

Britannia (LPG) Limited

Directors' report and financial statements

31 December 1994

Registered number 1824901



Britannia (LPG) Limited

Directors' report and financial statements

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Britannia (LPG) Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 1994.

Business review

The principal activity of the company remains the importation and sale of Bulk Liquid Petroleum Gas within the United Kingdom.

The results for the year are as follows:

	1994 £	1993 £
Turnover	<u>£31,450,005</u>	<u>£31,957,652</u>
Profit on ordinary activity before taxation	4,416,089	4,118,242
Taxation (charge)/credit - see note 8	<u>(1,489,148)</u>	<u>2,178,119</u>
Profit for the financial year	<u>£2,926,941</u>	<u>£6,296,361</u>

The company has had a satisfactory trading year despite continuing mild winter weather which depresses demand for the company's products.

The directors expect continuing satisfactory operational and financial performance in the future.

Proposed dividend

The directors propose a dividend of £4,300,000 for the year (1993:£2,700,000).

The company has retained profits carried forward at 31 December 1994 amounting to £3,001,632 (1993:£4,374,691).

Tangible fixed assets

Movements on tangible fixed assets are shown in note 10 to the financial statements.

Donations

During the year the company made charitable donations amounting to £1,110.

Britannia (LPG) Limited

Directors' report *(continued)*

Directors and directors' interests

The directors who served during the year and up to the date of this report were:

JT Tew	(removed 1 November 1994)
SW Hargreaves - Chairman	(died 26 March 1994)
R Lindsay	
A Parkin	
MJ Daman	(resigned 13 January 1994)
GC Hughes	
SC Capon	
DA Lancaster	
RD Waight	(appointed 14 January 1994, resigned 31 July 1994)
KM O'Callaghan	Chairman from 10 May until 15 July 1994
	(appointed 9 May 1994, resigned 15 July 1994)
FJW Leggatt	Chairman from 5 September 1994 until 27 February 1995
	(appointed 15 July 1994)
RE Corran	(appointed 1 August 1994)
P Rambaud	Chairman from 27 February 1995 (appointed 27 February 1995)

According to the register of directors' interests, none of the directors had any interests in the share capital of the company or its parent undertaking at either 31 December 1994 or 1 January 1994.

Auditors

The company has passed an elective resolution pursuant to Section 386 of the Companies Act 1985 dispensing with the obligation to appoint auditors annually.

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. KPMG have indicated their willingness to continue in office and accordingly will have been deemed to have been reappointed as the company's auditors under the provisions of Sub-section 386(2) of the Act.

Britannia (LPG) Limited

Directors' report (*continued*)

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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board



Ms DMA Watson
Secretary

13th July 1995



Holland Court
The Close
Norwich
NR1 4DY

Auditors' report to the members of Britannia (LPG) Limited

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of directors and auditors

As described on page 3 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 at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

17 July 1995

Britannia (LPG) Limited

Profit and loss account for the year ended 31 December 1994

	Note	1994		1993	
		£	£	£	£
Turnover	2	31,450,005		31,957,652	
Cost of sales		(21,787,424)		(22,963,947)	
Gross profit		9,662,581		8,993,705	
Distribution costs		(3,131,683)		(3,451,302)	
Administrative expenses		(2,166,561)		(1,515,717)	
Operating profit		4,364,337		4,026,686	
Interest receivable and similar income	3	53,374		91,556	
Interest payable and similar charges	4	(1,622)		-	
Profit on ordinary activity before taxation	5	4,416,089		4,118,242	
Tax on profit on ordinary activity	8				
- normal charge		(1,489,148)		(1,404,104)	
- exceptional credit		-		3,582,223	
		<u>(1,489,148)</u>		<u>2,178,119</u>	
Profit for the financial year		2,926,941		6,296,361	
Retained profit brought forward		4,374,691		778,330	
Distributable reserves		7,301,632		7,074,691	
Proposed dividend on equity shares		(4,300,000)		(2,700,000)	
Retained profit carried forward for equity shareholders		<u>£3,001,632</u>		<u>£4,374,691</u>	

There are no recognised gains or losses other than the profit for the financial year.

The notes on pages 8 to 16 form part of these financial statements.

Britannia (LPG) Limited

Balance sheet
at 31 December 1994

	Note	1994		1993	
		£	£	£	£
Fixed assets					
Tangible assets	10		8,447,049		8,761,432
Investments	9		-		-
			<hr/>		<hr/>
			8,447,049		8,761,432
Current assets					
Stocks	11	316,775		339,370	
Debtors	12	8,587,488		5,312,625	
Cash at bank and in hand		4,062		1,068,293	
		<hr/>		<hr/>	
		8,908,325		6,720,288	
Creditors: amounts falling due within one year	13	(10,519,213)		(7,405,465)	
		<hr/>		<hr/>	
Net current (liabilities)			(1,610,888)		(685,177)
			<hr/>		<hr/>
Total assets less current liabilities			6,836,161		8,076,255
Provisions for liabilities and charges	14		(1,536,683)		(1,403,718)
			<hr/>		<hr/>
Net assets			£5,299,478		£6,672,537
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		2,191,593		2,191,593
Share premium account			106,253		106,253
Profit and loss account			3,001,632		4,374,691
			<hr/>		<hr/>
Equity shareholders' funds	16		£5,299,478		£6,672,537
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 13th July 1995 and were signed on its behalf by:

A Parkin
Director

The notes on pages 8 to 16 form part of these financial statements.

Britannia (LPG) Limited

Cash flow statement

for the year ended 31 December 1994

	Note	1994		1993	
		£	£	£	£
Net cash inflow from operating activities	17		5,313,582		6,480,403
Return on investments and servicing of finance					
Interest received		53,374		91,556	
Interest paid		(1,622)		-	
Dividends paid		(2,700,000)		(2,500,000)	
Net cash (outflow) from return on investments and servicing of finance			(2,648,248)		(2,408,444)
Investing activities					
Purchase of tangible fixed assets		(317,288)		(2,920,590)	
Sale of tangible fixed assets		50,617		35,810	
Net cash (outflow) from investing activities			(266,671)		(2,884,780)
Net cash inflow before financing activities			2,398,663		1,187,179
Financing activities					
Loans given to parent undertaking		(4,293,000)		(159,051)	
Loan repayment received		200,000		-	
Net cash (outflow) from financing activities			(4,093,000)		(159,051)
(Decrease)/increase in cash and cash equivalents	18/19		£(1,694,337)		£1,028,128

The notes on pages 8 to 16 form part of these financial statements.

Britannia (LPG) Limited

Notes

(forming part of the financial statements)

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

(a) *Basis of accounting*

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

(b) *Depreciation*

Depreciation is calculated so as to write off the cost of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Freehold land and improvements to short leasehold property (included in plant and machinery)	20 years
Plant and machinery	20 years
Fixtures, fittings, tools and equipment	10 years
Vehicles	4 years

(c) *Stocks*

Stocks are valued on a 'first in, first out' basis at the lower of cost and net realisable value.

(d) *Deferred taxation*

Deferred taxation is provided under the liability method on the excess, at current rates of taxation, of taxation allowances over related depreciation charged in the financial statements as varied by other timing differences and reduced by taxation losses available to be carried forward against future profits.

(e) *Leases*

The cost of assets acquired on finance leases is capitalised and written off over their estimated useful lives. The lease finance charges are charged to the profit and loss account in the year in which they accrue.

Operating lease rentals are charged or credited to the profit and loss account in the year in which the expense is incurred or income is received, respectively.

(f) *Foreign currency conversion*

Assets and liabilities denominated in foreign currencies are translated at the rates ruling at the dates of the underlying transactions. These are adjusted to year end rates where these are materially different and the exchange differences taken to the profit and loss account.

(g) *Pension contributions*

Pension contributions are charged to the profit and loss account in the year in which they accrue.

Britannia (LPG) Limited

Notes (continued)

2 Turnover

Turnover represents amounts invoiced by the company in respect of goods sold during the year, excluding value added tax. All turnover arose within the United Kingdom.

3 Interest receivable

	1994	1993
Bank interest	<u>£53,374</u>	<u>£91,556</u>

4 Interest payable

	1994	1993
Bank interest	<u>£1,622</u>	<u>£-</u>

5 Profit on ordinary activity before taxation

Profit on ordinary activity before taxation is stated after charging/(crediting) the following:

	1994 £	1993 £
Depreciation of tangible fixed assets	584,394	455,509
Hire of plant and machinery	25,515	14,651
Hire of other assets - operating leases	188,741	219,628
Directors' emoluments (see note 6)	241,456	196,008
Auditors' remuneration - for audit work	7,500	7,500
- for non audit work	3,694	2,281
Operating lease rentals received (included in turnover)	<u>(197,362)</u>	<u>(216,501)</u>

6 Directors' emoluments

Directors emoluments in the year were:

	1994 £	1993 £
Salary and benefits	220,947	180,711
Pension contributions	<u>20,509</u>	<u>15,297</u>
	<u>£241,456</u>	<u>£196,008</u>

Benefits in kind relate to company cars, mobile phones and fuel.

Britannia (LPG) Limited

Notes (continued)

6 Directors' emoluments (continued)

Excluding pension contributions

The emoluments of each chairman during the year was £Nil (1993:£Nil) and for the highest paid director £92,794 (1993:£94,089).

The emoluments of the directors, including the chairman and highest paid director, were within the following ranges:

		Number of directors	
		1994	1993
£0	- £ 5,000	9	6
£20,001	- £25,000	-	1
£50,001	- £55,000	1	-
£65,001	- £70,000	-	1
£75,001	- £80,000	1	-
£90,001	- £95,000	1	1

7 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

		Number of employees	
		1994	1993
Management		9	7
Administration		21	21
Plant operatives		5	5
		<u>35</u>	<u>33</u>

The aggregate payroll costs of these persons were as follows:

		1994	1993
		£	£
Wages and salaries		1,016,827	798,763
Social security costs		94,902	80,879
Other pension costs		59,686	41,534
		<u>£1,171,415</u>	<u>£921,176</u>

Britannia (LPG) Limited

Notes (continued)

8 Taxation

The taxation (charge)/credit on the profit for the year at 33 % (1993:33 %) is made up as follows:

	1994 £	1993 £
<i>Current year</i>		
Corporation tax	(1,356,183)	(983,857)
Deferred taxation	(132,965)	(413,297)
	<hr/>	<hr/>
	(1,489,148)	(1,397,154)
<i>Previous years</i>		
Corporation tax	983,857	-
Group relief	(983,857)	3,582,223
Deferred taxation	-	(6,950)
	<hr/>	<hr/>
	£(1,489,148)	£2,178,119
	<hr/>	<hr/>

In previous accounting periods the company has received group relief from other group undertakings.

For 1993 and later periods it is the policy of the company, and of other group undertakings to record a tax charge or credit in the profit and loss account calculated at the tax rate prevailing in the year for tax payable to the Inland Revenue, or for group relief to be received from other group undertakings, and for which payment may be requested. In the event that payment should be made at a rate different from the tax rate prevailing in the relevant year, adjustments would be taken up to reflect the rate differential.

During the prior year an exercise was undertaken to settle all outstanding group relief liabilities between group undertakings for all years up to and including 1992. The figure reported in respect of the 1993 group relief adjustment above reflects the results of this exercise.

9 Investments

The company owns the £2 issued share capital of a dormant undertaking, Britannia Gas Limited. The cost of this investment is £Nil.

The company has not prepared group accounts consolidating its dormant subsidiary undertaking as the company is itself a wholly owned subsidiary (note 21). As a result these financial statements present information about the company as an individual undertaking and not about its group.

Britannia (LPG) Limited

Notes (continued)

10 Tangible fixed assets

	Plant and machinery		Fixtures fittings tools and equipment	Vehicles	Total
	Owned	Leased	Owned	Owned	
	£	£	£	£	£
<i>Cost</i>					
At beginning of year	9,327,885	763,174	277,538	123,783	10,492,380
Additions	184,715	-	98,305	34,268	317,288
Disposals - external	-	-	(42,400)	(18,500)	(60,900)
- group	-	-	-	(18,732)	(18,732)
At end of year	9,512,600	763,174	333,443	120,819	10,730,036
<i>Depreciation</i>					
At beginning of year	1,281,786	316,135	112,178	20,849	1,730,948
Disposals - external	-	-	(19,650)	(8,085)	(27,735)
- group	-	-	-	(4,620)	(4,620)
Charged in year	486,242	38,160	30,809	29,183	584,394
At end of year	1,768,028	354,295	123,337	37,327	2,282,987
<i>Net book value</i>					
At 31 December 1994	<u>£7,744,572</u>	<u>£408,879</u>	<u>£210,106</u>	<u>£83,492</u>	<u>£8,447,049</u>
At 31 December 1993	<u>£8,046,099</u>	<u>£447,039</u>	<u>£165,360</u>	<u>£102,934</u>	<u>£8,761,432</u>

The net book value of freehold land and buildings and improvements to short leasehold property included in plant and machinery is £258,626 (1993:£274,087) and with accumulated depreciation of £50,461 (1993:£35,000).

The cost of assets held for use in operating leases is £1,486,135 (1993:£1,347,312) and with accumulated depreciation of £369,319 (1993:£268,946).

11 Stocks

	1994	1993
Goods for resale	<u>£316,775</u>	<u>£339,370</u>

Britannia (LPG) Limited

Notes (continued)

12 Debtors

	1994 £	1993 £
Trade debtors	3,520,928	3,696,117
Amounts owed by parent and fellow subsidiary undertakings:		
Loan to parent undertaking (see note 13*)	4,252,051	159,051
Other amounts owed by group undertakings	762,338	1,420,558
Other debtors	-	840
Prepayments and accrued income	52,171	36,059
	<u>£8,587,488</u>	<u>£5,312,625</u>

13 Creditors: amounts falling due within one year

	1994 £	1993 £
Bank overdraft	630,106	-
Trade creditors	478,221	890,346
Amounts owed to parent and fellow subsidiary undertakings*	3,440,413	2,485,662
Other taxes and social security	203,100	151,905
Corporation tax	1,356,183	983,857
Proposed dividend	4,300,000	2,700,000
Other creditors	71,924	184,995
Accruals and deferred income	39,266	8,700
	<u>£10,519,213</u>	<u>£7,405,465</u>

* The comparative figures for "debtors, loan to parent undertaking" and amounts owed to parent undertaking within "amounts owed to parent and fellow subsidiary undertakings" above have been reduced by £2,500,000.

14 Provision for liabilities and charges

	1994 £	1993 £
<i>Deferred taxation</i>		
Balance at beginning of year	1,403,718	983,471
Charge for the year in the profit and loss account	132,965	420,247
	<u>£1,536,683</u>	<u>£1,403,718</u>

Britannia (LPG) Limited

Notes (continued)

14 Provision for liabilities and charges (continued)

The deferred taxation provision, which has been provided for in full, represents taxation deferred in respect of:

	1994 £	1993 £
Excess capital allowances	1,404,476	1,257,102
Other timing differences	132,207	146,616
	<u>£1,536,683</u>	<u>£1,403,718</u>

Deferred taxation, which arises primarily on timing differences between capital allowances and depreciation, is provided for in full at the rate of 33 % (1993:33%), because the directors have concluded, on reasonable evidence, that there is likely to be a net reversal of all the timing differences in the foreseeable future.

15 Share capital

	1994	1993
<i>Authorised</i>		
2,200,000 ordinary shares of £1 each	<u>£2,200,000</u>	<u>£2,200,000</u>
<i>Allotted, called up and fully paid</i>		
2,191,593 ordinary shares of £1 each	<u>£2,191,593</u>	<u>£2,191,593</u>

16 Reconciliation of movements in equity shareholders' funds

	1994 £	1993 £
Profit for the financial year	2,926,941	6,296,361
Dividends proposed	<u>(4,300,000)</u>	<u>(2,700,000)</u>
Net (decrease)/increase in equity shareholders' funds	(1,373,059)	3,596,361
Opening shareholders' funds attributable to equity shareholders	<u>6,672,537</u>	<u>3,076,176</u>
Closing shareholders' funds attributable to equity shareholders	<u>£5,299,478</u>	<u>£6,672,537</u>

Britannia (LPG) Limited

Notes (continued)

17 Reconciliation of operating profit to net cash inflow from operating activities

	1994 £	1993 £
Operating profit	4,364,337	4,026,686
Depreciation charges	584,394	455,509
Profit on sale of tangible fixed assets	(3,340)	-
Decrease/(increase) in stocks	22,595	(160,191)
Decrease/(increase) in debtors	818,137	(299,363)
Increase/(decrease) in creditors	511,316	(1,124,461)
Group relief (charge)/credit in creditors	(983,857)	3,582,223
Net cash inflow from operating activities	<u>£5,313,582</u>	<u>£6,480,403</u>

18 Analysis of changes in cash and cash equivalents during the year

	1994 £	1993 £
Balance at 1 January 1994	1,068,293	40,165
Net cash inflow/(outflow)	<u>(1,694,337)</u>	<u>1,028,128</u>
Balance at 31 December 1994	<u>£(626,044)</u>	<u>£1,068,293</u>

19 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1994 £	1993 £	Change in year £
Cash at bank and in hand	4,062	1,068,293	(1,064,231)
Bank overdraft	<u>(630,106)</u>	<u>-</u>	<u>(630,106)</u>
	<u>£(626,044)</u>	<u>£1,068,293</u>	<u>£(1,694,337)</u>

Britannia (LPG) Limited

Notes (continued)

20 Commitments

(a) Capital

At 31 December 1994 the company had the following capital commitments:

	1994	1993
Contracted for	<u>£20,000</u>	<u>£-</u>
Authorised but not contracted for	<u>£-</u>	<u>£200,000</u>

(b) Operating leases

The company is committed to making the following payments during the next year in respect of its operating leases:

	Land		Other	
	1994	1993	1994	1993
	£	£	£	£
<i>Commitments expiring within:</i>				
1 year	-	-	94,676	104,395
2-5 years	-	-	34,863	37,511
After 5 years	<u>34,865</u>	<u>45,461</u>	<u>-</u>	<u>-</u>
	<u>£34,865</u>	<u>£45,461</u>	<u>£129,539</u>	<u>£141,906</u>

(c) Pensions

The company contributes to an externally administered defined contribution pension scheme which provides all qualifying employees with a pension on retirement. Pension contributions charged to profit and loss account in the year are £59,686 (1993:£41,534). At the year end outstanding contributions of £8,248 (1993:£2,746) were included in creditors.

21 Parent undertakings

The ultimate parent undertaking is NV Koninklijke Nederlandsche Petroleum Maatschappij (Royal Dutch Petroleum Company) which is incorporated in the Netherlands.

The financial statements of the company and its subsidiary undertaking are incorporated in the financial statements of the Royal Dutch/Shell Group of companies which form part of the annual reports of Royal Dutch Petroleum Company and the "Shell" Transport and Trading Company, plc. Copies of the financial statements of the Royal Dutch/Shell Group of Companies are available from:

Group Public Affairs,
Royal Dutch/Shell Group,
Shell Centre,
London,
SE1 7NA.