

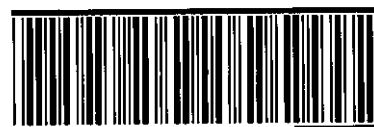


South Western Tar Distilleries Limited

Report and Financial Statements

31 March 1996

**Deloitte & Touche
Mounbatten House
1 Grosvenor Square
Southampton
SO15 2BE**



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REPORT AND FINANCIAL STATEMENTS 1996

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REPORT AND FINANCIAL STATEMENTS 1996

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Dr H A Pearce
F D Mortimer
A R Tomkins
J Roberts (Chairman)

SECRETARY

G F Bartlett

REGISTERED OFFICE

5-6 The Square
Winchester
Hampshire
SO23 9WE

BANKERS

Lloyds Bank plc

AUDITORS

Deloitte & Touche
Chartered Accountants
Mountbatten House
1 Grosvenor Square
Southampton
SO15 2BE



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 1996.

ACTIVITIES

The principal activities of the company are the handling of petroleum and tar products including the manufacture and distribution of road binders, the surface dressing of roads by the application of these binders, and the blending and storage of oils and liquid chemicals.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company made a loss on ordinary activities before taxation for the year as a result of providing for the costs of closure of its Hertford operation in 1996/97. Without this exceptional item the Company produced an improved performance following further growth in liquid warehousing income.

No change in the Company's activities is expected in 1996/97.

FIXED ASSETS

Changes in the fixed assets during the year are summarised in note 6 to the accounts.

DIVIDENDS AND TRANSFERS FROM/TO RESERVES

The results of the company for the year are set out on page 6.

The directors do not recommend payment of a dividend (1995 : none) and the loss of £291,353 (1995 - profit of £203,891) has been transferred (from)/to reserves.

DIRECTORS

The directors who served throughout the year were as follows:

Dr H A Pearce

F D Mortimer

A R Tomkins (Appointed 1 October 1995)

J Roberts

The company is a wholly owned subsidiary undertaking of Thomas Roberts (Westminster) Limited. Under S.I. 1985 No 802, declarations by Mr J Roberts and Mr A R Tomkins of interests in the share capital of Thomas Roberts (Westminster) Limited and its wholly owned subsidiary undertakings are not required.

None of the other directors had, either at the beginning or at the end of the year, any beneficial interest in the share capital of the company or of any company which is the company's subsidiary undertaking or parent company or which is a subsidiary undertaking of the company's parent company.

CLOSE COMPANY STATUS

So far as the directors are aware, the company is not a close company for taxation purposes.

**DIRECTORS' REPORT (continued)****AUDITORS**

On 1 February 1996 our auditors changed the name under which they practise to Deloitte and Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte and Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A. R. Tomatsu
30th August 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements 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 financial statements 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.



Chartered Accountants

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

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AUDITORS' REPORT TO THE MEMBERS OF SOUTH WESTERN TAR DISTILLERIES LIMITED

We have audited the financial statements on pages 6 to 14 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

DELOITTE & TOUCHE

Chartered Accountants and Registered Auditors

5th September 1996


PROFIT AND LOSS ACCOUNT
Year ended 31 March 1996

	Note	1996 £	1995 £
TURNOVER		7,451,993	6,150,434
Cost of sales		(6,622,311)	(5,391,518)
GROSS PROFIT		829,682	758,916
Distribution costs		(60,613)	(85,735)
Administration expenses - recurring		(444,534)	(409,587)
- exceptional	2	(806,000)	-
OPERATING (LOSS)/PROFIT	2	(481,465)	263,594
Interest receivable		83,686	49,019
Interest payable	4	(1,562)	(3,480)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(399,341)	309,133
Tax credit/(charge) on (loss) / profit on ordinary activities	5	107,988	(105,242)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	12	(291,353)	203,891

All activities derive from continuing operations.

There have been no gains or losses that have not been recognised in the profit and loss account for the current year or the prior year. Accordingly, a statement of total recognised gains and losses has not been prepared.


**BALANCE SHEET
31 March 1996**

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible assets	6	1,892,700	1,774,686
CURRENT ASSETS			
Stocks	7	540,120	692,187
Debtors	8	2,209,943	1,748,624
Cash at bank and in hand		3,583	2,555
		<u>2,753,646</u>	<u>2,443,366</u>
CREDITORS: amounts falling due within one year	9	<u>2,087,948</u>	<u>(1,149,916)</u>
NET CURRENT ASSETS		<u>665,698</u>	<u>1,293,450</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,558,398</u>	<u>3,068,136</u>
PROVISIONS FOR LIABILITIES AND CHARGES	10	<u>(18,539)</u>	<u>(236,924)</u>
		<u><u>2,539,859</u></u>	<u><u>2,831,212</u></u>
CAPITAL RESERVES			
Called up share capital	11	250,000	250,000
Profit and loss account	12	<u>2,289,859</u>	<u>2,581,212</u>
Total equity shareholders' funds	13	<u><u>2,539,859</u></u>	<u><u>2,831,212</u></u>

These financial statements were approved by the Board of Directors on *30th August 1996*

Signed on behalf of the Board of Directors

A. R. T. Jones

James Roberts



NOTES TO THE ACCOUNTS

Year ended 31 March 1996

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

For all tangible fixed assets, depreciation is provided to write off their cost on a straight line basis over their estimated useful lives, which are considered to be:

Short leasehold land and buildings 4 - 20 years

Commercial vehicles 7 years

Plant, equipment and fittings 5 - 15 years

Stocks

Raw materials, consumable stores and saleable products are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Hire purchase contracts

Assets held under hire purchase contracts are capitalised at their fair value at the inception of the lease and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Operating leases

Rental payments under operating lease agreements are written off to the profit and loss account in equal amounts over the lease term.

Capital instruments

Capital instruments are accounted for and classified as equity or non-equity share capital and debt according to their legal form.

2. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at after charging:	1996 £	1995 £
Depreciation of tangible fixed assets	382,558	389,215
Auditors' remuneration	12,500	11,000
Exceptional charges:		
Closure costs	806,000	-
Rentals under operating leases:		
Hire of plant and machinery	22,130	14,508
Other operating leases	42,105	40,740


NOTES TO THE ACCOUNTS
Year ended 31 March 1996
3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1996 £	1995 £
Directors' emoluments (including pension contributions)		
Emoluments	108,120	97,760
Remuneration of the highest paid director	61,953	58,655
Scale of other directors' remuneration (excluding pension contributions)	No.	No.
£0 - £5,000	2	1
£35,001 - £40,000	-	1
£40,001 - £45,000	1	-
Employee costs during the year	£	£
Wages and salaries	1,489,107	1,405,673
Social security costs	138,126	129,928
	1,627,233	1,535,601
Average number of persons employed	No.	No.
Production staff	53	53
Sales staff	4	4
Administration staff	26	26
	83	83

4. INTEREST PAYABLE

	1996 £	1995 £
Interest payable in respect of borrowings repayable within 5 years	1,562	3,480


NOTES TO THE ACCOUNTS
Year ended 31 March 1996
5. TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
The taxation (credit)/charge is based on the result for the year and comprises:		
Corporation tax at (1995 - 33%)	116,938	88,258
Deferred taxation	(225,000)	16,887
	(108,062)	105,145
Adjustments in respect of previous years:		
Corporation tax	(74)	(16)
Deferred taxation	-	113
	(107,988)	105,242

6. TANGIBLE FIXED ASSETS

	Short leasehold land and buildings £	Plant equipment and vehicles £	Total £
Cost			
At 1 April 1995	114,872	5,924,360	6,039,232
Additions	10,300	532,322	542,622
Disposals	-	(100,252)	(100,252)
At 31 March 1996	125,172	6,356,430	6,481,602
Accumulated depreciation			
At 1 April 1995	78,611	4,185,935	4,264,546
Charge for the year	9,349	373,209	382,558
Disposals	-	(58,202)	(58,202)
At 31 March 1996	87,960	4,500,942	4,588,902
Net book value			
At 31 March 1996	37,212	1,855,488	1,892,700
At 31 March 1995	36,261	1,738,425	1,774,686

The net book value of the company's fixed assets includes £1,809 (1995 £11,898) in respect of assets held under hire purchase contracts.


NOTES TO THE ACCOUNTS
Year ended 31 March 1996
7. STOCKS

	1996 £	1995 £
Raw materials and consumables stores	142,272	208,350
Saleable products	397,848	483,837
	<u>540,120</u>	<u>692,187</u>

8. DEBTORS

	1996 £	1995 £
Trade debtors	613,200	559,674
Amount owed by parent company	1,297,960	997,998
Other debtors	91,558	59,777
Prepayments and accrued income	207,225	131,175
	<u>2,209,943</u>	<u>1,748,624</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Bank overdraft	348,342	186,038
Trade creditors	394,350	305,963
Amounts owed to fellow subsidiaries	89,892	85,550
Other creditors	832,454	28,431
Corporation tax	116,938	88,258
Other taxes and social security	34,290	88,634
Accruals and deferred income	266,277	349,815
Obligations under hire purchase contracts	5,403	17,227
	<u>2,087,948</u>	<u>1,149,916</u>


NOTES TO THE ACCOUNTS
Year ended 31 March 1996
10. PROVISIONS FOR LIABILITIES AND CHARGES

	1996 £	1995 £
Deferred taxation	-	225,000
Provisions	18,539	11,924
	<u>18,539</u>	<u>236,924</u>

a) Deferred taxation

	£
Movement in year:	
At 1 April 1995	225,000
Credit for the year	(225,000)
Adjustment in respect of prior periods	-
	<u>-</u>
At 31 March 1996	<u>-</u>

The amounts provided and the full potential liabilities for deferred taxation comprises:

	Amounts provided 1996 £	1995 £	Amounts unprovided 1996 £	1995 £
Capital allowances in excess of depreciation	251,768	231,000	-	-
Other timing differences	(251,768)	(6,000)	(22,385)	-
	<u>-</u>	<u>225,000</u>	<u>(22,385)</u>	<u>-</u>
			1996 £	1995 £

b) Provisions

Movement in year:

At 1 April 1995	11,924	70,591
Charge/(credit) for the year	6,615	(58,667)
	<u>18,539</u>	<u>11,924</u>
At 31 March 1996	<u>18,539</u>	<u>11,924</u>

The provision all relates to future dredging costs.

11. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised, issued and fully paid: 250,000 shares of £1 each	<u>250,000</u>	<u>250,000</u>


NOTES TO THE ACCOUNTS
Year ended 31 March 1996
12. PROFIT AND LOSS ACCOUNT

	Profit and loss account £
Balance at 1 April 1995	2,581,212
Retained loss for the financial year	(291,353)
	<hr/>
Balance at 31 March 1996	<u>2,289,859</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Opening shareholders' funds	2,831,212	2,627,321
(Loss) / profit for the financial year	(291,353)	203,891
	<hr/>	<hr/>
Closing shareholders' funds	<u>2,539,859</u>	<u>2,831,212</u>

14. OPERATING LEASES

At 31 March 1996, the company was committed to making the following payments during the next year in respect of operating leases:

Plant & machinery	1996 £	1995 £
Leases which expire:		
Within one year	55,750	37,594
Within two to five years	110,612	28,936
	<hr/>	<hr/>
	<u>166,362</u>	<u>66,530</u>


NOTES TO THE ACCOUNTS
Year ended 31 March 1996
15. CAPITAL COMMITMENTS

	1996	1995
	£	£
Authorised but not contracted for	78,318	-
	<u>78,318</u>	<u>-</u>

16. PENSION COSTS

The company is a member of the group pension scheme of Thomas Roberts (Westminster) Limited. No pension contributions have been paid to the scheme during the year.

Contribution rates are based on periodic recommendations by the Actuary to the scheme.

Particulars of the scheme, including the latest actuarial assessment which was made on 5 April 1995, are given in the financial statements of Thomas Roberts (Westminster) Limited.

17. CONTINGENT LIABILITIES

Under a group registration the company is jointly and severally liable for Value Added Tax due by other companies. At 31 March 1996, this contingent liability amounted to £135,261 (1995: £319,112).

The company is a Guarantor of advances from Lloyds Bank Plc in favour of Thomas Roberts (Westminster) Limited Group up to a limit of £1,000,000.

18. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Thomas Roberts (Westminster) Limited which is incorporated in Great Britain. Copies of the financial statements of this company can be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

19. CASH FLOW STATEMENT

The company has not prepared a cash flow statement as it is a wholly owned subsidiary undertaking and its ultimate parent company has prepared a cash flow statement.