

FOSECO (GB) LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1999
REGISTERED NO: 11222



FOSECO (GB) LIMITED

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1999.

Results and dividends

The profit for the year is £1,530,000 (1998 - £1,054,000). The directors do not recommend payment of a dividend (1998 £Nil) and the profit will be transferred to reserves.

Principal Activities and Review of the Business

The Company is a trading company and a holding company for a number of subsidiary undertakings. Its trading activity is in the field of speciality chemicals including metallurgical chemicals, construction and mining chemicals, and other miscellaneous chemical based businesses.

In the opinion of the directors the activities of the Company will remain substantially as described above.

Research and Development

The Company and its subsidiary undertakings' involvement in research and development is extensive, ranging from pure research to detailed product development activities involving close liaison with customers.

Fixed Assets

Changes in the Company's fixed assets during the period are described in note 8 to the accounts.

Donations

During the year the Company made donations to UK charities amounting to £Nil (1998 - £Nil). No donations were made for political purposes.

Supplier Payment Policy

The Company seeks to agree payment terms with each of its suppliers, ensuring they are aware of those terms, when it enters into binding purchase transactions. Terms of payment are adhered to, subject to the Company being satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions in the relevant purchase contract.

At 31 December 1999 the company had an average of 45 days purchases outstanding in trade creditors.

FOSECO (GB) LIMITED

DIRECTORS' REPORT (continued)

Directors

The directors of the Company during 1999 were as follows:

R W Barwick
A Busson (appointed 8 March 1999)
J R L Dee (resigned 30 April 2000)
P R S Howie (resigned 8 March 1999)
J P Turner

Directors' Interests

The directors' interests in the share and loan capital of Burmah Castrol plc at 1 January 1999 and 31 December 1999 are shown below:

	Ordinary shares of £1 each		Options to subscribe for ordinary shares of £1 each		Options exercised/ cancelled	
	As at 1.1.99*	As at 31.12.99	As at 1.1.99*	Options granted	As at 31.12.99	
R Barwick	1,837	2,274	11,851	3,362	5,436	9,777
A Busson	298	451	2,282	1,157	192	3,247
J R L Dee	2,232	505	24,132	0	0	24,132
J P Turner	8,699	6,553	87,509	10,508	0	98,017

*or date of appointment, if later.

The beneficial shareholdings of directors were affected by Burmah Castrol plc's Return of Capital programme completed in May 1999. The return of Capital to shareholders was on the basis of five new ordinary shares of 42 pence each for every six existing ordinary shares of £1.00 each held.

No director had any interest during or at the end of the year in any contract which was significant in relation to the Company's business.

FOSECO (GB) LIMITED

DIRECTORS' REPORT (continued)

Year 2000

The company is a subsidiary of Burmah Castrol plc and has been included in the Burmah Castrol group programme addressing the impact of the year 2000. The effect of the year 2000 on the Burmah Castrol group of companies is detailed in the annual report and accounts of Burmah Castrol plc. Copies of these accounts can be obtained from the Company Secretary's department, Burmah Castrol House, Pipers Way, Swindon, Wiltshire SN3 1RE.

Post Balance Sheet Events


On 31 December 1999 the company agreed to sell, for completion on 1 January 2000, substantially all of its business and assets to Burmah Castrol Trading Limited for a consideration equal to the net asset value of those assets.

The offer for the whole of the issued share capital of Burmah Castrol plc by BP Amoco p.l.c. was declared unconditional on 7 July 2000.

Auditors

In accordance with s386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed on 18 November 1994. Accordingly Ernst & Young shall be deemed to be re-appointed as auditors 28 days after the accounts are sent to the members.

By order of the board



A. P. Busson
Secretary
Registered Office
Burmah Castrol House
Pipers Way
Swindon
Wiltshire SN3 1RE

.....29 September.....2000

FOSECO (GB) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FOSECO (GB) LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF FOSECO (GB) LIMITED

We have audited the accounts on pages 6 to 20 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 to 11.

Respective Responsibilities of Directors and Auditors

As described on page 4 the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

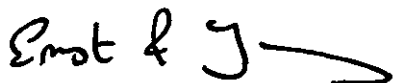
Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG
REGISTERED AUDITOR
BIRMINGHAM

18 October 2000

FOSECO (GB) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

Notes

		Continuing Operations	
		1999	1998
		£'000	£'000
4	Turnover	37,957	40,668
	Cost of Sales	(26,708)	(28,549)
	Gross profit	11,249	12,119
	Distribution and marketing costs	(1,637)	(1,525)
	Administration costs	(7,261)	(9,003)
	Other operating income	-	24
5	Operating profit	2,351	1,602
	Profit on disposal of fixed assets	7	13
	Profit on ordinary activities before interest and tax	2,358	1,615
6	Interest	(2)	(130)
	Profit on ordinary activities before tax	2,356	1,485
7	Tax on profit on ordinary activities	(826)	(431)
16	Retained profit for the year	1,530	1,054

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1999	1998
	£'000	£'000
Profit for the financial year	1,530	1,054
Exchange adjustments	4	123
Transfer to/from property revaluation reserve	80	80
Unrealised gain on property revaluation	370	-
Total recognised gains and losses relating to the year.	1,984	1,257

FOSECO (GB) LIMITED

BALANCE SHEET AT 31 DECEMBER 1999


Notes		1999 £'000	1998 £'000
	Fixed assets:		
8	Tangible assets	11,394	11,821
9	Investments	20,978	16,663
		<u>32,372</u>	<u>28,484</u>
	Current assets:		
10	Stocks	3,368	3,585
11	Debtors	8,793	9,785
	Cash at bank and in hand	67	2,354
		<u>12,228</u>	<u>15,724</u>
	Creditors : amounts falling due within one year:		
12	Other creditors	7,263	8,724
		<u>7,263</u>	<u>8,724</u>
	Net current assets	<u>4,965</u>	<u>7,000</u>
	Total assets less current liabilities	<u>37,337</u>	<u>35,484</u>
	Creditors: amounts falling due after more than one year:		
	Amounts owed to group undertakings	6,923	6,950
	Provision for liabilities and charges	-	-
13	Deferred taxation	-	-
14	Pension liabilities	239	263
		<u>239</u>	<u>263</u>
		<u>7,162</u>	<u>7,213</u>
		<u>30,175</u>	<u>28,271</u>

FOSECO (GB) LIMITED

BALANCE SHEET AT 31 DECEMBER 1999 (continued)

Notes		1999 £'000	1998 £'000
	Capital and reserves:		
15	Called-up equity share capital	900	900
	Share premium account	15,874	15,874
16	Revaluation reserve	2,861	2,571
16	Profit and loss account	10,540	8,926
		<hr/>	
Equity shareholders' funds		30,175	28,271
		<hr/>	

Approved by the board of directors on.....29 September.....2000
and signed on their behalf by:


.....
Director

FOSECO (GB) LIMITED

NOTES TO THE ACCOUNTS

1 Parent undertaking

These accounts present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking and controlling party is Burmah Castrol plc, registered in Scotland. The Company's accounts are incorporated into the consolidated accounts of Burmah Castrol plc, which are prepared in accordance with UK legislation and include a consolidated cash flow statement.

Group accounts are, therefore, not required by reason of Section 228 (1) of the Companies Act 1985 and the Company is also exempt from the requirements of Financial Reporting Statement No. 1 - "cash flow statements".

The report and accounts of Burmah Castrol plc may be obtained from the Registrar of Companies, Companies House, 100-102 George Street, Edinburgh EH2 3DJ. This is the parent undertaking of the smallest and largest group of which the Company is a member and for which group accounts are prepared.

2 Related Party Transactions

The company is a subsidiary undertaking and 90% or more of its voting rights are controlled within the group. The group Financial Statements are publicly available. The Company is therefore exempted from the requirements of FRS8 to disclose material related party transactions insofar as the transactions occur within the group. There were no material transactions with related parties outside of the group during the year.

3 Accounting policies

Accounting convention

The accounts are prepared in accordance with applicable accounting standards under the historical cost convention, modified to include the revaluation of certain tangible fixed assets and investments.

NOTES TO THE ACCOUNTS (continued)

Goodwill

Goodwill arising on the purchase of businesses, representing the difference of the purchase price from the fair value of the net assets acquired prior to 31 December 1997, was taken to reserves in the year it arose. This Goodwill has not been reinstated on implementation of FRS10.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life.

The following minimum depreciation rates are in use:

Freehold buildings	- over 50 years
Leasehold land and buildings (with less than 50 years to run)	- over the lease term
Plant and machinery	- over 5 to 10 years

Government grants

Government grants on capital expenditure are credited to a deferred income account and are released to revenue over the expected useful life of the relevant asset by equal annual amounts.

Grants of a revenue nature are credited to income in the period to which they relate.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost, less amounts written off.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes direct materials, labour and manufacturing overheads incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

FOSECO (GB) LIMITED

NOTES TO THE ACCOUNTS (continued)

Research and development

Research and development expenditure is written off as incurred. Research laboratories' equipment is written off over its expected life.

Deferred taxation

Deferred taxation is provided using the liability method on timing differences to the extent that they are expected to reverse in the foreseeable future, calculated at the rate at which tax will be payable.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. All differences are taken to the profit and loss account.

Company pensions

The Company and its subsidiary agent undertakings are party to Group pension schemes which require contributions to be made to separately administered funds. Contributions to the schemes are paid in accordance with the Group's funding policy for pensions and are charged to the profit and loss account as incurred.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

4 Turnover

Turnover represents the invoiced amount of goods sold and services provided during the year, stated net of value added tax. Turnover by geographical destination was UK £23,946,000 (1998 £27,099,000) , and outside UK £14,011,00 (1998 £13,569,000).

FOSECO (GB) LIMITED

NOTES TO THE ACCOUNTS (continued)

5	Operating profit	1999	1998
		£'000	£'000

(a) This is stated after charging/(crediting)

Exceptional administration and general costs:

Representing redundancy/rationalisation costs.

251 731

Research and development

- 58

Auditors' remuneration

20 30

Depreciation

1,600 1,505

Operating lease rentals:

plant and machinery

439 457

(b) Directors' remuneration

None of the directors received remuneration from the Company in either year. However, they were remunerated by either Foseco Holding International Limited or Burmah Castrol Trading Limited, a part of which relates to their services to this company. Their remuneration is disclosed in the accounts of these companies and in the opinion of the directors it is not practicable to estimate what proportion relates to Foseco (GB) Limited.

(c) Employees

The trading of Foseco (GB) Limited is carried on by a number of fellow subsidiary agent undertakings who employ all personnel. Details of employees and staff costs are therefore disclosed (where applicable) in the accounts of these companies.

FOSECO (GB) LIMITED

NOTES TO THE ACCOUNTS (continued)

6	Interest	1999 £'000	1998 £'000
	Interest payable:		
	To other group undertakings	-	106
	To other external undertakings	2	24
		<u>2</u>	<u>130</u>
 7	 Taxation	 1999 £'000	 1998 £'000
	The tax charge in the profit and loss account is made up as follows:		
	UK Corporation tax	1,146	1,975
	Advance Corporation Tax surrendered by Foseco plc for which no payment was made for utilisation against corporation tax liabilities	19	(676)
	Deferred taxation	140	(1,221)
	Prior year adjustment	(479)	353
		<u>826</u>	<u>431</u>

FOSECO (GB) LIMITED

NOTES TO THE ACCOUNTS (continued)

8 Tangible fixed assets

	Land & Buildings £'000	Plant & Machinery £'000	Total £'000
Cost or valuation:			
At 1 January 1999	6,617	18,404	25,021
Additions	114	600	714
Disposals		(110)	(110)
Reclassification	118	(118)	-
Assets transferred from/(to) Burmah group companies		204	204
Revaluation	(670)	-	(670)
At 31 December 1999	6,179	18,980	25,159
At cost	3,197	18,980	22,177
At professional valuations in 1999	2,982	-	2,982
Depreciation:			
At 1 January 1999	766	12,434	13,200
Provided during the year	274	1,326	1,600
Inter - group transfer		108	108
Disposals		(103)	(103)
Revaluation	(1,040)	-	(1,040)
At 31 December 1999	-	13,765	13,765
Net book value			
At 31 December 1999	6,179	5,215	11,394
At 31 December 1998	5,851	5,970	11,821
		1999 £'000	1998 £'000
The net book value of land and building comprises:			
Freehold		6,179	5,851
Short leasehold		-	-
		6,429	5,851

FOSECO (GB) LIMITED

NOTES TO THE ACCOUNTS (continued)

8 Tangible fixed assets (continued)

£'000

The group's land and buildings were revalued as at 31 December 1999 by external valuers, Messrs Richard Ellis St Quentin, chartered surveyors. Properties were valued on the basis of their existing value, except for specialised properties, which were valued on a depreciated replacement costs basis, and certain properties not expected to be retained for the foreseeable future, which were valued on the basis of their open market value.

If properties had not been revalued, total land and buildings would have been included at the following amounts :

Cost at 31 December 1999	3,197
Depreciation based on cost at 31 December 1999	(640)
Net book value	<u>2,557</u>

9 Investments

	Subsidiary undertakings £'000	Fellow group undertakings £'000	Total £'000
Shares			
At cost less amounts written off			
At 1 January and 31 December 1999	<u>3,755</u>	-	<u>3,755</u>
Loans			
At 1 January 1999	218	12,690	12,908
Increase in the year	4	4,311	4,315
At 31 December 1999	<u>222</u>	<u>17,001</u>	<u>17,223</u>
Net book value			
At 31 December 1999	<u>3,977</u>	<u>17,001</u>	<u>20,978</u>
At 31 December 1998	<u>3,973</u>	<u>12,690</u>	<u>16,663</u>

The historical cost of shares in subsidiary undertakings is £9,150,800 (1998 £9,150,800).

Loans to fellow group undertakings includes an amount of £9,287 to the ultimate parent company.

FOSECO (GB) LIMITED

NOTES TO THE ACCOUNTS (continued)

9 Investments (Continued)

Details of the subsidiary undertakings are set out in Note 21.

In the opinion of the directors, the aggregate value of the investments in the subsidiary undertakings is not less than the net book value at 31 December 1999.

	1999 £'000	1998 £'000
10 Stocks		
Raw materials and consumables	900	1,206
Work-in-progress	373	256
Finished goods and goods for sale	2,095	2,123
	<u>3,368</u>	<u>3,585</u>

In the opinion of the directors the replacement cost of stocks is not materially different from the value shown above.

	1999 £'000	1998 £'000
11 Debtors		
Trade debtors	5,738	5,860
Amounts due from group undertakings	2,047	2,684
Other debtors	-	-
Prepayments and accrued income	438	405
	<u>8,223</u>	<u>8,949</u>
Debtors due after 1 year:		
Corporation tax	-	125
Deferred Tax (Note 13)	570	711
	<u>570</u>	<u>836</u>
Total Debtors	<u>8,793</u>	<u>9,785</u>

NOTES TO THE ACCOUNTS (continued)

12	Other creditors	1999 £'000	1998 £'000
	Due within one year		
	Trade creditors	4,425	4,990
	Amounts due to group undertakings	1,513	2,184
	Taxation and social security	1,234	1,280
	Accruals and deferred income	91	270
		<u>7,263</u>	<u>8,724</u>

The Company is party to a Group Payment Arrangement with Burmah Castrol PLC. Quarterly payments on account in respect of Corporation Tax liabilities arising for the year ended 31 December 1999 have been made by Burmah Castrol PLC on the Company's behalf

13	Deferred taxation	1999 £'000	1998 £'000
	Accelerated capital allowances	(726)	(575)
	Short term timing differences	156	(136)
		<u>(570)</u>	<u>(711)</u>

There was no unprovided tax in the year (1998 £Nil).

Further potential liabilities exist in relation to unrealised surpluses on revaluations. Such liabilities cannot be accurately quantified due to the incidence of indexation and other reliefs which might be available at the time of realisation.

	£'000
Balance at 1 January 1999	(711)
Profit and Loss Account	141
Balance at 31 December 1999	<u>(570)</u>

The deferred tax asset at 31 December 1999 is shown under debtors (Note 11)

14	Pension liabilities	1999 £'000	1998 £'000
	Balance at 1 January	263	146
	Profit and loss account	(24)	117
	Balance at 31 December	<u>239</u>	<u>263</u>

FOSECO (GB) LIMITED

NOTES TO THE ACCOUNTS (continued)

15	Called-up share capital	1999 £'000	1998 £'000
	Authorised:		
	Ordinary shares of £1 each	960	960
	Allotted, issued and fully paid:		
	Ordinary shares of £1 each	900	900
16	Reserves		£'000
	Revaluation reserve		
	At 1 January 1999		2,571
	Additional depreciation on surplus		(80)
	Revaluation of Freehold Properties		370
	At 31 December 1999		2,861
	Profit and loss account		
	At 1 January 1999		8,926
	Profit for the year		1,530
	Exchange adjustments		4
	Transfers to/from property revaluation reserve		80
	At 31 December 1999		10,540
17	Reconciliation of movement in shareholders' funds		
		1999 £'000	1998 £'000
	At 1 January	28,271	27,094
	Profit for the year	1,530	1,054
	Exchange adjustments	4	123
	Revaluation of Freehold Properties	370	
	At 31 December	30,175	28,271
18	Capital commitments		
	Amounts contracted for but not provided in the accounts amounted to		£Nil
	(1998 £Nil).		

FOSECO (GB) LIMITED

NOTES TO THE ACCOUNTS (continued)

19	Operating leases	Land and building		Other operating assets	
		1999	1998	1999	1998
		£'000	£'000	£'000	£'000
	Annual rents payable on non-cancellable leases expiring:				
	Within one year	-	-	211	314
	Second to fifth years inclusive	-	-	294	205
	After five years	-	-	6	2
		-	-	511	521
20	Pension commitments				

Until 31 December 1993, the employees of the agency companies which carried on the business of Foseco (GB) Limited together with certain other employees of companies within the Foseco Group were entitled to become members of the Foseco group pension schemes, the principal schemes being Foseco Group UK Retirement Benefits Plan (1975) and Foseco Group UK Executive Retirement Benefits Plan (1978). These schemes were of the defined benefit type. Assets of the scheme were held separately from those of the Foseco Group companies in independently administered funds. On 1 January 1994, these schemes merged with, and became part of, the Burmah Castrol Pension Fund.

Contributions to the schemes were charged so as to spread the cost of pensions over employees' estimated working lives. The contributions were determined by a qualified actuary on the basis of valuations carried out at least every 3 years using the projected unit method of valuation. The most recent valuations were performed as at 6 April 1998, and details of these are disclosed in the Burmah Castrol plc company accounts for the year ended 31 December 1999.

21 Principal subsidiary undertakings

The Company's subsidiary undertakings are in the business of speciality chemicals, including metallurgical chemicals, construction and mining chemicals, and other interests. The principal subsidiary undertakings are:

Subsidiary	Shareholding
Foseco Holding International Limited and its subsidiary:	100%
Foseco (FS) Limited	100%
Fosbel International Limited	51%

FOSECO (GB) LIMITED

NOTES TO THE ACCOUNTS (continued)

22 Subsequent Events

Following the offer for the whole of the issued share capital of Burmah Castrol p.l.c. which was declared unconditional on 7 July 2000, the ultimate holding company from this date will be BP Amoco p.l.c.