

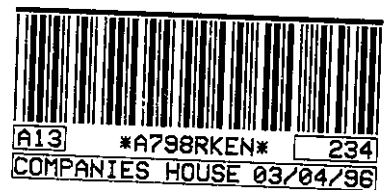
COMPANY NUMBER 2757941

ERTISA GREAT BRITAIN LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1995

**Saffery Champness**  
CHARTERED ACCOUNTANTS



ERTISA GREAT BRITAIN LIMITED

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ERTISA GREAT BRITAIN LIMITED

DIRECTORS AND COMPANY INFORMATION

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DIRECTORS

A Lopez-Diaz	(Spanish)
F Molina-Felix	(Spanish)
F Diaz Soares	(Spanish)
J L Preckler Arias	(Spanish)

SECRETARY

F Irisarri

REGISTERED OFFICE

Fairfax House  
Fulwood Place  
Gray's Inn  
London  
WC1V 6UB

BANKERS

Central Hispano Bank (UK) Limited  
15 Austin Friars  
London  
EC2N 2DJ

AUDITORS

Saffery Champness  
Fairfax House  
Fulwood Place  
Gray's Inn  
London  
WC1V 6UB

COMPANY NUMBER

2757941

ERTISA GREAT BRITAIN LIMITED

REPORT OF THE DIRECTORS

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The directors present herewith their report and the financial statements for the year ended 31 December 1995.

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.

PRINCIPAL ACTIVITIES

The principal activities of the company are the distribution and sale of chemicals and other products.

RESULTS AND DIVIDENDS

The profit after taxation for the year amounted to £33,254.

The directors do not recommend the payment of a dividend.

REVIEW OF THE YEAR AND FUTURE DEVELOPMENTS

This period of trading has been satisfactory considering the economic conditions and the directors are hopeful of future prospects.

DIRECTORS

The following directors served during the year:

A Lopez-Diaz  
F Molina-Felix  
J Perez-Moreda - resigned 19 May 1995  
R Contreras-Toscano - resigned 19 May 1995  
F Diaz Soares - appointed 19 May 1995  
J L Preckler Arias - appointed 1 September 1995

Mr Diaz Soares and Mr J L Preckler Arias retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

According to the register kept under Section 325 of the Companies Act 1985 none of the directors and their families had any interests in the shares of the company or other companies in the group in the United Kingdom.

ERTISA GREAT BRITAIN LIMITED

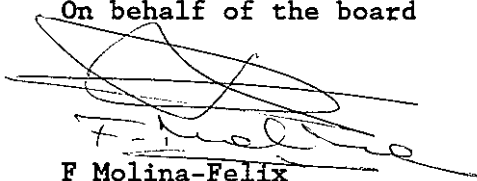
REPORT OF THE DIRECTORS (Continued)

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AUDITORS

Saffery Champness are willing to continue in office and a resolution to re-appoint them as auditors will be put to the members at the general meeting at which these accounts are laid.

On behalf of the board



F Molina-Felix  
Director

29 February 1996

ERTISA GREAT BRITAIN LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

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We have audited the financial statements on pages 5 to 13.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report on page 2, 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.

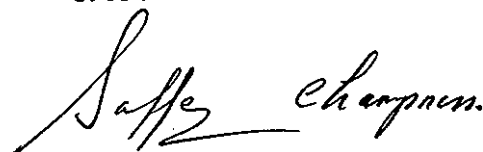
BASIS OF OPINION

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 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.



SAFFERY CHAMPNESS

Chartered Accountants  
Registered Auditors  
London

6 March 1996

## ERTISA GREAT BRITAIN LIMITED

PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31 DECEMBER 1995

	NOTE	1995	1994
TURNOVER	2	7,163,242	5,749,729
Cost of sales		6,983,604	5,532,196
		-----	-----
GROSS PROFIT		179,638	217,533
Administrative expenses and other operating charges		181,334	187,834
		-----	-----
OPERATING (LOSS)/PROFIT	3	(1,696)	29,699
Interest receivable		18,254	207
Interest payable	4	-	(636)
		-----	-----
		18,254	(429)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		16,558	29,270
Tax on profit on ordinary activities	7	(16,696)	14,008
		-----	-----
PROFIT FOR THE YEAR		33,254	15,262
Retained profits brought forward		32,079	16,817
		-----	-----
BALANCE CARRIED FORWARD		£65,333	£32,079
		=====	=====

There were no recognised gains or losses other than the results reflected above.

The notes on pages 8 to 13 form part of these financial statements.

## ERTISA GREAT BRITAIN LIMITED

BALANCE SHEET  
31 DECEMBER 1995

	NOTE	1995	1994
FIXED ASSETS			
Tangible assets	8	7,491	11,738
CURRENT ASSETS			
Stocks	9	731,834	439,097
Debtors	10	1,166,030	1,213,117
Cash at bank and in hand		123,190	424,441
		<u>2,021,054</u>	<u>2,076,655</u>
CREDITORS: Amounts falling due within one year	11	<u>1,913,212</u>	<u>2,006,314</u>
NET CURRENT ASSETS		107,842	70,341
NET ASSETS		<u>£115,333</u>	<u>£82,079</u>
CAPITAL AND RESERVES			
Called up share capital	12	50,000	50,000
Profit and loss account		65,333	32,079
SHAREHOLDERS' FUNDS	13	<u>£115,333</u>	<u>£82,079</u>

Approved by the board on 29 February 1996.

F Molina-Felix - Director

The notes on pages 8 to 13 form part of these financial statements.



## ERTISA GREAT BRITAIN LIMITED

CASH FLOW STATEMENT  
YEAR ENDED 31 DECEMBER 1995

	NOTE	1995	1994
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	15	(319,018)	332,832
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		13,603	207
Interest paid		-	(636)
		-----	-----
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		13,603	(429)
TAXATION			
Corporation tax recovered/(paid)		8,447	(10,758)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(2,383)	(2,283)
		-----	-----
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(299,351)	319,362
FINANCING	16		
Repayment of hire purchase obligations		(1,899)	(5,151)
		-----	-----
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	17	£(301,251)	£314,211
		=====	=====

## ERTISA GREAT BRITAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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## 1 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.

## BASIS OF PREPARATION

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

## TURNOVER

Turnover represents the amounts derived from the provision of goods during the year, excluding value added tax.

## TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation.

Depreciation is calculated to write off fixed assets over their expected useful lives at the following annual rates:-

Furniture and fittings	10% of cost
Motor vehicles	25% of cost
Computer equipment	33 1/3% of cost

Tangible fixed assets held under hire purchase contracts are recorded in the balance sheet as assets. Obligations for future hire purchase payments are included in creditors. Depreciation is provided to write off these assets over their estimated useful lives at the same rate as for tangible fixed assets owned by the company. Hire purchase payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account using the sum of the digits method.

## STOCKS

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

## TAXATION

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability or asset will crystallise in the foreseeable future.

## ERTISA GREAT BRITAIN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1 ACCOUNTING POLICIES (Continued)

## FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

## PENSIONS

The company contributes to individual defined contribution money purchase schemes. These contributions are charged annually against income when paid.

## 2 PARTICULARS OF TURNOVER

The turnover and profit for the year derive wholly from the principal activities of the company.

The whole of the company's results relate to continuing operations.

3 OPERATING (LOSS)/PROFIT 1995 1994

This is stated after charging:

## Depreciation:

On wholly owned assets	£2,927	£5,172
On assets held under hire purchase agreements	£3,703	£4,476

Auditors' remuneration - audit fees	£4,500	£4,000
- non-audit fees	£7,750	£2,750
	=====	=====

## 4 INTEREST PAYABLE

On finance leases and hire purchase agreements	£-	£636
	===	===

## ERTISA GREAT BRITAIN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 5 STAFF NUMBERS AND COSTS

The average weekly numbers of persons employed during the period was:

	1995	1994
Selling	1	1
Administrative	2	2
	--	--
	3	3
	==	==

Staff costs comprise:	1995	1994
Wages and salaries	78,974	76,245
Social security costs	8,463	8,124
Other pension costs	7,231	7,102
	-----	-----
	£94,668	£91,471
	=====	=====

In addition to the above, there were staff costs of £Nil (1994: £3,571) charged to the holding company.

## 6 REMUNERATION OF DIRECTORS

All the directors discharged their duties wholly or mainly outside the United Kingdom and received no remuneration from the company.

## 7 TAX ON PROFIT ON ORDINARY ACTIVITIES

The (credit)/charge for taxation is based on the profit for the year, adjusted for taxation purposes, and is made up as follows:-

	1995	1994
Corporation tax at 33% (1994: 33%)		
Current year	4,000	12,250
Prior periods	(20,696)	1,758
	-----	-----
	£(16,696)	£14,008
	=====	=====

The credit for prior periods arises from the utilisation of tax losses attributable to an acquired trade.

## ERTISA GREAT BRITAIN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 8 TANGIBLE FIXED ASSETS

	FURNITURE AND FITTINGS	MOTOR VEHICLES	COMPUTER EQUIPMENT	TOTAL
Cost				
At 1 January 1995	10,070	12,283	4,371	26,724
Additions	-	-	2,383	2,383
	-----	-----	-----	-----
At 31 December 1995	10,070	12,283	6,754	29,107
	-----	-----	-----	-----
Depreciation				
At 1 January 1995	5,595	8,579	812	14,986
Provided this year	1,009	3,703	1,918	6,630
	-----	-----	-----	-----
At 31 December 1995	6,604	12,282	2,730	21,616
	-----	-----	-----	-----
Net Book Value				
31 December 1995	£3,466	£1	£4,024	£7,491
	=====	=====	=====	=====
31 December 1994	£4,475	£3,704	£3,559	£11,738
	=====	=====	=====	=====

Included in the above are assets with a net book value of £Nil  
(1994 : £3,704) held under hire purchase agreements.

9 STOCKS	1995	1994
Goods held for resale	£731,834	£439,097
	=====	=====

## 10 DEBTORS

Due within one year

Trade debtors	1,164,730	1,211,794
Prepayments and other debtors	1,300	1,323
	-----	-----
	£1,166,030	£1,213,117
	=====	=====

## 11 CREDITORS: Amounts falling due within one year

Obligations under hire purchase contracts	-	1,899
Trade creditors	138,819	40,933
Amount owed to group companies	1,533,732	1,680,081
Other creditors	1,133	1,144
Corporation tax	4,000	12,250
Other taxes and social security	208,735	244,017
Accruals	26,793	25,990
	-----	-----
	£1,913,212	£2,006,314
	=====	=====

## ERTISA GREAT BRITAIN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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12 CALLED UP SHARE CAPITAL	1995	1994
Authorised, allotted and fully paid 50,000 shares of £1 each	£50,000 =====	£50,000 =====

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1995	1994
Profit for the year	33,254	15,262
Opening shareholders' funds	82,079	66,817
	-----	-----
Closing shareholders' funds	£115,333 =====	£82,079 =====

## 14 ULTIMATE HOLDING COMPANY

The ultimate holding company is Compania Espanola de Petroleos SA, incorporated in Spain.

Copies of the consolidated accounts of Compania Espanola de Petroleos SA are available from Campo de las Naciones, Avda del Partenon, 12, 28042 Madrid, Spain.

## 15 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1995	1994
Operating (loss)/profit	(1,696)	29,699
Depreciation charges	6,630	9,648
(Increase)/Decrease in stocks	(292,737)	154,009
Decrease in debtors	51,738	106,007
(Decrease)/Increase in creditors	(82,953)	33,469
	-----	-----
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	£(319,018) =====	£332,832 =====

## ERTISA GREAT BRITAIN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 16 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

HIRE PURCHASE  
OBLIGATIONS

Balance at 1 January 1995	1,899
Cash outflows from financing	(1,899)
	-----
Balance at 31 December 1995	£-
	=====

17 ANALYSIS OF CHANGES IN CASH AND  
CASH EQUIVALENTS

	1995	1994
Balance at 1 January 1995	424,441	110,230
Net cash (outflow)/inflow	(301,251)	314,211
	-----	-----
Balance at 31 December 1995	£123,190	£424,441
	=====	=====