

FOSECO (GB) LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1995
REGISTERED NO: 11222



FOSECO (GB) LIMITED

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1995.

Reserves and dividends

The profit for the year is £3,456,000 (1994 - loss £166,000). The directors do not recommend payment of a dividend (1994 £Nil) and the profit will be transferred to reserves.

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.

During February 1995 the Company sold its polystyrene preforms business (operated on its behalf by its agent Foseco Morval Ltd) to Stanton plc.

On 1 May 1995 the Company transferred its entire interest in Cerel Limited comprising 9,900 ordinary £1 shares to Burmah Castrol plc.

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. (See note 2 to the accounts).

Fixed Assets

Changes in the Company's fixed assets during the period are described in note 7 to the accounts.

Donations

During the year the Company made donations to UK charities amounting to £5,000 (1994 - £4,792). No donations were made for political purposes.

FOSECO (GB) LIMITED

DIRECTORS REPORT (continued)

Directors

The directors of the Company during 1995 were as follows:

A M Chater	(appointed 1 January 1995)
M B Dearden	(appointed 26 May 1995)
J R L Dee	
P J Garner	(resigned 1 January 1995)
P R S Howie	
G D T Owen	(resigned 26 May 1995)
J P Turner	

M B Dearden is also a director of Burmah Castrol plc, the ultimate parent undertaking, and his interests in the shares of that company are disclosed in its accounts.

The disclosable interests of the other directors in the shares of Burmah Castrol plc are shown below.

Directors' Interests

The directors' interests in the share and loan capital of Burmah Castrol plc at 1 January 1995 and 31 December 1995 are shown below:

	Ordinary shares of £1 each		Options to subscribe for ordinary shares of £1 each			
	As at 1.1.95	As at 31.12.95	As at 1.1.95	Options granted	Options exercised/ cancelled	As at 31.12.95
A M Chater	-	-	7,804	4,650	-	12,454
J R L Dee	2,575	1,431	11,004	13,643	-	24,647
P R S Howie	54	54	9,698	2,292	756	11,234
J P Turner	5,294	6,511	48,789	28,523	1,200	76,112

FOSECO (GB) LIMITED

DIRECTORS' REPORT (continued)

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

..... 29th August 1996

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.

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.

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

We have audited the accounts on pages 6 to 19 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.

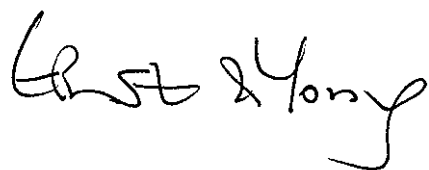
Basis of Opinion

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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
BIRMINGHAM

3 September 1996

FOSECO (GB) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

<u>Notes</u>	<u>Continuing Operations</u>	
	1995 £'000	1994 £'000
3 Turnover	39,321	37,178
Cost of Sales	(29,273)	(28,371)
Gross profit	10,048	8,807
Distribution and marketing costs	(4,979)	(5,642)
Administration costs	(2,554)	(3,487)
Other investment income	971	66
4 Trading profit/(loss)	3,486	(256)
5 Interest	(119)	(100)
Profit/(loss) on ordinary activities before tax	3,367	(356)
6 Tax on profit/(loss) on ordinary activities	89	190
15 Retained profit/(loss) for the year	3,456	(166)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1995 £'000	1994 £'000
Profit/(Loss) for the financial year	3,456	(166)
Exchange adjustments	(11)	(19)
Unrealised surplus on revaluation of properties	-	4,298
Transfer to/from property revaluation reserve	(67)	-
Total recognised gains and losses relating to the year.	3,378	4,113

FOSECO (GB) LIMITED

BALANCE SHEET AT 31 DECEMBER 1995

Notes		1995 £'000	1994 £'000
	Fixed assets:		
7	Tangible assets	9,885	12,243
8	Investments	114,760	111,890
		<u>124,645</u>	<u>124,133</u>
	Current assets:		
9	Stocks	3,470	3,494
10	Debtors	10,720	9,086
	Cash at bank and in hand	424	1,606
		<u>14,614</u>	<u>14,186</u>
	Creditors : amounts falling due within one year:		
	Bank overdrafts	461	1,745
11	Other creditors	8,452	9,260
		<u>8,913</u>	<u>11,005</u>
	Net current assets	<u>5,701</u>	<u>3,181</u>
	Total assets less current liabilities	<u>130,346</u>	<u>127,314</u>
	Creditors: amounts falling due after more than one year:		
	Amounts owed to group undertakings	105,250	102,689
	Amounts owed to subsidiary undertakings	157	1,837
		<u>105,407</u>	<u>104,526</u>
	Provision for liabilities and charges		
12	Deferred taxation	628	389
13	Pension liabilities	146	146
		<u>774</u>	<u>535</u>
		<u>106,181</u>	<u>105,061</u>
		<u>24,165</u>	<u>22,253</u>

FOSECO (GB) LIMITED

BALANCE SHEET AT 31 DECEMBER 1995 (continued)

Notes		1995 £'000	1994 £'000
	Capital and reserves:		
14	Called-up share capital	900	900
	Share premium account	15,874	15,874
15	Revaluation reserve	2,967	4,433
	Profit and loss account	4,424	1,046
		<hr/>	<hr/>
		24,165	22,253

Approved by the board of directors on 29th August 1996 and signed on their behalf by:

M. B. Hume
Director

FOSECO GB LIMITED

NOTES ON THE ACCOUNTS

1 Parent undertaking

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

The Company is a wholly-owned subsidiary undertaking of 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 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.

Goodwill

Goodwill arising on the purchase of businesses, representing the difference of the purchase price from the fair value of the net assets acquired, is taken to reserves in the year it arises.

FOSECO (GB) LIMITED

NOTES ON ACCOUNTS (continued)

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 more than 50 years to run)	- 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.

Research and development

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

FOSECO (GB) LIMITED

NOTES ON THE ACCOUNTS (continued)

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

Assets obtained under finance leases are capitalised in the balance sheet at an amount reflecting the related capital element of future rentals and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding. Rentals paid under operating leases are charged to the profit and loss account as incurred.

3 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 £23,090,000 (1994 £24,491,000), outside UK £16,231,000 (1994 £12,687,000).

FOSECO (GB) LIMITED

NOTES ON THE ACCOUNTS (continued)

4	Trading profit/(loss)	1995	1994
		£'000	£'000
(a)	This is stated after charging/(crediting)		
	Exceptional items:		
	Redundancy/rationalisation costs		
	included in cost of sales	113	76
	included in distribution and marketing costs	-	31
	Research and development	1,596	1,878
	Auditors' remuneration	25	28
	Depreciation	975	1,263
	Operating lease rentals:		
	plant and machinery	327	395
	Profit on sale of fixed assets	(15)	-

(b) Directors' remuneration

None of the directors received remuneration from the Company in either year. However, they were remunerated by either Foseco plc, 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 ON THE ACCOUNTS (continued)

5	Interest	1995	1994
		£'000	£'000
	Interest Payable:		
	To other group undertakings	119	100
		<u>119</u>	<u>100</u>
6	Taxation	1995	1994
		£'000	£'000
	The tax credit in the profit and loss account is made up as follows:		
	UK Corporation tax at 33% (1994 33%)	(295)	(106)
	Advance Corporation Tax surrendered by Foseco PLC for which no payment was made for utilisation against 1996 corporation tax liabilities	578	-
	Deferred taxation	(239)	41
	Prior year adjustment	45	255
		<u>89</u>	<u>190</u>

FOSECO (GB) LIMITED

NOTES ON THE ACCOUNTS (continued)

7 Tangible fixed assets

	Land & Buildings £'000	Plant & Machinery £'000	Total £'000
Cost or valuation:			
At 1 January 1995	7,881	13,842	21,723
Additions	32	800	832
Reclassification	47	(47)	-
Disposals	-	(1,379)	(1,379)
Inter-group transfers	(1,533)	-	(1,533)
At 31 December 1995	6,427	13,216	19,643
At cost	79	13,216	13,295
At professional valuations in 1994	6,348	-	6,348
Depreciation:			
At 1 January 1995	-	9,480	9,480
Provided during the year	176	799	975
Disposals	-	(697)	(697)
At 31 December 1995	176	9,582	9,758
Net book value			
At 31 December 1995	6,251	3,634	9,885
At 31 December 1994	7,881	4,362	12,243
		1995 £'000	1994 £'000
The net book value of land and building comprises:			
Freehold		6,138	7,880
Short leasehold		113	1
		6,251	7,881

The Land & Buildings cost and depreciation opening balances have been adjusted to show the write back of the depreciation up to 1994 following the 1994 property revaluation.

	£'000
For the freehold land and buildings included at valuation:	
Historical cost at 31 December 1995	405
Depreciation based on cost at 31 December 1995	405
	<u>-</u>

	Subsidiary undertakings £'000	Fellow group undertakings £'000	Total £'000
8 Investments			
Shares			
At costs less amounts written off			
At 1 January 1995	5,509	-	5,509
Additions	-	-	-
Disposals	(1,333)	-	(1,333)
Amounts written off	(16)	-	(16)
	<u>4,160</u>	<u>-</u>	<u>4,160</u>
At 31 December 1995			
Loans			
At 1 January 1995	1,837	104,544	106,381
(Decrease)/Increase in the year	(1,680)	5,899	4,219
	<u>157</u>	<u>110,443</u>	<u>110,600</u>
At 31 December 1995			
Net book value			
At 31 December 1995	4,317	110,443	114,760
	<u>7,346</u>	<u>104,544</u>	<u>111,890</u>
At 31 December 1994			

The historical cost of shares in subsidiary undertakings is £7,168,900 (1994 £8,508,000).

In the opinion of the directors, the aggregate value of the investment in subsidiary undertakings is not less than the net book value at 31 December 1995.

Loans to fellow group undertakings includes an amount of £69,177,000 to the ultimate parent company.

Details of the subsidiary undertakings are set out in Note 20.

FOSECO (GB) LIMITED

NOTES TO THE ACCOUNTS (continued)

	1995 £'000	1994 £'000
9 Stocks		
Raw materials and consumables	1,303	1,360
Work-in-progress	400	520
Finished goods and goods for sale	1,767	1,614
	<u>3,470</u>	<u>3,494</u>

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

	1995 £'000	1994 £'000
10 Debtors		
Trade debtors	5,896	5,787
Amounts due from group undertakings	3,897	2,685
Other debtors	1	353
Prepayments and accrued income	348	261
	<u>10,142</u>	<u>9,086</u>
Debtors due after 1 year:		
Corporation tax	578	-
	<u>578</u>	<u>-</u>
Total Debtors	<u>10,720</u>	<u>9,086</u>

	1995 £'000	1994 £'000
11 Other creditors		
Due within one year		
Trade creditors	5,082	5,192
Amounts owed to group undertakings	937	346
Other creditors	-	820
Taxation and social security	2,209	2,394
Accruals and deferred income	224	508
	<u>8,452</u>	<u>9,260</u>

FOSECO (GB) LIMITED

NOTES TO THE ACCOUNTS (continued)

12	Deferred taxation	1995 £'000	1994 £'000
	Accelerated capital allowances	738	803
	Short term timing differences	(110)	(414)
		<u>628</u>	<u>389</u>

There was no unprovided tax in the year (1994 £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 1995	389
Profit and Loss Account	<u>239</u>
Balance at 31 December 1995	<u>628</u>

13	Pension liabilities	1995 £'000	1994 £'000
	Balance at 1 January	146	146
	Profit and loss account	-	-
	Balance at 31 December	<u>146</u>	<u>146</u>

14	Called-up share capital	1995 £'000	1994 £'000
	Authorised:		
	Ordinary shares of £1 each	<u>960</u>	<u>960</u>
	Allotted, issued and fully paid:		
	Ordinary shares of £1 each	<u>900</u>	<u>900</u>

FOSECO (GB) LIMITED

NOTES TO THE ACCOUNTS (continued)

15 Reserves

	£'000
Revaluation reserve	
At 1 January 1995	4,433
Transfers to other group companies	(1,533)
Additional depreciation on surplus	67
At 31 December 1995	<u>2,967</u>
Profit and loss account	
At 1 January 1995	1,046
Profit for the year	2,566
Exchange adjustments	(11)
Transfers to/from property revaluation reserve	(67)
At 31 December 1995	<u>3,534</u>

16 Reconciliation of movement in shareholders funds

	1995 £'000	1994 £'000
At 1 January	22,253	18,140
Profit/(Loss) for the year	2,566	(166)
Exchange adjustments	(11)	(19)
Surplus on revaluation	-	4,298
Transfers from the revaluation reserve to other group companies	(1,533)	-
At 31 December	<u>23,275</u>	<u>22,253</u>

17 Capital commitments

Amounts contracted for but not provided in the accounts amounted to £Nil (1994 £Nil). Amounts authorised by the directors but not contracted were £2,802,000 (1994 £2,858,000).

18 Operating leases

	Land and building		Other operating assets	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Annual rents payable on non-cancellable leases expiring:				
Within one year	-	-	169	91
Second to fifth years incl.	-	-	85	184
After five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>254</u>	<u>275</u>

FOSECO (GB) LIMITED

NOTES TO THE ACCOUNTS (continued)

19 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 1993. The principal actuarial assumptions were based upon investment returns being in excess of inflationary salary increases by 2.5% per annum and pension increases at the rate of 4.25% per annum. At the date of the latest actuarial valuations, and taking the Foseco schemes together, the market value of the assets was £44 million and the actuarial valuation of the assets represented 97% of the actuarial valuation of the liabilities. Neither plan had a deficiency on a discontinuance basis.

20 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
Fosroc Limited	100%
Foseco Holding International Limited and its subsidiary:	
Foseco (FS) Limited	100%
Fosbel International Limited	51%