

Crown Way Cardiff CF14 3UZ
www.companieshouse.gov.uk

NOTICE OF ILLEGIBLE DOCUMENTS

Companies House regrets that documents in this company's microfiche record have pages which are illegible.

This has been noted but unfortunately steps taken to rectify this were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.

COMPANY INFORMATION SUPPLIED BY COMPANIES HOUSE

Companies House is a registry of company information. We carry out basic checks to make sure that documents have been fully completed and signed, but we do not have the statutory power or capability to verify the accuracy of the information that companies send to us. We accept all information that companies deliver to us in good faith and place it on the public record. The fact that the information has been placed on the public record should not be taken to indicate that Companies House has verified or validated it in any way.

1140
316

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED

ANNUAL REPORT AND ACCOUNTS 1980-81

DIRECTORS' REPORT AND ACCOUNTS

for the 52 weeks ended

28th MARCH 1981

B.S.C. (Chemicals) Limited
Staveley Works
Chesterfield
Derbyshire S43 2PA

81 Sept 14

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED

REPORT OF THE DIRECTORS

in respect of the 52 weeks ended 28th March, 1981

DIRECTORS:

Mr. F. Holloway
Mr. D.J. Davison
Dr. P.H. Pinchbeck

Chairman

SPECIAL DIRECTORS:

Mr. J.C. Lagoe
Dr. M.G. Peard

EMPLOYEE DIRECTOR:

Mr. R.S.J. Chilton

1. The directors present their report and the audited accounts for the 52 weeks ended 28th March, 1981.
2. Holding Company
The company is a wholly-owned subsidiary of British Steel Corporation.
3. Principal Activities
The principal activities of the company and its subsidiary continued to be the production and sale of chemicals and coke throughout the year. 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 52 weeks ended 28th March, 1981, 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. Exports
The total value of exports from the United Kingdom by the group during the 52 weeks was £13,000,923.

7. Fixed Assets

Movements in fixed assets are shown in note 9 to the accounts on pages 18 and 19.

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 the 28th March, 1981. The amount of this excess cannot be ascertained without a complete revaluation, which is not at present considered practicable.

A re-assessment has been made of the value and use of fixed assets (see general note IV, page 10 and 11).

8. Directors

The directors of the Company are set out on Page 1. Dr.P.H.Pinchbeck was a special director until his appointment as a director on 17th December 1980 and Mr.H.Howles ceased to be a director on that date. 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. All other directors were directors for the whole of the year ended 28th March 1981.

9. Directors' Interests

According to the register kept under Section 29 of the Companies Act 1967, none of the directors at 28th March, 1981 held any beneficial interest in the shares of the company at either the beginning or the end of the 52 weeks ended 28th March, 1981.

10. Employees

The average number of employees employed by the group during each week of the 52 weeks was 1715 and their aggregate remuneration was £11,113,268.

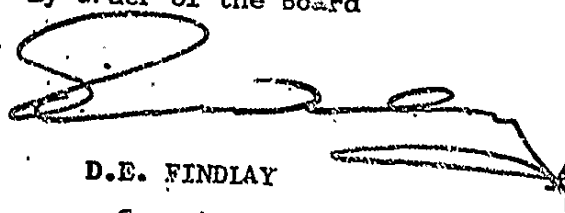
11. Subscriptions and Donations

Charitable and educational subscriptions and donations made by the group during the 52 weeks amounted to £462. 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.

By Order of the Board



D.E. FINDLAY
Secretary

1st July, 1981

Staveley Works,
Chesterfield,
Derbyshire, S43 2PA

REPORT OF THE AUDITORS
TO THE MEMBERS OF
BRITISH STEEL CORPORATION (CHEMICALS) LIMITED

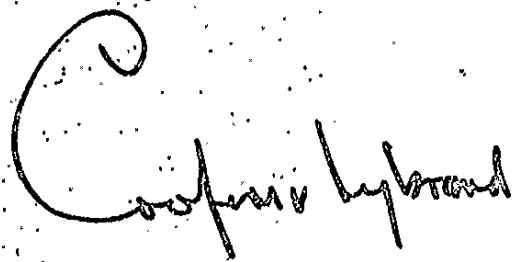
1. We have audited the accounts on pages 5 to 24 in accordance with approved Auditing Standards. The accounts have been prepared under the historical cost convention as modified by the inclusion of certain assets at a revaluation.
2. As indicated in general note IV and in note 7, the company has written down the book value of fixed assets by £32.3 million, of which £18.1 million was dealt with in the accounts for the financial year ended 28th March 1980. Due to the continuing uncertainties of the steel industry, particularly those relating to the level of future supplies of raw materials to the company and its subsidiary, and the consequential effect of future trading results, we have not been able to satisfy ourselves that:
 - (a) as a result of these write-downs, the amount of £21.3 million at which fixed assets are stated in the accounts will be recoverable out of future earnings; and
 - (b) a write-down beyond the present level will not prove to be necessary.
3. The company is dependent on the British Steel Corporation for continued financial support in respect of its ongoing financing requirements. As explained in general note I, the external financing limit of the Corporation and its subsidiaries already agreed by the Government for the financial year ending March 1982 is subject to approval by the European Commission. Furthermore, it was based on the 1981/82 Corporate Plan which did not take into account the financial implications of rationalisation arrangements between the Corporation and the private sector. Until the Corporation's proposals regarding this and its financing requirements beyond March 1982 are submitted to and considered by the Government, the future level of financing available to the Corporation and hence to the company is uncertain. The associated companies are currently negotiating for facilities from their bankers to finance their future operations. The accounts of the company and the associated companies have been drawn up on a going concern basis which assumes that adequate finance will be forthcoming.

REPORT OF THE AUDITORS

TO THE MEMBERS OF

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED

4. Subject to any adjustments that may be required in respect of the uncertainties mentioned in paragraphs 2 and 3 above, in our opinion, the accounts give a true and fair view of the state of affairs of the company and the group at 28th March 1981 and of its results and source and application of funds for the year then ended, according to the historical cost convention, and comply with the Companies Acts 1948 to 1980.



COOPERS AND LYBRAND
Chartered Accountants

8th July 1981

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the 52 weeks ended 28th March, 1981

<u>Note</u>	<u>1981</u> <u>£</u>	<u>1980</u> <u>£</u>
1. Turnover	88,488,207	93,459,905
2. Trading (loss)/profit	(422,293)	8,742,145
Share of (losses)/ profits of associated companies	(1,087,584)	637,021
(Loss)/profit before taxation	(1,509,877)	9,379,166
6. Taxation	(79,070)	(37,564)
(Loss)/profit after taxation	(1,588,947)	9,341,602
Minority interests	(233,749)	(186,002)
.(Loss)/profit after taxation and before extraordinary item	(1,822,696)	9,155,600
7. Extraordinary item	(20,005,595)	(18,104,428)
Loss after taxation and extraordinary item	(21,828,291)	(8,948,828)
8. Dividends	-	(69,948)
18. Loss for the year	(21,828,291)	(9,018,776)
<u>Statement of (Accumulated Loss)/Retained Profit</u>		
18. Balance as at 29th March 1980	(7,108,292)	1,910,484
Loss for the year	(21,828,291)	(9,018,776)
Balance as at 28th March, 1981	(28,936,583)	(7,108,292)

Notes and related statements forming part of these accounts appear on
pages 9 to 24.

Report of the auditors - Pages 3 and 4.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET

At 28th March, 1981

<u>Note</u>	<u>1981</u> <u>£</u>	<u>1980</u> <u>£</u>
<u>NET ASSETS</u>		
9. Fixed Assets	21,319,810	28,980,652
BSC Head Office Current and Advance Accounts	(50,665,040)	(38,703,946)
12. Associated Companies and Trade Investments	5,712,462	7,157,478
13. Net Current Assets	12,546,185	13,011,466
	-	-
	<u>(11,086,583)</u>	<u>10,445,650</u>
<u>CAPITAL EMPLOYED</u>		
16. Share Capital	12,525,000	12,525,000
Share Premium Account	2,499,990	2,499,990
17. Capital Reserve	1,208	1,208
18. Accumulated Loss	(28,936,583)	(7,108,292)
(Deficiency)/Surplus of Shareholders' Funds	(13,910,385)	7,917,906
19. Deferred Taxation	829,000	1,027,000
Minority Interests	1,102,528	886,208
Regional Development and Other Grants	892,274	614,536
	<u>(11,086,583)</u>	<u>10,445,650</u>
F.HOLLOWAY		
P.H.PINCHBECK		

Notes and related statements forming part of these accounts appear on pages 9 to 24.

Report of the auditors - pages 3 and 4.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED

BALANCE SHEET

at 28th March, 1981

<u>Note</u>	<u>1981</u> <u>£</u>	<u>1980</u> <u>£</u>
<u>NET ASSETS</u>		
9. Fixed Assets	19,572,658	27,131,364
BSC Head Office Current and Advance Accounts	(50,665,040)	(38,703,946)
11. Investment in Subsidiary	264,213	264,213
12. Associated Companies and Trade Investments	5,574,593	5,884,805
13. Net Current Assets	11,229,081	12,048,123
	<u>(14,024,495)</u>	<u>6,624,559</u>
<u>CAPITAL EMPLOYED</u>		
15. Share Capital	12,525,000	12,525,000
Share Premium Account	2,499,990	2,499,990
Accumulated Loss	(29,915,412)	(8,986,299)
(Deficiency)/Surplus of Shareholders' Funds	(14,890,422)	6,038,691
Regional Development and Other Grants	865,927	585,868
	<u>(14,024,495)</u>	<u>6,624,559</u>

F.HOLLOWAY

P.H.PINCHBECK

Notes and related statements forming part of these accounts appear on
pages 9 to 24.

Report of the auditors - pages 3 and 4.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the 52 weeks ended 28th March 1981

<u>SOURCE OF FUNDS</u>	<u>£</u>	<u>1981</u>	<u>£</u>	<u>1980</u>	<u>£</u>
Trading (Loss)/Profit		(422,293)		8,742,145	
Dividends from Associated Companies		149,962		1,049,962	
Extraordinary Item		<u>(20,005,592)</u>		<u>(18,104,428)</u>	
		(20,277,923)		(8,312,321)	
Adjustments for items not involving the movement of funds:					
Write-down of fixed assets not covered by movements in working capital	11,591,601			18,104,428	
Depreciation, less regional development and other grants release	1,930,602			<u>1,774,665</u>	
Profit on sale of investment	<u>(126,923)</u>				
		13,395,280		19,879,093	
FUNDS (CONSUMED BY) GENERATED FROM OPERATIONS		(6,882,643)		11,566,772	
FUNDS FROM OTHER SOURCES					
BSC Head Office Current and Advance Accounts		11,961,094		9,575,909	
Regional Development and Other Grants		752,084		(104,766)	
Proceeds from sale of investment		<u>127,173</u>			
		5,957,708		21,037,915	
<u>APPLICATION OF FUNDS</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	
Dividends paid to shareholders of the company		-		5,733,671	
To minority shareholders in the subsidiary		17,430		15,820	
Taxation paid		41,000		2,158	
Due to British Steel Corporation in respect of Advance Corporation Tax and Group Relief		167,680		39,728	
Purchase of fixed assets, less disposals		6,493,081		11,542,060	
Investment in Associated Companies		<u>(388,648)</u>		<u>1,407,543</u>	
Movements in Working Capital:		6,330,543		18,740,980	
Increase/(Decrease) in stocks and work in progress	2,511,829		5,177,654		
Increase/(Decrease) in debtors and grants receivable	1,054,111		2,469,321		
(Increase)/Decrease in creditors	(5,083,451)		(855,756)		
Current Accounts with British Steel Corporation and fellow subsidiaries	346,525		(4,418,171)		
Movement in net liquid funds	<u>798,151</u>		<u>(76,113)</u>		
		(372,835)		2,296,935	
		5,957,708		21,037,915	

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 are prepared under the historical cost convention, which permits the inclusion of certain assets at a revaluation, and in accordance with the relevant Statements of Standard Accounting Practice which were in operation during the year. 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 external financing limit of the Corporation and its subsidiaries for 1981/82 has been agreed by the Government but is subject to approval by the European Commission. However, the basis on which the external financing limit was agreed did not take into account the rationalisation arrangements between the Corporation and the private sector which have subsequently been agreed or proposed nor their financial implications. The position will be reviewed by the Corporation as the year progresses and the Corporation will be making proposals to the Government later in 1981 regarding this and its financing requirements beyond March 1982. Until these proposals are considered by the Government and the necessary approvals have been obtained from the European Commission, the level of financing available to the Corporation, and hence to the company, cannot be determined. The associated companies are currently negotiating for facilities from their bankers to finance their future operations and their accounts have also been drawn up on a going concern basis, which assumes that adequate facilities will be obtained.

II Consolidated Accounts and Associated Companies

The consolidated accounts include the accounts of the company for the 52 weeks ended 29th March 1981, and those of its subsidiary Bitmac Limited ("Bitmac") for the year ended 31st December 1980. The accounts of Bitmac were made up to that date to avoid delays in consolidation.

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 cover periods of one year to dates falling within the period 27th December 1980 to 28th March 1981. These accounts have been approved in principle by the boards of the companies and although not yet formally adopted, they are considered reliable.

GENERAL NOTES ON THE ACCOUNTS AND ACCOUNTING POLICIES

III Effect of Steel Strike

During the steel strike in the last quarter of the previous financial year, there were disruptions in accounting procedures and other control systems as a result of which some degree of estimation was necessary in preparing the accounts for that year. These systems were re-established following the conclusion of the strike; no significant adjustment was necessary to the reported figures.

The strike seriously influenced turnover and the loss for the year as well as other figures shown in the accounts for the year 1979/80, which are stated as the comparative figures in these accounts.

IV Write-down of Fixed Assets

In the accounts for the financial year ended 29th March 1980 the company wrote down its fixed and related assets to take account of capacity no longer required. In effecting that write-down, the company was conforming with the provisions of Statement of Standard Accounting Practice No.12, which requires that where the unamortized cost of an asset is seen to be irrecoverable in full, it should be written down to the estimate recoverable amount, which should be charged over the rest of the remaining useful life. Furthermore, in view of the uncertainties of the steel industry and therefore the level of future supplies of raw materials, the company was unable to confirm that the asset values remaining would be recoverable out of future earnings; and whether a further write-down would be necessary.

During the financial year ended 28th March 1981 it was recognised that further reductions in capacity were necessary. Accordingly a further write-down of fixed assets has been effected as at 28th March 1981 and charged in the accounts as an extraordinary item. The amount of the write-down has been calculated on the same basis as last year, in relation to:

- (a) assets which will go out of use due to announced works closures, some of which have already been effected;

GENERAL NOTES ON THE ACCOUNTS AND ACCOUNTING POLICIES

IV Write-down of Fixed Assets (continued)

and

- (b) general over-capacity comparing current installed capacity with the expected annual requirement.

The write-down covers all fixed asset categories, including assets in the course of construction at the year-end, as well as other items in the accounts which are related to the fixed assets - namely the regional development grant balance.

As a result of continuing uncertainties, the company is still unable to confirm whether the asset values remaining after this year's write-down will be recoverable out of future earnings.

GENERAL NOTES ON THE ACCOUNTS AND ACCOUNTING PRINCIPLES

V Regional Development and Other Grants

The total amounts received and receivable in respect of regional development and similar grants since the relevant legislation was introduced are taken to a separate account and are released to profit and loss account over the estimated lives of the assets to which they relate, which are stated in general note VII.

VI Land, Buildings and Plant

Fixed assets are stated at original cost or valuation, less accumulated depreciation. Cost comprises the direct expenditure incurred without deducting regional development and other grants. 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.

VII Depreciation

Depreciation is provided so as to write off the net book values 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. (See note 9). 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	6½ 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.

GENERAL NOTES ON THE ACCOUNTS AND ACCOUNTING POLICIES

VII Depreciation (Continued)

As explained in general note IV additional depreciation arising from the write-down of fixed assets was provided as at 28th March, 1984, and charged as an extraordinary item. Profits or losses on disposal are included in the trading results for the year.

VIII Stock 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 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.

IX Pensions

Pension obligations for all staff and manual grades employed in the United Kingdom are funded in the British Steel Corporation Staff and Manual Grades Superannuation Schemes, which are administered independently of the Corporation. Actuarial valuations take place at intervals of not more than three years. The cost of changes in benefit is met from future contributions to the schemes and charged in the accounts when the contributions are made.

X 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.

GENERAL NOTES ON THE ACCOUNTS AND ACCOUNTING POLICIES

XI Deferred Taxation

Timing differences arise as a result of expenditure being recognised for tax purposes in a period other than in which it is reflected in the profit and loss account. It is the policy of the British Steel Corporation to provide for deferred taxation on timing differences only if a liability is expected to arise in the foreseeable future. The company has an agreement with the Corporation whereby profits and losses are grouped for taxation purposes without payment. Any provisions for deferred taxation which are necessary will be made by the Corporation on a group basis. The subsidiary company is 51% owned and is not therefore covered by the group relief agreement. The policy of the Corporation is followed by the subsidiary company and the associated companies.

XII Turnover

Sales to the United Kingdom customers represent the invoiced prices (which include delivery charges) of products sold and does not include V.A.T. 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.

XIII 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.

XIV Repairs and Renewals

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

XV 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.

GENERAL NOTES ON THE ACCOUNTS AND ACCOUNTING POLICIES

XVI 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) Certain plant closures and significant reductions in manning levels throughout the company have been announced during 1980/81, some of which have already taken place. In accordance with the policy in (i) above, the accounts include as an extraordinary item, provisions for the estimated costs of these reductions, which comprise mainly redundancy and other severance payments, site demolition costs, the write-down of redundant stocks, stores and spares, and similar charges against revenue. The write-down of fixed assets related to these closure and rationalisation measures is also charged as an extraordinary item (general note IV). Actual closure and rationalisation costs are charged to the provisions as incurred.
- (iii) In other cases where redundancy and other expenses arise through measures to reduce employment costs and improve labour productivity (but where the decision does not involve closure or major rationalisation) such costs are taken to profit and loss account as they are recognised and are not treated as extraordinary items.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

NOTES ON THE ACCOUNTS

52 weeks ended 28th March 1981

	<u>1981</u> £	<u>1980</u> £
1. <u>Turnover</u>		
British Steel Corporation and its subsidiaries	39,788,518	42,490,902
Home	35,698,766	38,830,051
Export	13,000,923	12,138,952
Total Turnover	<u>88,488,207</u>	<u>93,459,905</u>

	<u>1981</u> £	<u>1980</u> £
2. <u>Trading Profit</u>		
Profit before taxation is stated after crediting:		
Regional Development and other grants release (General Note V)	91,806	82,207
Interest receivable and other income (Note 4) and charging:	683,799	860,177
Depreciation (General Note VII)	2,022,408	1,856,872
Hire of Plant and Machinery	356,130	310,231
Interest payable (Note 5)	600,000	600,000
Directors' emoluments (Note 3): for management	32,664	21,007
Auditors' remuneration, including expenses:		
Current year, including £12,000 (1980 £9,000) relating to the company	15,825	12,522
Prior year, relating to the company	3,000	

3. Emoluments of Directors

Emoluments do not include payments in connection with the early termination of contracts of service as a manager of British Steel Corporation. Particulars of emoluments of the directors of the company disclosed in accordance with Section 6 of the Companies Act 1967 are as follows:

	<u>1981</u> £	<u>1980</u> £
Emoluments of the Chairman	NIL	NIL
Emoluments of the highest paid Director	21,619	17,951
Number of other Directors who receive emoluments within the range of:		
£0 - £5,000	1	1
£5,001 - £10,000	1	-

Mr. D.G.S. Waterstone was employed by the British Steel Corporation for the whole of his time in office and his emoluments were paid by the Corporation.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

NOTES ON THE ACCOUNTS

52 weeks ended 28th March 1981

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

	<u>1981</u> £	<u>1980</u> £
Interest Receivable (External)	678,455	858,191
Dividend receivable on investment in unquoted company	<u>5,344</u>	<u>1,986</u>
	<u>683,799</u>	<u>860,177</u>

5. Interest Payable

	<u>1981</u> £	<u>1980</u> £
British Steel Corporation	<u>600,000</u>	<u>600,000</u>

6. Taxation (General Note XI)

The charge for taxation in the accounts represents Corporation Tax at 52% on the profit of the subsidiary and the attributable profits of associated companies as follows:-

	<u>1981</u>		<u>1980</u>	
	<u>Ass. Company</u> £	<u>Subsidiary</u> £	<u>Ass. Company</u> £	<u>Subsidiary</u> £
U.K. Corporation Tax at 52%	894	316,126	113,480	62,102
Deferred Taxation	<u>(24,950)</u>	<u>(213,000)</u>	<u>(324,018)</u>	<u>186,000</u>
	<u>(24,056)</u>	103,126	<u>(210,538)</u>	248,102
		<u>(24,056)</u>		<u>(210,538)</u>
		<u>79,070</u>		<u>37,564</u>

7. Extraordinary Item (general note XVI)

	<u>1981</u> £	<u>1980</u> £
Closure costs	5,855,082	-
Write down of fixed assets	<u>14,150,513</u>	<u>18,104,428</u>
	<u>20,005,595</u>	<u>18,104,428</u>

8. Dividends

	<u>1981</u> £	<u>1980</u> £
Paid	-	69,948
Proposed	-	-
	<u>-</u>	<u>69,948</u>

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

NOTES ON THE ACCOUNTS

52 weeks ended 28th March 1981

9. Fixed Assets

	Land and Buildings			Plant Machinery, Equipment & Vehicles	Buildings and Plant in Course of Construction	Total
	Freehold	Long Leasehold	Short Leasehold			
THE COMPANY AND ITS SUBSIDIARY						
GROSS BOOK VALUE						
Balance at 30th March, 1980						
Cost	3,178,198	-	108,034	36,077,917	25,346,715	64,710,864
Valuation 1933	32,378	-	-	-	-	32,378
Valuation 1937	104,981	-	2,500	160,216	-	267,697
Transfers from Buildings and Plant in Course of Construction	3,315,457	-	110,534	36,238,133	25,346,715	65,010,839
Additions	53,965	-	-	2,245,486	(2,298,451)	-
Transfers (to)/from British Steel Corporation	13,534	-	1,000	1,002,696	5,635,076	6,652,306
Disposals	-	-	-	4,053	-	4,053
Reclassifications	(2,096)	-	-	(556,138)	-	(558,234)
	(5,586)	-	(2,356)	7,942	-	-
Balance at 28th March, 1981	3,374,274	-	109,178	38,942,172	28,683,340	71,108,964
Cost	3,237,015	-	106,678	38,781,956	28,683,340	70,808,989
Valuation 1933	32,278	-	-	-	-	32,278
Valuation 1937	104,981	-	2,500	160,216	-	267,697
	3,374,274	-	109,178	38,942,172	28,683,340	71,108,964
DEPRECIATION						
Balance at 30th March, 1980	1,671,011	-	91,603	14,720,775	19,586,601	35,069,990
Write down of fixed assets (General Note IV)	288,443	-	-	7,859,523	3,983,549	12,131,515
Charge for the fifty two weeks	112,826	-	3,598	1,905,984	-	2,022,408
Transfer (to)/from British Steel Corporation	-	-	-	3,861	-	3,861
Disposals	(2,096)	-	-	(434,079)	-	(436,175)
Reclassifications	(3,373)	-	(2,170)	5,543	-	-
Balance at 28th March, 1981	2,066,811	-	93,031	24,061,607	23,570,150	49,791,599
Net Book Value at 28th March 1981	1,307,463	-	16,147	14,880,565	5,113,190	21,317,365
Net Book Value at 30th March, 1980	1,644,446	-	18,931	21,517,358	5,760,114	
Loose Plant and tools at cost less amounts written off (1980 - £39,803)						2,445
						21,319,810

The gross book value of capital expenditure on the company's assets still in use, but now fully written off, amounted at 28th March, 1981 to £6,795,514.
(1980 - £7,191,089)

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

NOTES ON THE ACCOUNTS

52 weeks ended 28th March, 1981

9. Fixed Assets (Continued)

	Land and Buildings			Plant Machinery, Equipment & Vehicles	Buildings and Plant in course of construction	Total
	Freehold	Long Leasehold	Short Leasehold			
THE COMPANY						
GROSS BOOK VALUE						
Balance at 30th March 1980						
Cost	3,044,852	-	52,221	33,288,257	25,346,715	61,732,045
Valuation 1933	32,278	-	-	-	-	32,278
Valuation 1937	104,981	-	2,500	160,216	-	267,697
	3,182,111	-	54,721	33,448,473	25,346,715	62,032,020
Transfers from buildings and plant in course of construction	52,965	-	-	2,243,486	(2,298,451)	-
Additions	11,534	-	-	906,309	5,635,076	6,554,919
Transfers (to)/from British Steel Corporation	-	-	-	4,053	-	4,053
Disposals	(2,096)	-	-	(531,835)	-	(533,931)
Reclassifications	(5,586)	-	(2,356)	7,942	-	-
Balance at 28th March 1981	3,240,928	-	52,365	36,080,428	28,683,340	68,057,061
Cost	3,103,669	-	49,865	35,920,212	28,683,340	67,757,086
Valuation 1933	32,278	-	-	-	-	32,278
Valuation 1937	104,981	-	2,500	160,216	-	267,697
	3,240,928	-	52,365	36,080,428	28,683,340	68,057,061
DEPRECIATION						
Balance at 30th March 1980	1,631,880	-	54,210	13,667,768	19,586,601	34,940,459
Write down of fixed assets (General note IV)	288,443	-	-	7,859,523	3,983,549	12,131,515
Charge for the fifty-two weeks	104,981	-	44	1,733,203	-	1,838,228
Transfers (to)/from British Steel Corporation	-	-	-	3,861	-	3,861
Disposals	(2,096)	-	-	(425,119)	-	(427,215)
Reclassifications	(3,373)	-	(2,170)	5,543	-	-
Balance at 28th March 1981	2,019,835	-	52,084	22,844,779	23,570,150	48,486,848
Net book value at 28th March 1981	1,221,093	-	281	13,235,649	5,113,190	19,570,213
Net book value at 30th March 1980	1,550,231	-	511	19,780,705	5,760,114	
Loose plant and tools at cost less amounts written off (1980 - £39,803)						2,445
						19,572,658

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

NOTES ON THE ACCOUNTS

52 weeks ended 28th March, 1981

10. Future Capital Expenditure

	<u>The Company</u>		<u>The company and its subsidiary</u>	
	<u>1981</u> £.	<u>1980</u> £	<u>1981</u> £	<u>1980</u> £
Commitments in respect of contracts placed	£1,277,000	5,603,000	1,294,000	5,758,492
Amounts approved in addition to commitments	1,188,000	8,164,000	1,188,000	8,164,593
	<u>2,465,000</u>	<u>13,767,000</u>	<u>2,482,000</u>	<u>13,923,085</u>

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

11. Investment in Subsidiary

	<u>1981</u> £	<u>1980</u> £
Shares at cost	264,213	264,213

The subsidiary company is Bitmac Limited which is incorporated in Great Britain. The company owns 50.20% of the issued ordinary share capital.

12. 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 Ltd. ("S.C.L.")	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.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

NOTES ON THE ACCOUNTS

52 weeks ended 28th March 1981

- 12 (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	33%

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>1981</u>	<u>1980</u>	<u>1981</u>	<u>1980</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Associated companies (General Note II):				
Equity Share Capital at Cost,	299,925	300,925	299,925	300,925
less amounts written off				
Loans (including interest				
receivable) less amounts				
written off	<u>5,265,832</u>	<u>5,574,794</u>	<u>5,265,832</u>	<u>5,574,794</u>
	<u>5,565,757</u>	<u>5,875,719</u>	<u>5,565,757</u>	<u>5,875,719</u>
Share of retained profit	<u>-</u>	<u>-</u>	<u>132,867</u>	<u>1,267,671</u>
	<u>5,565,757</u>	<u>5,875,719</u>	<u>5,698,624</u>	<u>7,143,390</u>
Trade Investments:				
Equity Share Capital				
at Cost	<u>8,836</u>	<u>9,086</u>	<u>13,838</u>	<u>14,088</u>
	<u>5,574,593</u>	<u>5,884,805</u>	<u>5,712,462</u>	<u>7,157,478</u>

Loans of £4,818,000 to an associated company have been subordinated in favour of that Companies Bankers.

In addition a loan and interest to an associated company amounting to £41,832 has been subordinated in favour of the other creditors of that company.

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

NOTES ON THE ACCOUNTS

52 weeks ended 28th March 1981

13. <u>Net Current Assets</u>	<u>The Company</u>		<u>The Company and its subsidiary</u>	
	<u>1981</u> £	<u>1980</u> £	<u>1981</u> £	<u>1980</u> £
<u>Current Assets:</u>				
Stocks and Work in Progress (Note 14)	18,087,939	15,521,284	18,636,789	16,124,960
Regional Development and Other Grants receivable	116,275	378,564	116,275	378,564
Debtors (Note 15)	8,988,926	7,701,987	10,130,534	8,814,134
Current Accounts with Subsidiary	753,767	492,450	-	-
Current Accounts with British Steel Corporation and Fellow Subsidiaries	77,795	(409,708)	(94,872)	(441,397)
Cash and Bank Balance	7,536	5,022	1,015,051	216,900
	<u>28,032,238</u>	<u>23,689,599</u>	<u>29,803,777</u>	<u>25,093,161</u>
<u>Current Liabilities and Provisions:</u>				
Creditors	14,843,334	7,916,098	15,165,297	8,316,291
Creditors for Capital Expenditure	1,959,823	3,725,378	1,959,823	3,725,378
Current Taxation	-	-	132,472	40,026
	<u>16,803,157</u>	<u>11,641,476</u>	<u>17,257,592</u>	<u>12,081,695</u>
Net Current Assets	<u>11,229,081</u>	<u>12,048,123</u>	<u>12,546,185</u>	<u>13,011,466</u>

14. <u>Stocks and Work in Progress</u>	<u>The Company</u>		<u>The Company and its subsidiary</u>	
	<u>1981</u> £	<u>1980</u> £	<u>1981</u> £	<u>1980</u> £
Raw Materials	3,487,800	2,646,944	3,788,408	2,990,704
Process Materials	1,766,894	2,163,214	1,766,894	2,163,214
Finished Products	10,277,187	8,532,825	10,525,429	8,792,741
General Stores	2,556,058	2,178,301	2,556,058	2,178,301
	<u>18,087,939</u>	<u>15,521,284</u>	<u>18,636,789</u>	<u>16,124,960</u>

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

NOTES ON THE ACCOUNTS

52 weeks ended 28th March 1981

15. Share Capital

	<u>Authorised 1981 and 1980</u>	<u>Issued 1981 and 1980</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 1p. paid		25,000
	<u>15,000,000</u>	<u>12,525,000</u>

16. Capital Reserve

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

17. Retained Profit

	<u>The Company</u>	<u>Subsidiary</u>	<u>Associated Companies</u>	<u>The Group</u>
	£	£	£	£
At 30th March, 1980	(8,986,299)	610,336	1,267,671	(7,108,292)
(loss)/Profit for the year	(20,929,113)	235,626	(1,134,804)	(21,828,291)
	<u>(29,915,412)</u>	<u>845,962</u>	<u>132,867</u>	<u>(28,936,583)</u>

18. Deferred Taxation

Deferred taxation shown in the consolidated balance sheet comprises Corporation Tax at current rates on the following deferred liabilities of the subsidiary:-

	<u>1981</u>	<u>1980</u>
	£	£
Excess of book value of fixed assets over corresponding tax values	829,000	877,000
Stock relief	-	165,000
	<u>829,000</u>	<u>1,042,000</u>
<u>Less:</u> Advance Corporation Tax recoverable	-	15,000
	<u>829,000</u>	<u>1,027,000</u>

Under the arrangements set out in general note XI, no provision for deferred taxation is required in the accounts of the company. Corporation tax calculated at the rate of 52% on the excess of the book value of fixed assets over corresponding tax values, stock relief and timing differences in relation to interest receivable from associated companies, amounts to NIL (1980 NIL)

BRITISH STEEL CORPORATION (CHEMICALS) LIMITED AND ITS SUBSIDIARY

NOTES ON THE ACCOUNTS

52 weeks ended 28th March 1981

19. Contingent Liabilities

Guarantee given in respect of
bank overdrafts of
associated companies.

The Company
1981 and 1980

£

100,000

The company and
its subsidiary
1981 and 1980

£

110,000

Report of the Auditors - Pages 3 and 4.