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BRITISH STEEL CORPORATION (CHEMICALS) LIMITED

ANNUAL REPORT AND ACCOUNTS. 1981-82

DIRECTORS' REPORT AND ACCOUNTS

for the 53 weeks ended

3rd April, 1982



B.S.C. (Chemicals) Limited
Orgreave Works,
PO Box 173,
Highfield Lane,
Orgreave,
Sheffield. S13 9ND

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED

REPORT OF THE DIRECTORS

in respect of the 53 weeks ended 3rd April 1982

DIRECTORS:

Mr. F. Holloway
Mr. H.E. Milton

Chairman

1. The directors present their report and the audited accounts for the 53 weeks ended 3rd April 1982.

2. Holding Company

The company is a wholly-owned subsidiary of British Steel Corporation.

3. Principal Activities

The principal activity of the company and its subsidiary is the production and sale of chemicals. The company's activities comprising the production and sale of coke were transferred to British Steel Corporation as at 29th March 1981.

4. Trading Results

The results of the group for the 53 weeks ended 3rd April 1982 are set out in the consolidated profit and loss account on page 5.

5. Dividends

The directors do not recommend the payment of a dividend.

6. Fixed Assets

Movements in fixed assets are shown in note 7 to the accounts on pages 17 and 18.

The group's principal interests in land were acquired over many years by the company and its predecessors. Due to the upward trend in property values in recent years, the present market value of these interests on either an existing or alternative use basis is considered by the directors to be in excess of book value at 3rd April 1982. The amount of this excess cannot be

ascertained without a complete revaluation, which is not at present considered practicable.

7. Directors

The directors of the company are set out on page 1. Mr. F. Holloway was appointed as chairman on 13th May 1981 and Mr. D.G.S. Waterstone ceased to be a director on that date. Mr. D.J. Davison and Dr. P.H. Pinchbeck ceased to be directors on 26th March 1982 and 31st March 1982 respectively. Mr. H.E. Milton was appointed as a director on 1st April 1982.

8. Directors' Interests

According to the register kept under Section 29 of the Companies Act 1967, none of the directors at 3rd April 1982 held any beneficial interest in the shares of the company at either the beginning or the end of the 53 weeks ended 3rd April 1982.

9. Employees

The average number of employees employed by the group during each of the 53 weeks was 721 and their aggregate remuneration was £5,530,018.

10. Employment of Disabled Persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill, after appropriate training.

11. Subscriptions and Donations

Charitable and educational subscriptions and donations made by the group during the 53 weeks amounted to £865. No contributions for political purposes were made.

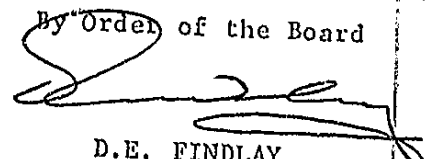
12. Auditors

A resolution to re-appoint the auditors, Coopers and Lybrand, will be proposed at the annual general meeting.

5th July 1982

PO Box 173,
Highfield Lane,
Orgreave,
Sheffield.

By Order of the Board


D.E. FINDLAY
Secretary

REPORT OF THE AUDITORS

TO THE MEMBERS OF

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED.

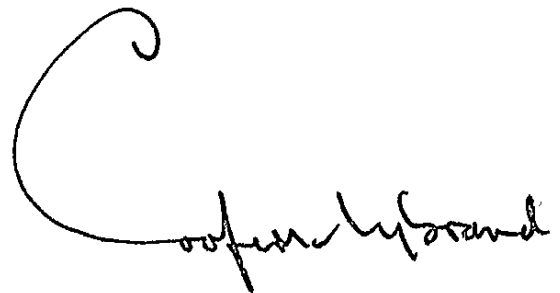
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1. We have audited the accounts on pages 5 to 23 in accordance with approved Auditing Standards. The accounts have been prepared under the historical cost convention as modified by the inclusion of certain assets at a revaluation.
 2. As explained in general note III, there are continuing uncertainties in the steel market, and therefore the level of future supplies of raw materials to the company and its subsidiary, with a consequential uncertainty as to the level of future trading results. Accordingly, we have not been able to satisfy ourselves that the amount of £8.1 million at which fixed assets are stated in the consolidated balance sheet (the company's balance sheet £6.6 million) will be recoverable out of future earnings and that a writedown beyond the present level will not prove to be necessary.
 3. The company is dependent on the British Steel Corporation ("the Corporation") for continued financial support in respect of its ongoing financing requirements. The accounts of the company and of the group have been drawn up on a going concern basis which assumes that adequate finance will be forthcoming to meet operational needs. The validity of this assumption is uncertain because, as explained in general note I, the external financing limit set by the Government for the financial year ending March 1983, in respect of the Corporation and its subsidiaries, which includes an allowance for normal contingencies:-
 - (a) is subject to approval by the European Commission; and
 - (b) may prove inadequate if the stability assumed in the projections on which it is based does not obtain.

REPORT OF THE AUDITORS

TO THE MEMBERS OF

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED

4. As explained in general note I, the associated companies are currently negotiating with bankers to arrange adequate overdraft and loan facilities. The amounts included in respect of associated companies under the policies set out in general note II are based upon accounts which have been prepared on a going concern basis which assumes that sufficient finance will be available to cover ongoing requirements.
5. Subject to any adjustments that may be required in respect of the uncertainties mentioned in paragraphs 2 to 4 above, in our opinion, the accounts give a true and fair view of the state of affairs of the company and the group at 3rd April 1982 and of the results and source and application of funds of the group for the 53 weeks then ended, and comply with the Companies Acts 1948 to 1981.



COOPERS AND LYBRAND

Chartered Accountants

Sheffield

5th July 1982

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the 53 weeks ended 3rd April, 1982

<u>Note</u>	<u>1982</u> <u>£</u>	<u>1981</u> <u>£</u>
1. Turnover	<u>57,080,456</u>	<u>88,488,207</u>
2. Trading profit/(loss)	933,938	(422,293)
Share of losses of associated companies	(136,319)	(1,087,584)
Profit/(loss) before taxation	<u>797,619</u>	<u>(1,509,877)</u>
5. Taxation	(398,019)	(79,070)
Profit/(loss) after taxation	<u>399,600</u>	<u>(1,588,947)</u>
Minority interests	(267,876)	(233,749)
Profit/(loss) after taxation and before extraordinary item	<u>131,724</u>	<u>(1,822,696)</u>
6. Extraordinary item	(3,693,087)	(20,005,595)
Loss for the year	<u>(3,561,363)</u>	<u>(21,828,291)</u>
<u>Statement of Accumulated Losses</u>		
15. Balance as at 28th March 1981	(28,936,583)	(7,108,292)
Loss for the year	(3,561,363)	(21,828,291)
Balance as at 3rd April 1982	<u>(32,497,946)</u>	<u>(28,936,583)</u>

Notes and related statements forming part of these accounts appear on pages 9 to 23
Report of the auditors - pages 3 and 4.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY


CONSOLIDATED BALANCE SHEET

At 3rd April, 1982

<u>Note</u>	<u>1982</u> <u>£</u>	<u>1981</u> <u>£</u>
<u>NET LIABILITIES</u>		
7. Fixed Assets	8,111,453	20,427,536
BSC Head Office Current and Advance Accounts	(37,273,320)	(50,665,040)
10. Associated Companies and Trade Investments	5,283,303	5,712,462
11. Net Current Assets	8,418,301	12,546,185
	<u>(15,460,263)</u>	<u>(11,978,857)</u>
<u>CAPITAL EMPLOYED</u>		
13. Share Capital	12,525,000	12,525,000
Share Premium Account	2,499,990	2,499,990
14. Capital Reserve	1,208	1,208
15. Accumulated Losses	(32,497,946)	(28,936,583)
Deficiency of Shareholders' Funds	(17,471,748)	(13,910,385)
16. Deferred Taxation	722,000	829,000
Minority Interests	1,289,485	1,102,528
	<u>(15,460,263)</u>	<u>(11,978,857)</u>

F. HOLLOWAY

H.E. MILTON



Notes and related statements forming part of these accounts appear on pages 9 to 23
Report of the auditors - pages 3 and 4.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED

BALANCE SHEET

at 3rd April, 1982

<u>Note</u>		<u>1982</u> <u>£</u>	<u>1981</u> <u>£</u>
	<u>NET LIABILITIES</u>		
7.	Fixed Assets	6,603,382	18,706,731
	BSC Head Office Current and Advance Accounts	(37,273,320)	(50,665,040)
9.	Investment in Subsidiary	264,213	264,213
10.	Associated Companies and Trade Investments	5,100,819	5,574,593
11.	Net Current Assets	6,594,841	11,229,081
		<u>(18,710,065)</u>	<u>(14,890,422)</u>
	<u>CAPITAL EMPLOYED</u>		
13.	Share Capital	12,525,000	12,525,000
	Share Premium Account	2,499,990	2,499,990
15.	Accumulated Losses	(33,735,055)	(29,915,412)
	Deficiency of Shareholders Funds	<u>(18,710,065)</u>	<u>(14,890,422)</u>

F. HOLLOWAY

H.E. MILTON



Notes and related statements forming part of these accounts appear on pages 9 to 23
Report of the auditors - pages 3 and 4.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the 53 weeks ended 3rd April 1982

<u>SOURCE OF FUNDS</u>		<u>1982</u>		<u>1981</u>	
	£		£		£
Trading Profit/(Loss)			933,938		(422,293)
Dividends from Associated Companies			-		149,962
Extraordinary Item			(3,693,087)		(20,005,592)
			(2,759,149)		(20,271,923)
Adjustments for items not involving the movement of funds:					
Write down of fixed assets	1,547,222			11,591,601	
Depreciation	1,291,879			1,930,602	
Profit on sale of investment	-		2,839,101	(126,923)	13,395,280
FUNDS GENERATED FROM /(CONSUMED BY) OPERATIONS			79,952		(6,882,643)
FUNDS FROM OTHER SOURCES					
Regional development and other grants receivable, less repayable			14,759		752,084
Proceeds from sale of investment			-		127,173
Disposals of fixed assets, less purchases			7,709,507		(6,493,081)
			<u>7,804,218</u>		<u>(12,496,467)</u>
APPLICATION OF FUNDS					
BSC Head Office Current and Advance Accounts			13,391,720		(11,961,094)
Dividends paid to minority share- holders in the subsidiary			80,919		17,430
Taxation paid			498,061		208,680
Investment in Associated Companies			(378,545)		(388,648)
			<u>13,592,155</u>		<u>(12,123,632)</u>
Movements in Working Capital:					
Increase/(Decrease) in stocks and work in progress	(7,474,882)			2,511,829	
Increase/(Decrease) in debtors	66,325			1,054,111	
(Increase)/Decrease in creditors	7,409,641			(5,083,451)	
Current Accounts with British Steel Corporation and fellow subsidiaries	(5,601,098)			346,525	
Movement in net liquid funds	<u>(187,923)</u>		<u>(5,787,937)</u>	<u>798,151</u>	<u>(372,835)</u>
			<u>7,804,218</u>		<u>(12,496,467)</u>

Report of the Auditors - pages 3 and 4.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

GENERAL NOTES ON THE ACCOUNTS AND ACCOUNTING POLICIES

I Basis of Preparation of Accounts

British Steel Corporation (Chemicals) Limited is a wholly-owned subsidiary of British Steel Corporation ("the Corporation"). The accounts have been prepared on a going concern basis, which assumes that sufficient finance will be available to cover on-going requirements. The company is dependent in this respect on the Corporation. The Corporation's and its subsidiaries' projected requirements for operations in the current financial year 1982/83, including a reasonable allowance for normal contingencies, amount to £365 million. The Government has agreed, subject to approval by the European Commission, the external financing limit for the year at that level. The projection assumes that there will be reasonable stability in the operations of the Corporation and its subsidiaries and in the steel market. There is, however, a risk that this stability will not obtain, in which event, the contingency allowance included in the projections, and hence the external financing limit, may prove inadequate. The associated companies are currently negotiating with bankers to arrange adequate overdraft and loan facilities. Their accounts have been prepared on a going concern basis which assumes that sufficient finance will be available to cover their on-going requirements.

II Consolidated Accounts and Associated Companies

The consolidated accounts include the accounts of the company for the 53 weeks ended 3rd April, 1982, and those of its subsidiary Bitmac Limited for the fifteen month period ended 31st March 1982.

The company has also included in the consolidated profit and loss account its share of the results and in the consolidated balance sheet its share of the retained earnings of associated companies in which it holds not less than 20% of the equity capital and participates in commercial and financial policy. The accounts of associated companies used for this purpose are for the 53 weeks ended 3rd April 1982. These accounts, although not yet formally adopted by the boards of the companies, are considered reliable.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

GENERAL NOTES ON THE ACCOUNTS AND ACCOUNTING POLICIES

III Write-down of Fixed Assets

In the financial years 1979/80 to 1981/82 the company wrote down its fixed and related assets, to take account of capacity no longer required, by a total of £32.8 million, of which £0.5 million has been dealt with in the accounts for the 53 weeks ended 3rd April 1982. This recognises, in accordance with Statement of Standard Accounting Practice No.12, that the unamortized costs of those assets would be irrecoverable in full out of future earnings. The amounts written off have been charged in the accounts for the respective years as extraordinary items (General Note XIV).

As a result of the continuing uncertainties in the steel market, and therefore in the level of future supplies of raw materials, the company is still unable to confirm whether the asset values remaining will be recoverable out of future earnings.

IV Land, Buildings and Plant

Fixed assets are stated at original cost or valuation, less accumulated depreciation. Cost comprises the direct expenditure incurred after deducting, where relevant, regional development and other grants received and receivable. Commissioning costs and interest attributable to expenditure on assets in course of construction are not capitalised but are written off to revenue as incurred. Expenditure on new installations and schemes which have not been commissioned by the accounting date is classified as buildings and plant in course of construction and is transferred to the appropriate fixed asset accounts on completion of commissioning. The total amounts received and receivable in respect of regional development and similar grants since the relevant legislation was introduced are deducted from the cost of the assets to which they relate. Previously, grants were taken to a separate

GENERAL NOTES ON THE ACCOUNTS AND ACCOUNTING POLICIES

IV Land, Buildings and Plant (Continued)

account and released to profit and loss account over the estimated lives of the assets to which they related. The results for the 53 weeks ended 3rd April 1982 and 52 weeks ended 28th March 1981, are not affected by this change in accounting policy.

V Depreciation

Depreciation is provided so as to write off the net cost of fixed assets on a straight line basis, from the dates they are brought into use, over their estimated useful lives. No depreciation is provided in respect of assets which are fully written off but still in use. The annual depreciation rates used for the main categories of fixed assets are:

	<u>Rate</u>
Freehold and long leasehold buildings which house plant and other works buildings	6 2/3 per cent
Other freehold and long leasehold buildings	2 per cent
Short leaseholds	According to the period of the lease
Plant and machinery with an estimated minimum life of 20 years	5 per cent
Plant and machinery with an estimated life of less than 20 years	According to the life of the plant

As explained in general note III, additional depreciation arising from the write down of fixed and related assets to take account of capacity no longer required was provided in the years 1979/80 to 1981/82 and charged as an extraordinary item. Profits or losses on disposal are included in the trading results for the year.

VI Stocks and Work in Progress

Stocks include raw materials, partly processed materials, finished products, spares and stores, and are valued at the lower of cost and net realisable value of the separate items of stock. Cost of raw materials, spares and stores is determined at purchase price including delivery charges. Partly processed

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

GENERAL NOTES ON THE ACCOUNTS AND ACCOUNTING POLICIES

VI Stocks and Work in Progress (Continued)

and finished products are stated at cost of production including works overheads. Net realisable value is the price at which the stock can be realised in the normal course of business after allowing for the cost of conversion from its existing state to a finished condition, and costs of disposal. Provisions are made, where necessary, to cover slow moving and obsolescent items.

VII Pensions

Pension obligations are funded in separate superannuation schemes administered independently of the Corporation. Actuarial valuations take place at intervals of no more than three years. Contributions are charged in the accounts as they accrue. The cost of improved benefits is met from future contributions to the scheme and charged in the accounts over the average remaining service life of scheme members on the date of change.

On April 1st 1982 the Staff and Manual Grades' schemes were consolidated into one scheme and the contribution and benefit provisions harmonised.

VIII Insurance

Legal liabilities to employees and to third parties are covered by policies of insurance, and personal accident cover is in force for pre-determined circumstances. Marine, aircraft risks and contracts are also insured. Material damage and consequential losses caused by fire, explosion and aircraft are covered by policies if they are in excess of stated limits for any one loss. Losses which are not insured are charged in the accounts as they are recognised.

IX Deferred Taxation

Provision is made for deferred taxation under the liability method at the rate of tax ruling at the end of the financial period only to the extent that there is a reasonable probability that it will become payable in the foreseeable future.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

GENERAL NOTES ON THE ACCOUNTS AND ACCOUNTING POLICIES

X Turnover

Sales to United Kingdom customers represent the invoiced prices (which include delivery charges) of products sold and does not include VAT. Sales to export customers are recorded at the f.o.b. prices of the products sold.

Total turnover excludes all sales between the company and its subsidiary.

XI Interest Receivable and Other Income

Interest receivable and other income comprises interest received and receivable to the balance sheet date on loans to associated companies and dividends from trade investments.

XII Repairs and Renewals

Repairs and renewals are charged to profit and loss account as incurred.

XIII Research and Development Expenditure

Revenue expenditure on research and development is charged to profit and loss account as incurred. Capital expenditure is written off over the anticipated period of research.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

GENERAL NOTES ON THE ACCOUNTS AND ACCOUNTING POLICIES

XIV Extraordinary Items

- (i) Significant items deriving from events or transactions outside the ordinary activities of the business are dealt with as extraordinary items in the profit and loss account and separately disclosed.
- (ii) For some years the company has been involved in a major rationalisation and improvement programme, designed to bring manning levels and productivity into line with best international standards. This has included the elimination of high cost plants and the reduction of manned capacity to a level sustainable in relation to expected demand and market share. This programme, which has had to be reviewed from time to time in the light of changing circumstances, has involved plant closures, substantial write offs of surplus fixed asset capacity and substantial numbers of related redundancies. The cost of these rationalisation measures are provided for in the accounts as extraordinary items, in respect of decisions taken prior to the finalisation of the accounts. Actual closure and rationalisation costs are charged to the provisions as incurred.
- (iii) In other cases where redundancy and other expenses arise through measures taken to reduce employment costs and improve labour productivity, (but where the costs do not follow as a consequence of closures or reductions in manned capacity) the expenses are not treated as extraordinary items.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

NOTES ON THE ACCOUNTS

53 weeks ended 3rd April, 1982

	<u>1982</u> £	<u>1981</u> £
1. <u>Turnover</u>		
British Steel Corporation and its subsidiaries	3,349,110	39,788,518
Home	41,841,947	35,698,766
Export	<u>11,889,399</u>	<u>13,000,923</u>
Total Turnover	<u>57,080,456</u>	<u>88,488,207</u>
	<u>1982</u> £	<u>1981</u> £
2. <u>Trading Profit</u>		
Profit before taxation is stated after crediting:		
Interest receivable and other Income (Note 4) and charging:	574,701	683,799
Fixed assets writedown (General Note XIV(iii))	862,365	-
Depreciation (General Note V)	1,291,879	1,930,602
Hire of Plant and Machinery	612,023	356,130
Interest payable to British Steel Corporation	375,000	600,000
Additional pension premiums	100,000	-
Directors' emoluments (Note 3):		
for management	33,630	32,664
Auditors' remuneration, including expenses:		
Current year, including £14,000 (1981 £12,000) relating to the company	22,550	15,825
Prior year, relating to the company	8,000	3,000
3. <u>Emoluments of Directors and Employees</u>		
Particulars of emoluments of the directors of the company disclosed in accordance with Sections 6 and 7 of the Companies Act 1967 are as follows:		
	<u>1982</u> £	<u>1981</u> £
Emoluments of the Chairmen	NIL	NIL
Emoluments of the highest paid Director	28,150	21,619
Number of other Directors who receive emoluments within the range of:		
£0 - £5,000	2	1
£5,001 - £10,000	-	1

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

NOTES ON THE ACCOUNTS

53 weeks ended 3rd April, 1982

Mr. D.G.S. Waterstone and Mr. F. Holloway, both of whom acted as chairman during the period, were employed by the British Steel Corporation for the whole of their time in office and their emoluments were paid by the Corporation. Emoluments do not include payments in connection with the early termination of contracts of service as a manager of British Steel Corporation.

	<u>1982</u>	<u>1981</u>
	£	£
Number of employees who receive emoluments within the range of: £20,000 - £25,000	1	-

Short term loans made to two employees to assist house purchase on relocation amounted to £38,000, of which £36,504 remained outstanding at 3rd April 1982.

4. Interest Receivable and Other Income (general note XI)

	<u>1982</u>	<u>1981</u>
	£	£
Interest Receivable (External)	567,857	678,455
Dividend Receivable on investment in unquoted company	6,844	5,344
	<u>574,701</u>	<u>683,799</u>

5. Taxation (General note IX)

	<u>1982</u>	<u>1981</u>
	£	£
The charge for taxation is made up as follows:		
On the profit of the subsidiary		
UK Corporation Tax at 52%	590,724	316,126
Transfer from deferred taxation	(107,000)	(213,000)
	483,724	103,126
On share of results of associated companies	(85,705)	(24,056)
	<u>398,019</u>	<u>79,070</u>

6. Extraordinary Item (general note XIV)

	<u>1982</u>	<u>1981</u>
	£	£
Closure costs and redundancy payments	3,209,256	5,855,082
Write down of fixed assets	483,831	14,150,513
	<u>3,693,087</u>	<u>20,005,595</u>

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

NOTES ON THE ACCOUNTS

7. Fixed Assets

53 weeks ended 3rd April 1982

	Land and Buildings		Plant Machinery, Equipment & Vehicles	Buildings and Plant in course of const.	Total
	Freehold	Short Leasehold			
THE COMPANY AND ITS SUBSIDIARY					
GROSS BOOK VALUE					
Balance at 29th March 1981					
Cost	2,942,467	106,678	37,690,274	28,683,340	69,423,759
Valuation 1933	32,278	-	-	-	32,278
Valuation 1937	104,981	2,500	160,216	-	267,697
	3,080,726	109,178	37,850,490	28,683,340	69,723,734
Transfers from Buildings and Plant in course of construction	-	-	2,408,100	(2,408,100)	-
Additions	7,802	6,395	1,051,930	478,158	1,544,285
Regional development grants received and receivable	(4,170)	-	(187,887)	-	(192,057)
Regional development grants repayable	-	-	177,298	-	177,298
Transfers to British Steel Corp.	(1,452,018)	-	(24,349,713)	(4,706,744)	(30,508,475)
Disposals	(89,969)	-	(1,124,222)	-	(1,214,191)
Balance at 3rd April 1982	1,542,371	115,573	15,825,996	22,046,654	39,530,594
Cost	1,405,112	113,073	15,665,780	22,046,654	39,230,619
Valuation 1933	32,278	-	-	-	32,278
Valuation 1937	104,981	2,500	160,216	-	267,697
	1,542,371	115,573	15,825,996	22,046,654	39,530,594
DEPRECIATION					
Balance at 29th March 1981	2,015,018	93,031	23,620,444	23,570,150	49,298,643
Write down of fixed assets	135,000	-	1,211,196	201,026	1,547,222
Charge for the fifty three weeks	73,296	4,913	1,213,670	-	1,291,879
Transfers to British Steel Corp.	(1,124,952)	-	(16,548,653)	(1,944,133)	(19,617,738)
Disposals	(85,339)	-	(1,012,016)	-	(1,097,355)
Balance at 3rd April 1982	1,013,023	97,944	8,484,641	21,827,043	31,422,651
Net Book Value at 3rd April 1982	529,348	17,629	7,341,355	219,611	8,107,943
Net Book Value at 28th March 1981	1,065,708	16,147	14,230,046	5,113,190	
Loose Plant and Tools at cost less amounts written off (1981 - £2,445)					3,510
					8,111,453

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

NOTES ON THE ACCOUNTS

7. Fixed Assets (cont)

53 weeks ended 3rd April 1982

	Land and Buildings		Plant	Buildings	
	Freehold	Short Leasehold	Machinery, Equipment & Vehicles	and Plant in course of const.	Total
<u>THE COMPANY</u>					
<u>GROSS BOOK VALUE</u>					
Balance at 29th March 1981					
Cost	2,845,724	49,865	34,828,530	28,683,340	66,407,459
Valuation 1933	32,278	-	-	-	32,278
Valuation 1937	104,981	2,500	160,216	-	267,697
	2,982,983	52,365	34,988,746	28,683,340	66,707,434
Transfers from Buildings and Plant in course of construction	-	-	2,408,100	(2,408,100)	-
Additions	5,309	-	857,717	478,158	1,341,184
Regional development grants received and receivable	(4,170)	-	(168,767)	-	(172,937)
Regional development grants repayable	-	-	177,298	-	177,298
Transfers to British Steel Corp.	(1,452,018)	-	(24,349,713)	(4,706,744)	(30,508,475)
Disposals	(89,969)	-	(1,108,453)	-	(1,198,422)
Balance at 3rd April 1982	1,442,135	52,365	12,804,928	22,046,654	36,346,082
Cost	1,304,876	49,865	12,644,712	22,046,654	36,046,107
Valuation 1933	32,278	-	-	-	32,278
Valuation 1937	104,981	2,500	160,216	-	267,697
	1,442,135	52,365	12,804,928	22,046,654	36,346,082
<u>DEPRECIATION</u>					
Balance at 29th March 1981	1,977,298	52,084	22,403,616	23,570,150	48,003,148
Write down of fixed assets	135,000	-	1,211,196	201,026	1,547,222
Charge for the fifty three weeks	66,391	44	837,266	-	903,701
Transfers to British Steel Corp.	(1,124,952)	-	(16,548,653)	(1,944,133)	(19,617,738)
Disposals	(85,339)	-	(1,004,784)	-	(1,090,123)
Balance at 3rd April 1982	968,398	52,128	6,898,641	21,827,043	29,746,210
Net Book Value at 3rd April 1982	473,737	237	5,906,287	219,611	6,599,372
Net Book Value at 28th March 1981	1,005,685	281	12,585,130	5,113,190	
Loose Plant and Tools at cost less amounts written off (1981 - £2,445)					3,510
					6,603,382

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8. Future Capital Expenditure

	<u>The Company</u>		<u>The Company and its Subsidiary</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Commitments in respect of contracts placed	216,000	1,277,000	216,000	1,294,000
Amounts approved in addition to commitments	398,000	1,188,000	415,500	1,188,000
	<u>614,000</u>	<u>2,465,000</u>	<u>631,500</u>	<u>2,482,000</u>

Under present legislation regional development and other grants will be receivable in respect of part of this future capital expenditure.

9. Investment in Subsidiary

	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>
Shares at cost	264,213	264,213

The subsidiary company is Bitmac Limited which is incorporated in Great Britain. The company owns 50.202% of the issued ordinary share capital.

10. Associated Companies and Trade Investments

(a) Details of investments in associated companies are as follows:-

<u>Investment</u>	<u>Country of Incorporation</u>	<u>% Ordinary Share Capital Held</u>
Staveley Chemicals Limited	Great Britain	45%
Britflex Resin Systems Ltd.	Great Britain	50%

In the directors' opinion, the value of the company's investments in its associated companies is equal to their book value.

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10 (cont'd) (b) The investment in the following companies (which are regarded as trade investments) exceeds 10%.

<u>Investments held by the company</u>	<u>Country of Incorporation</u>	<u>% Ordinary Share Capital held</u>
Benzole Producers Limited	Great Britain	26%
Creosote Producers Association Limited	Great Britain	44%
<u>Investment held by the subsidiary</u>		
Barworth (Haulage) Limited	Great Britain	31%

The results and assets of these companies are immaterial in relation to the company and its subsidiary.

In the directors' opinion, the value of the trade investments is equal to their book value.

(c) The value at which associated companies and trade investments are held is made up as follows:

	<u>The Company</u>		<u>The company and its subsidiary</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Associated companies (General Note II):				
Equity Share Capital at Cost, less amounts written off	299,925	299,925	299,925	299,925
Loans (including interest receivable) less amounts written off	<u>4,781,908</u>	<u>5,265,832</u>	<u>4,781,908</u>	<u>5,265,832</u>
	<u>5,081,833</u>	<u>5,565,757</u>	<u>5,081,833</u>	<u>5,565,757</u>
Share of retained profit	-	-	<u>177,482</u>	<u>132,867</u>
	<u>5,081,833</u>	<u>5,565,757</u>	<u>5,259,315</u>	<u>5,698,624</u>
Trade Investments:				
Equity share capital at cost	8,836	8,836	13,838	13,838
Loans	<u>10,150</u>	<u>-</u>	<u>10,150</u>	<u>-</u>
	<u>5,100,819</u>	<u>5,574,593</u>	<u>5,283,303</u>	<u>5,712,462</u>

Loans of £4,818,000 to an associated company have been subordinated in favour of that company's bankers.

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11. <u>Net Current Assets</u>	<u>The Company</u>		<u>The Company and its subsidiary</u>	
	<u>1982</u> £	<u>1981</u> £	<u>1982</u> £	<u>1981</u> £
<u>Current Assets:</u>				
Stocks and Work in progress (Note 12)	10,572,749	18,087,939	11,161,907	18,636,789
Debtors	7,989,970	9,105,201	10,313,134	10,246,809
Current Accounts with Subsidiary (including dividends receivable £25,101 - 1981 £NIL)	711,203	753,767	-	-
Cash and Bank Balances	<u>361,928</u> <u>19,635,850</u>	<u>7,536</u> <u>27,954,443</u>	<u>1,454,120</u> <u>22,929,161</u>	<u>1,015,051</u> <u>29,898,649</u>
<u>Current Liabilities and Provisions</u>				
Bank Overdraft	626,992	-	626,992	-
Creditors	7,007,144	14,843,334	7,755,656	15,165,297
Creditors for Capital Expenditure	207,107	1,959,823	207,107	1,959,823
Current Accounts with British Steel Corporation and fellow subsidiaries	5,199,766	(77,795)	5,695,970	94,872
Current Taxation	<u>-</u> <u>13,041,009</u>	<u>-</u> <u>16,725,362</u>	<u>225,135</u> <u>14,510,860</u>	<u>132,472</u> <u>17,352,464</u>
Net Current Assets	<u>6,594,841</u>	<u>11,229,081</u>	<u>8,413,301</u>	<u>12,546,185</u>
12. <u>Stocks and Work in Progress</u>	<u>The Company</u>		<u>The Company and its subsidiary</u>	
	<u>1982</u> £	<u>1981</u> £	<u>1982</u> £	<u>1981</u> £
Raw Materials	345,153	3,487,800	602,615	3,788,408
Process Materials	3,251,117	1,766,894	3,251,117	1,766,894
Finished Products	6,194,330	10,277,187	6,526,026	10,525,429
General Stores	<u>782,149</u> <u>10,572,749</u>	<u>2,556,058</u> <u>18,087,939</u>	<u>782,149</u> <u>11,161,907</u>	<u>2,556,058</u> <u>18,636,789</u>

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13. <u>Share Capital</u>	<u>Authorised</u> <u>1982 and 1981</u> £	<u>Issued</u> <u>1982 and 1981</u> £
15,000,000 ordinary shares of £1 each	15,000,000	
12,500,000 ordinary shares of £1 each fully paid		12,500,000
2,500,000 ordinary shares of £1 each lp paid.	<u>15,000,000</u>	<u>25,000</u> <u>12,525,000</u>

14. Capital Reserve

The capital reserve represents the excess of attributable net assets over the purchase price of certain shares in the subsidiary.

15. <u>Accumulated Losses</u>	<u>The Company</u> £	<u>Subsidiary</u> £	<u>Associated Companies</u> £	<u>The Group</u> £
At 28th March 1981	(29,915,412)	845,962	132,867	(28,936,583)
(Loss)/Profit for the year	(3,819,643)	213,665	44,615	(3,561,363)
	<u>(33,735,055)</u>	<u>1,059,627</u>	<u>177,482</u>	<u>(32,497,946)</u>

16. Deferred Taxation

The potential liabilities to deferred taxation and the amounts provided in the accounts in accordance with the group's accounting policy described in general note IX are set out below:

	<u>1982</u>		<u>1981</u>	
	<u>Provision</u> <u>Made</u> £	<u>Total</u> <u>Potential</u> <u>Liability</u> £	<u>Provision</u> <u>Made</u> £	<u>Total</u> <u>Potential</u> <u>Liability</u> £
Accelerated capital allowances	722,000	722,000	829,000	829,000
Stock appreciation relief	-	-	-	371,712
	<u>722,000</u>	<u>722,000</u>	<u>829,000</u>	<u>1,200,712</u>

There is no potential liability to deferred taxation in the company.

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In accordance with the provisions of the Finance Act 1981, stock relief is now considered to be permanent and has been excluded from the potential liability for the current year.

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