIARY AND ASSOCIATED COMPANIES

Main Trading Activities

Courtaulds Acetate
Limited's share of
equity capital

SUBSIDIARY COMPANIES

(All incorporated in
England)

Courtaulds Acetate
(Overseas) Limited
(formerly British
Celanese (Overseas)
Limited)

Equity Capital £1,000	Export of chemical and plastic products	100
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Cumberland Filter
Company Limited

Equity Capital £10,000	Ceased trading	51
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Rocel Limited

Equity Capital £163	Manufacture of extruded acetate strip and sheet for the optical trade	70
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Leek Chemicals Limited

Equity Capital £50,002	Manufacture of chemicals	100
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ASSOCIATED COMPANIES

(All incorporated in
England)

Baumgartner Papiers
Limited

Equity Capital £5,000	Distribution of cigarette filters	49
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Nelson's Acetate
Limited

Equity Capital £27,752	Manufacture of acetate flake	50
Preference Capital £1,750 (100% owned)		

Lego UK Limited

Equity Capital £300,000	Distribution of plastic toy building systems	33½
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