

**AMOCO FABRICS (UK) LIMITED**  
**(Registered Number 1954402)**

**DIRECTORS' REPORT AND ACCOUNTS**

**31 DECEMBER 1998**



## AMOCO FABRICS (UK) LIMITED

### DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 1998.

### RESULTS AND DIVIDENDS

The loss for the year was £13,956,000 (1997: loss for the year - £4,069,000).

The directors recommend that no dividend be paid (1997 - £Nil).

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity is the sale of Woven and Non woven polypropylene fabrics.

In August 1998 the company closed down its manufacturing facility at Consett. Customer accounts continue to be served with product sourced from other locations.

### DIRECTORS

The following were directors of the company during the year:

A Robbins  
BJ Armistead (resigned 30 December 1998)  
M Dye (appointed 18 March 1998)  
R Burrows (appointed 18 March 1998)

No director had any beneficial interest in the share capital of Amoco Fabrics (UK) Limited in 1998 or 1997.

The interests of the directors in the ordinary share capital of Amoco Corporation are set out below:

	<u>1998</u> No.	<u>1997</u> No.
A Robbins	680	355
M Dye	1,460	1,110
R Burrows	800	306
	<hr/>	<hr/>

In addition, rights to subscribe for ordinary shares in Amoco Corporation were granted to the following directors:

	At 31 January <u>1998</u> No.	Number of options <u>granted</u> No.	At 31 December <u>1998</u> No.
M Dye	991	1,852	2,843
R Burrows	-	2,800	2,800
	<hr/>	<hr/>	<hr/>

None of the share options were exercised during the year.

## **AMOCO FABRICS (UK) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **DIRECTORS (continued)**

#### **CREDITOR PAYMENT POLICY**

The Company's policy with regard to payment of suppliers is to agree terms and conditions with all its suppliers, which include the giving of an undertaking to pay suppliers within an agreed payment period. At 31 December 1998, the company trade creditors outstanding represented approximately 5 days purchases.

#### **YEAR 2000**

The Year 2000 issue, which stems from computer programs written using two digits rather than four to define the applicable year, could result in processing faults on the change of century, producing a wide range of consequences.

The BP Amoco group has conducted a risk-based review of its computer systems and computer-controlled processes and has developed plans to remediate potential Year 2000 related faults by replacement or repair. The project is designed to minimise risks arising from the Year 2000 problem which might endanger health, safety, the environment, the group's reputation or its cash flow.

The group's Year 2000 programme covers IT application systems and infrastructure, process control systems and embedded microprocessors in plants, oil and gas fields and building facilities, and an assessment of Year 2000 readiness of critical suppliers, customers, joint ventures and partners.

The group has completed the inventory and risk analysis work, and a substantial part of the remediation and testing effort is also complete. Outstanding remediation dependent on planned plant shutdowns and other remediation work consisting mainly of implementation of package software releases are scheduled for completion by end 1999. Systems rationalisation and organisational restructuring made necessary by the BP Amoco merger are being managed to avoid any risks which might reduce the company's ability to meet 2000 with confidence.

The company's IT and other equipment/facilities which may be affected by the Year 2000 problem have been reviewed in the course of the BP Amoco group's global review, and remediation plans have been developed and implemented. The estimated total cost of the group's Year 2000 programme is disclosed in the accounts of the ultimate parent undertaking. None of the costs of review and remediation discussed above have been borne by the company.

To meet any unexpected failure by the group's systems or by key third parties, contingency plans are being developed to deliver a flexible response, especially in the first days of 2000. The company's global operations will, however, remain exposed, to an unquantifiable degree, to the failure of third parties to deal with their Year 2000 exposures; we will take all practical steps to mitigate the effect.

## **AMOCO FABRICS (UK) 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 of the company for that period. In preparing those financial statements, the directors are required to:

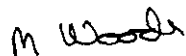
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 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.

#### **AUDITORS**

The auditors, PricewaterhouseCoopers, have indicated their willingness to be re-appointed. A resolution as to their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board



*M. Woods*  
M. Woods  
ASSISTANT Company Secretary  
30 September 1999

## **AUDITORS' REPORT TO THE MEMBERS OF AMOCO FABRICS (UK) LIMITED**

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including as described on page 3 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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 director 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 mis-statement, 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 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PRICEWATERHOUSECOOPERS**

Chartered Accountants  
and Registered Auditors  
Newcastle upon Tyne

30 September 1999

# AMOCO FABRICS (UK) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	<u>1998</u>		<u>1997</u>
	Continuing Operations £'000	Discontinued Operations £'000	Total £'000
<b>TURNOVER</b> (Notes 2, 3)	6,972	12,832	19,804
<b>COST OF SALES</b>	(6,394)	(14,519)	(20,913)
<b>GROSS (LOSS)/PROFIT</b>	578	(1,687)	(1,109)
Distribution costs	-	(674)	(674)
Administrative expenses	(234)	(1,603)	(1,837)
<b>OPERATING LOSS</b> (Note 3)	344	(3,964)	(3,620)
Loss on disposal of fixed assets	-	(4,471)	(4,471)
Loss on termination of operations	-	(5,063)	(5,063)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>	344	(13,498)	(13,154)
Interest receivable and similar income (Note 7)			33
Interest payable and similar charges (Note 8)			(835)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b> (Note 4)			(13,956)
Taxation on loss on ordinary activities (Note 9)			-
<b>RETAINED LOSS FOR THE YEAR TO BE WITHDRAWN FROM RESERVES</b> (Note 16)			(13,956)

There are no recognised gains or losses in the year other than the reported profit.

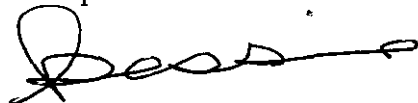
There is no difference between the historical cost results and the reported results.

# AMOCO FABRICS (UK) LIMITED

## BALANCE SHEET - 31 DECEMBER 1998

	1998	1997
	£'000	£'000
<b>FIXED ASSETS</b>		
Tangible assets (Note 10)	1,184	10,117
<b>CURRENT ASSETS</b>		
Stocks (Note 11)	135	5,702
Debtors (Note 12)	5,882	6,108
Cash at bank and in hand	-	2,137
	6,017	13,947
<b>CREDITORS (amounts falling due within one year) (Note 13)</b>	(16,272)	(19,155)
<b>DEFERRED INCOME (Note 14)</b>	-	(3)
<b>NET CURRENT LIABILITIES</b>	(10,255)	(5,211)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	(9,071)	4,906
<b>DEFERRED INCOME (Note 14)</b>	-	(21)
	(9,071)	4,885
<b>CAPITAL AND RESERVES</b>		
Called up equity share capital (Note 15)	14,500	14,500
Share premium account (Note 16)	380	380
Other reserves (Note 16)	4,014	4,014
Profit and loss account (Note 16)	(27,965)	(14,009)
<b>TOTAL SHAREHOLDERS' FUNDS (Note 17)</b>	(9,071)	4,885

Approved by the Board  
30 September 1999



A Robbins - Director

# **AMOCO FABRICS(UK)LIMITED**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1998**

### **1 ACCOUNTING POLICIES**

#### **(1) Basis of accounting**

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. Any assets relating to the discontinued activities have been written down to their realisable value if lower than historical cost.

#### **(2) Cashflow**

A cashflow statement has not been prepared under FRS1 (revised) as Amoco Fabrics UK Limited is a wholly owned subsidiary of BP Amoco plc for which consolidation accounts have been prepared.

#### **(3) Tangible assets**

Tangible assets acquired after 1986 are stated at cost. Other tangible assets are stated at cost after deducting capital grants. No depreciation is provided on freehold land. All other tangible assets are depreciated, on a straight-line basis, at rates required to write off the assets over their estimated useful lives. The annual depreciation rates are:

Freehold buildings	2½%
Plant, equipment and motor vehicles	7-25%
Furniture and fittings	10-20%

#### **(4) Stocks**

Stocks are stated at the lower of cost and net realisable value.

#### **(5) Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange differences are taken to the profit and loss account.

#### **(6) Deferred taxation**

Deferred taxation is provided only to the extent that a liability is expected to become payable in the foreseeable future.

#### **(7) Pension costs**

The expected cost of retirement pensions and related benefits provided by the company's defined benefit pension scheme is charged to the profit and loss account so as to spread the cost over the service lives of present employees in the scheme.

#### **(8) Leased assets**

Rentals payable under operating leases are charged to the profit and loss account, as incurred, over the term of the lease. No assets have been acquired under finance leases.



# AMOCO FABRICS (UK) LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (Continued)

### 1 ACCOUNTING POLICIES (continued)

#### (9) Government grant

Grants receivable are credited to the profit and loss account by instalments over the expected useful economic life of the assets to which the grant relates.

#### (10) Research and development

Research and development costs are written off to the profit and loss account in the year in which they are incurred.

### 2 TURNOVER

Turnover represents invoice value exclusive of value added tax and after deduction of trade discounts from the sale of ~~polypropylene~~ <sup>polypropylene</sup> woven fabric.

The geographical split of turnover is as follows:

	1998			1997		
	Continuing operations £'000	Discontinued operations £'000	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
United Kingdom	5,911	6,312	12,223	5,724	11,600	17,324
EEC countries	1,061	6,146	7,207	653	7,912	8,565
Other	-	374	374	-	197	197
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	6,972	12,832	19,804	6,377	19,709	26,086
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# AMOCO FABRICS(UK)LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (Continued)

### 3 DISCONTINUED ACTIVITIES

On 17 April 1998, Amoco Fabrics (UK) Limited announced its intention to close the Consett plant effective August 1998. All results relating to the Consett plant have been classed as discontinued activities as follows:

	<u>1998</u>			<u>1997</u>		
	<u>Continuing</u> <u>operations</u> £'000	<u>Discontinued</u> <u>operations</u> £'000	<u>Total</u> £'000	<u>Continuing</u> <u>operations</u> £'000	<u>Discontinued</u> <u>operations</u> £'000	<u>Total</u> £'000
<b>Turnover</b>	6,972	12,832	19,804	6,377	19,709	26,086
Cost of sales	(6,394)	(14,519)	(20,913)	(5,885)	(20,036)	(25,921)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross (loss)/profit	578	(1,687)	(1,109)	492	(327)	165
Distribution costs	-	(674)	(674)	-	(1,429)	(1,429)
Administrative expenses	(234)	(1,603)	(1,837)	(283)	(2,001)	(2,284)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Operating profit/(loss)</b>	344	(3,964)	(3,620)	209	(3,757)	(3,548)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

### 4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging/(crediting):

	<u>1998</u>	<u>1997</u> £'000
Department of Trade and Industry grant released	(24)	(3)
Depreciation	1,227	1,253
Loss on disposal of fixed assets	4,471	4
Loss on termination of operations	5,063	-
Hire of plant and machinery	106	28
Auditors remuneration:		
- audit	20	17
- non audit	-	-
Directors' emoluments – (Note 6)	131	56
	<hr/>	<hr/>

# AMOCO FABRICS (UK) LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (Continued)

### 4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

#### Exceptional Items

In August 1998 the company closed down its manufacturing facility at Consett. This closure resulted in a loss on the disposal of fixed assets of £4,471,000 and other closure costs of £5,063,000 which includes redundancy costs.

### 5 EMPLOYEES

The average number of people employed by the company during the year was:

	<u>1998</u> <u>Number</u>	<u>1997</u> <u>Number</u>
Management and administration	30	50
Manufacturing	<u>104</u>	<u>250</u>
	134	300
	<u>==</u>	<u>==</u>

The costs incurred in respect of these employees were:

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Wages and salaries	3,015	5,233
Social security costs	247	392
Other pension and share option costs	<u>310</u>	<u>454</u>
	3,572	6,079
	<u>==</u>	<u>==</u>

### 6 DIRECTORS' EMOLUMENTS

Aggregate emoluments of directors amounted to £130,543 (1997 - £55,830).

Retirement benefits are accruing to one director under a defined benefit scheme (1997 - one director).

### 7 INTEREST RECEIVABLE

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Bank interest	<u>33</u>	<u>24</u>

# AMOCO FABRICS(UK)LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (Continued)

### 8 INTEREST PAYABLE

	<u>1998</u> £'000	<u>1997</u> £'000
Interest payable to group undertakings	<u>835</u>	<u>545</u>

### 9 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

No tax charge arose for the year and the company has tax losses available for carry forward and set off against future taxable profits. No deferred tax has been provided, as no liability is expected to become payable in the foreseeable future.

### 10 TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u> £'000	<u>Plant equipment and motor vehicles</u> £'000	<u>Furniture and fittings</u> £'000	<u>Capital projects</u> £'000	<u>Total</u> £'000
<b>Cost</b>					
At 1 January 1998	2,842	18,750	735	223	22,550
Transfers from capital projects	-	221	-	(221)	-
Disposals	(819)	(18,029)	(587)	-	(19,435)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 1998	<u>2,023</u>	<u>942</u>	<u>148</u>	<u>2</u>	<u>3,115</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>					
At 1 January 1998	1,142	10,885	406	-	12,433
Charge for year	59	1,066	102	-	1,227
Disposals	(284)	(11,245)	(450)	-	(11,979)
Provision for diminution in value	200	50	-	-	250
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 1998	<u>1,117</u>	<u>756</u>	<u>58</u>	<u>-</u>	<u>1,931</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>					
At 31 December 1998	<u>906</u>	<u>186</u>	<u>90</u>	<u>2</u>	<u>1,184</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 1997	<u>1,700</u>	<u>7,865</u>	<u>329</u>	<u>223</u>	<u>10,117</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

All of the fixed assets above are held for resale. The assets have been written down to their expected realisable value if lower than cost.

# AMOCO FABRICS(UK)LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (Continued)

### 11 STOCKS

	<u>1998</u> £'000	<u>1997</u> £'000
Raw materials and consumables	-	700
Work in progress	-	1,093
Finished goods	<u>135</u>	<u>3,909</u>
	135	5,702
	<u>=====</u>	<u>=====</u>

### 12 DEBTORS

	<u>1998</u> £'000	<u>1997</u> £'000
Trade debtors	3,383	3,677
Amounts owed by group undertakings	2,372	2,211
Other debtors	90	86
Prepayments and accrued income	<u>37</u>	<u>134</u>
	5,882	6,108
	<u>=====</u>	<u>=====</u>

### 13 CREDITORS (amounts falling due within one year)

	<u>1998</u> £'000	<u>1997</u> £'000
Bank overdraft	541	-
Trade creditors	86	459
Amounts owed to group undertakings	15,116	18,137
Taxation and social security	44	62
Accruals	<u>485</u>	<u>497</u>
	16,272	19,155
	<u>=====</u>	<u>=====</u>

The amounts owed to group undertakings includes £13,586,000 due to Amoco Chemical (UK) Limited. Amoco Chemical (UK) Limited has indicated its willingness to continue to support the operations of Amoco Fabrics UK Limited for the foreseeable future and will not seek repayment of the amounts until such time as Amoco Fabrics UK Limited are able to meet these liabilities.

# AMOCO FABRICS(UK)LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (Continued)

### 14 DEFERRED INCOME

	<u>1998</u> £'000	<u>1997</u> £'000
Department of Trade and Industry Grant:		
Due within one year	-	3
Due after more than one year	<u>-</u>	<u>21</u>
	-	24
	<u>==</u>	<u>==</u>

£24,000 was released to profit during the year (1997 - £3,000).

### 15 EQUITY SHARE CAPITAL

	<u>1998</u> £'000	<u>1997</u> £'000
<b>Authorised</b>		
15,000,000 ordinary equity shares of £1 each	<u>15,000</u>	<u>15,000</u>
<b>Allotted, called-up and fully paid</b>		
14,500,100 ordinary equity shares of £1 each	<u>14,500</u>	<u>14,500</u>

### 16 RESERVES

	Share premium <u>account</u> £'000	Other <u>reserves</u> £'000	Profit and loss <u>Account</u> £'000
At 1 January 1998	380	4,014	(14,009)
Retained loss for the year	-	-	(13,956)
	<u>---</u>	<u>---</u>	<u>---</u>
At 31 December 1998	380	4,014	(27,965)
	<u>==</u>	<u>==</u>	<u>==</u>

**AMOCO FABRICS(UK)LIMITED****NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (Continued)****17 RECONCILIATION OF SHAREHOLDERS' FUNDS**

	<u>1998</u> £'000	<u>1997</u> £'000
Shareholders' funds at 1 January	4,885	8,954
Retained loss for the year	<u>(13,956)</u>	<u>(4,069)</u>
Shareholders' funds at 31 December	<u>(9,071)</u>	<u>4,885</u>

**18 DEFERRED TAXATION**

The potential deferred taxation not provided in the accounts is as follows:

	<u>1998</u> £'000	<u>1997</u> £'000
Accelerated capital allowances	208	1,368

**19 PENSION COSTS**

The company operated a defined benefit pension scheme which was fully funded, with assets held in separate trustee administered funds which are independent of the company's finances. On 14 May 1999 the assets and liabilities in Amoco Fabrics (UK) Limited Pension Scheme were transferred to Amoco (UK) Pension Plan.

**20 LEASING COMMITMENTS**

The annual lease payments to which the company is committed as at 31 December 1998 under operating leases are:

	<u>1998</u> £'000	<u>1997</u> £'000
Operating leases which expire:		
Within one year	3	1
Between one and five years	<u>31</u>	<u>161</u>
	34	162
	<u>      </u>	<u>      </u>

## **AMOCO FABRICS\UK\LIMITED**

### **NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (Continued)**

#### **21 ULTIMATE PARENT COMPANY**

The company's immediate parent company is Amoco Chemical (UK) Limited, a company incorporated in England. Its ultimate parent undertaking was Amoco Corporation, incorporated in the United States of America, until 31 December 1998. From 31 December 1998 the ultimate parent undertaking is BP Amoco plc, a company registered in England and Wales.

Copies of BP Amoco plc's accounts can be obtained from Britannic House, 1 Finsbury Circus, London, EC2M 7BA.

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption under Financial Reporting Standard No. 8 "Related party disclosures", as the consolidated accounts of Amoco Corporation in which the company is included are available at the address noted above.