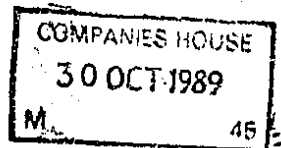


11222



**Arthur Young**

A MEMBER OF ARTHUR YOUNG INTERNATIONAL



**Foseco (GB) Limited**  
*(formerly Foseco Minsep (UK) Limited)*

11222

Report and Accounts  
*December 31, 1988*

FOSECO (GB) LIMITED  
(formerly Foseco Minsep (UK) Limited)

REPORT OF THE DIRECTORS

The directors submit their report, together with the audited statement of accounts of the company, for the year ended 31st December 1988.

Dividends and reserves

Profit after tax for the year is £3,406,000. The directors propose to transfer £156,000 to retained earnings and to pay a dividend of £3,250,000.

Activities and future developments

The company is a trading company and a holding company for a number of subsidiary companies within the Foseco Group. Its trading activity is in the field of specialty chemicals including metallurgical chemicals, construction and mining chemicals, abrasive and diamond products and miscellaneous chemical based businesses.

In the opinion of the directors the activities of the company will remain substantially as described above.

Acquisitions and disposals

During the year the company disposed of Foseco Simplipac Limited. The company also acquired the assets of Martlesham Heath.

Subsequent to the year end, the company has acquired the hardware division business and certain assets of C J Adie and Nephew Limited, the business and certain assets of H J Peters from Lin Pac Mouldings Limited, the entire issued share capital of Accumatic Engineering Limited and Advanced Filtration Limited and disposed of the Holemasters business and assets.

Fixed assets

The changes in fixed assets during the year are summarised in the notes to the accounts.

The directors are of the opinion that the current value of land and buildings owned by the company is in excess of the book value and the cost of a revaluation would not be justified at the present time.

Research and development

The company relies on a number of central laboratories operated by the Foseco Group for product development and research.

Donations

During the year the company made donations to UK charities of £34,000 (1987 £15,000). No donations were made for political purposes.

FOSECO (GB) LIMITED  
(formerly Foseco Minsep (UK) Limited)

REPORT OF THE DIRECTORS  
(continued)

Change of name

On 1st August 1988, the company's name was changed to Foseco (UK) Limited and on 12th September 1988 to Foseco (GB) Limited.

Directors

The directors of the company during 1988 were:

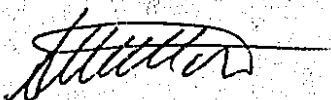
Mr A G T Chubb	
Mr P J Garner	Appointed 28th March 1988
Mr I J Hazlehurst	
Mr R Jordan	
Mr R E Lambourne	
Mr J Whitehead	

All the directors of the company at the end of the year were also directors of Foseco plc, the ultimate holding company, and their interests in the share capital of that company are disclosed in its directors' report for the year ended 31st December 1988.

Auditors

A resolution to re-appoint Arthur Young will be put to the members at the annual general meeting.

BY ORDER OF THE BOARD



D W MATTIN  
Secretary

26th April 1989



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

- 3 -

## Arthur Young

Chartered Accountants

P.O. Box 1,  
3 Colmore Row,  
Birmingham B3 2DB

### REPORT OF THE AUDITORS

TO THE MEMBERS OF FOSECO (GB) LIMITED (formerly Foseco Minsep (UK) Limited)

We have audited the accounts on pages 4 to 15 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention modified to include revaluation of certain tangible fixed assets and investments, give a true and fair view of the state of affairs of the company at 31st December 1988 and of the profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

Arthur Young  
Chartered Accountants  
Birmingham

26th April 1989

FOSECO (GB) LIMITED  
(formerly Foseco Minsep (UK) Limited)

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 1988

	<u>Notes</u>	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Turnover	2	158,555	142,757
Cost of sales		(123,412)	(113,896)
Gross profit		<u>35,143</u>	<u>28,861</u>
Distribution costs		(8,802)	(8,024)
Administrative expenses		(16,985)	(13,631)
Trading profit	3	<u>9,356</u>	<u>7,206</u>
Interest	4	(5,327)	(3,986)
Profit on ordinary activities before tax		<u>4,029</u>	<u>3,220</u>
Tax on profit on ordinary activities	5	(623)	(469)
Profit for the financial year		<u>3,406</u>	<u>2,751</u>
Dividend proposed		(3,250)	(3,000)
Retained profit/(deficit) for the year	15	<u>156</u>	<u>(249)</u>

The notes on pages 7 to 15 form part of these accounts.

ROSECO (GB) LIMITED  
(formerly Fosco Minsep (UK) Limited)

BALANCE SHEET AT 31ST DECEMBER 1988

	Notes	1988 £'000	1987 £'000
Fixed assets :			
Tangible assets	6	24,877	24,245
Investments	7	73,052	58,622
		<u>97,929</u>	<u>82,867</u>
Current assets :			
Stocks	8	22,542	19,461
Debtors	9	39,822	42,288
Cash at bank and in hand		3,497	2,954
		<u>65,861</u>	<u>64,703</u>
Creditors: amounts falling due within one year :			
Bank overdrafts		-	2,025
Obligations under finance leases		615	844
Other creditors	10	45,766	34,190
		<u>46,381</u>	<u>37,059</u>
Net current assets		<u>19,480</u>	<u>27,644</u>
Total assets less current liabilities		<u>117,409</u>	<u>110,511</u>
Creditors: amounts falling due after more than one year :			
Amounts owed to group companies	11	73,622	66,497
Amounts owed to subsidiary companies	11	19,159	18,855
Other loans	12	698	1,285
		<u>93,479</u>	<u>86,637</u>
Accruals and deferred income :			
Deferred government grants		93	155
Deferred taxation	13	355	355
		<u>93,927</u>	<u>87,147</u>
		<u>23,482</u>	<u>23,364</u>
Capital and reserves :			
Called up share capital	14	900	900
Share premium account		15,874	15,874
Revaluation reserve	15	1,835	1,835
Profit and loss account	15	4,873	4,755
		<u>23,482</u>	<u>23,364</u>

*R. E. Lambourne*  
*[Signature]*

Directors

25th April 1989

The notes on pages 7 to 15 form part of these accounts.

FOSECO (GB) LIMITED  
(formerly Foseco Minsep (UK) Limited)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31ST DECEMBER 1988

	Notes	1988 £'000	1987 £'000
Source of funds :			
Profit before tax		4,029	3,220
Depreciation		4,164	3,832
Revaluation of investments		(13)	152
Government grants		(62)	(102)
Total generated from operations		8,118	7,102
Other sources :			
Disposal of businesses at book value		-	960
Disposal of tangible fixed assets at book value		174	1,104
Decrease in working capital	18	10,115	-
Disposal of investment		-	1,208
Dividends received		-	2,125
		18,407	12,499
Application of funds :			
Acquisition of business	21	95	-
Additions to fixed assets		4,940	4,070
Increase in working capital	18	-	1,336
Tax paid		-	45
Dividend paid		3,000	1,365
		8,035	6,816
Net cash inflow		10,372	5,683
Comprising :			
Bank balances and cash		543	685
Bank overdrafts and loans repayable within one year		2,254	(1,728)
Decrease/(increase) in net short term borrowings		2,797	(1,043)
Long term loans payable		587	3,668
Loans to and from holding company, subsidiaries and fellow subsidiaries		6,988	3,058
		10,372	5,683

The notes on pages 7 to 15 form part of these accounts.



FOSECO (GB) LIMITED  
(formerly Foseco Minsep (UK) Limited)

NOTES TO THE ACCOUNTS AT 31ST DECEMBER 1988

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of certain tangible fixed assets and investments.

Group accounts

Group accounts are not prepared as Foseco (GB) Limited (formerly Foseco Minsep (UK) Limited) is a wholly owned subsidiary of Foseco plc which is incorporated in Great Britain.

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.

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.

Interest in subsidiaries

Interests in subsidiaries are revalued to be stated at the net asset value of the subsidiary companies, which in the opinion of the directors reflects their value to the company.

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.

FOSECO (GB) LIMITED  
(formerly Foseco Minsep (UK) Limited)

NOTES TO THE ACCOUNTS AT 31ST DECEMBER 1988  
(continued)

1. Accounting policies (continued)

Research and development

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

Deferred taxation

Deferred taxation is provided on the liability method on timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which tax will be payable. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

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.

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 capital repayments outstanding. Rentals paid under operating leases are charged to profit and loss account as incurred.

2. 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 £136,057,000, outside UK £22,498,000 (1987 UK £115,877,000, outside UK £26,880,000).

3. Trading profit

a) This is stated after charging :

	1988 £'000	1987 £'000
Depreciation	4,164	3,832
Management charges paid	-	100
Operating lease rentals - plant and machinery	1,922	1,659
- property	198	194
Auditors' remuneration	128	90
Provision for diminution in value of fixed asset investments	-	152

FOSECO (GB) LIMITED  
(formerly Foseco Minsep (UK) Limited)

NOTES TO THE ACCOUNTS AT 31ST DECEMBER 1988  
(continued)

1. Accounting policies (continued)

3. Trading profit (continued)

b) Directors' remuneration

None of the directors received remuneration from this company or its subsidiaries in either year. However, they were remunerated by Foseco plc and other Foseco Group holding companies, a part of which remuneration relates to their services to this company. Their remuneration is disclosed in the accounts of Foseco plc and in the opinion of the directors it is not practicable to estimate what proportion relates to Foseco (GB) Limited (formerly Foseco Minsep (UK) Limited).

c) Employees

The trading of Foseco (GB) Limited (formerly Foseco Minsep (UK) Limited) is carried on by a number of fellow subsidiary agent companies who employ all personnel. Details of employees and staff costs are therefore disclosed (where applicable) in the accounts of these agent companies.

4. Interest

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Interest payable		
Bank loans and overdrafts	373	406
Other loans wholly repayable within five years	82	138
Other loans not wholly repayable within five years	1	2
Interest payable to other group companies	6,066	6,208
Other	-	29
	<u>6,522</u>	<u>6,783</u>
Interest receivable		
Short term deposits	644	575
Interest receivable from other group companies	164	2,033
Other	387	189
	<u>1,195</u>	<u>2,797</u>
	<u>5,327</u>	<u>3,986</u>

Included in the above is interest of £83,000 (1987 - £114,000) in respect of finance leases.

5. Taxation

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Based on the profit for the year		
Corporation tax at 35% (1987 - 35%)	600	225
Overseas taxation	23	69
Deferred taxation	-	175
	<u>623</u>	<u>469</u>

FOSECO (GB) LIMITED  
(formerly Foseco Minsep (UK) Limited)

NOTES TO THE ACCOUNTS AT 31ST DECEMBER 1988  
(continued)

5. Taxation (continued)

The UK corporation tax for the year is significantly reduced by the effect of ACT surrenders for which no charge is made. If full provision had been made for the potential amount of deferred tax, the tax charge for the year would have been increased by £73,000 (1987 - reduced by £55,000).

6. Tangible fixed assets

	<u>Land and buildings</u> <u>£'000</u>	<u>Plant and machinery</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Cost or valuation :			
At 1st January 1988	14,560	37,833	52,393
Additions	508	4,358	4,866
Disposals	(21)	(888)	(909)
Inter-group transfers	-	195	195
At 31st December 1988	15,047	41,498	56,545
At cost	9,403	41,498	50,901
At professional valuations (between 1962 and 1976)	5,644	-	5,644
Depreciation :			
At 1st January 1988	4,971	23,177	28,148
Provided during the year	442	3,722	4,164
Disposals	(5)	(730)	(735)
Inter-group transfers	-	91	91
At 31st December 1988	5,408	26,260	31,668
Net book value :			
At 31st December 1988	9,639	15,238	24,877
At 31st December 1987	9,589	14,656	24,245

The net book value of land and buildings comprises :

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Freehold	9,404	9,315
Long leasehold	114	132
Short leasehold	121	142
	<u>9,639</u>	<u>9,589</u>

FOSECO (GB) LIMITED  
(formerly Foseco Minsep (UK) Limited)

NOTES TO THE ACCOUNTS AT 31ST DECEMBER 1988  
(continued)

6. Tangible fixed assets (continued)

For the freehold land and buildings included at valuation :

	<u>£'000</u>
Historical cost :	
At 31st December 1988	3,809
Depreciation based on cost :	
At 31st December 1988	1,419
Net historical cost value	<u>2,390</u>

The remaining fixed assets of the company have not been revalued in the accounts but the directors have considered their value and are satisfied that their aggregate value at 31st December 1988 was not less than their net book value shown in the accounts.

Included in the amounts for plant and machinery above are the following amounts relating to leased assets :

	<u>Cost</u> <u>£'000</u>	<u>Accumulated</u> <u>depreciation</u> <u>£'000</u>
At 1st January 1988	5,773	2,848
At 31st December 1988	5,716	3,445
Depreciation provided during the year		<u>667</u>

7. Investments

	<u>Subsidiary</u> <u>Companies</u> <u>£'000</u>	<u>Fellow</u> <u>group</u> <u>Companies</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Share of net assets :			
At 1st January 1988	16,683	272	16,955
Revaluation	21	(8)	13
At 31st December 1988	<u>16,704</u>	<u>264</u>	<u>16,968</u>
Net loans to subsidiaries and fellow group companies :			
At 1st January 1988	7,668	33,999	41,667
Increase/(decrease) in the year	(889)	15,306	14,417
At 31st December 1988	<u>6,779</u>	<u>49,305</u>	<u>56,084</u>
Net Book Value :			
At 31st December 1988	<u>23,483</u>	<u>49,569</u>	<u>73,052</u>
At 1st January 1988	<u>24,351</u>	<u>34,271</u>	<u>58,622</u>

FOSECO (GB) LIMITED  
(formerly Foseco Minsep (UK) Limited)

NOTES TO THE ACCOUNTS AT 31ST DECEMBER 1988  
(continued)

7. Investments (continued)

The historical cost of shares in subsidiary companies is £19,105,000 (1987 £19,105,000).

Investments in fellow group companies are investments in subsidiaries of the ultimate parent company which are not subsidiaries of this company.

Details of the principal subsidiary companies are set out in note 22.

8. Stocks

	1988 £'000	1987 £'000
Raw materials and consumables	6,558	5,823
Work-in-progress	4,077	3,526
Finished goods and goods for sale	11,907	10,112
	<u>22,542</u>	<u>19,461</u>

The directors do not consider that the replacement cost of stocks is materially different from the value shown above.

9. Debtors

	1988 £'000	1987 £'000
Due within one year		
Trade debtors	33,090	28,939
Amounts due from group companies	3,363	10,296
Taxation recoverable	-	7
Other debtors	1,433	1,368
Prepayments and accrued income	1,936	1,678
	<u>39,822</u>	<u>42,288</u>

10. Other creditors

	1988 £'000	1987 £'000
Due within one year		
Trade creditors	20,755	18,363
Amounts owed to group companies	10,209	3,592
Corporate taxation	848	225
Other creditors	789	1,090
Taxation and social security	2,931	2,959
Accruals	6,984	4,961
Dividend payable	3,250	3,000
	<u>45,766</u>	<u>34,190</u>

11. Group creditors : amounts falling due after more than one year

The amounts due to group and subsidiary companies have no fixed date of repayment. Of the amounts due to group companies £7,923,000 is interest free and £65,699,000 bears interest, normally at 1% above bank base rate. The amounts due to subsidiary companies are interest free.

ROSECO (GB) LIMITED  
(formerly Roseco Minsep (UK) Limited)

NOTES TO THE ACCOUNTS 31ST DECEMBER 1988  
(continued)

12. Other loans

Other loans comprise obligations under finance leases which are repayable as follows :

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
between one and two years	466	608
between two and five years	206	637
after five years	26	40
	<u>698</u>	<u>1,285</u>

13. Deferred taxation

	<u>Provided</u>		<u>Unprovided</u>	
	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Accelerated capital allowances	1,707	1,800	1,114	1,000
Other timing differences	(462)	(195)	-	(5)
	<u>1,245</u>	<u>1,605</u>	<u>1,114</u>	<u>995</u>
Advance corporation tax	(890)	(1,250)	(796)	(750)
	<u>355</u>	<u>355</u>	<u>318</u>	<u>245</u>

14. Share capital

	<u>1988 and 1987</u>	<u>1988 and 1987</u>
	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>
	<u>£'000</u>	<u>£'000</u>
Ordinary shares of £1 each	960	900

15. Reserves

	<u>Revaluation reserve</u>	<u>Profit and loss account</u>
	<u>£'000</u>	<u>£'000</u>
At 1st January 1988	1,835	4,755
Profit for the year	-	156
Goodwill arising in the year	-	(38)
At 31st December 1988	<u>1,835</u>	<u>4,873</u>

FOSECO (GB) LIMITED  
(formerly Foseco Minsep (UK) Limited)

NOTES TO THE ACCOUNTS AT 31ST DECEMBER 1988  
(continued)

16. Capital commitments

Amounts contracted for but not provided in the accounts amounted to £451,000 (1987 - £475,000). Amounts authorised by the directors but not contracted for were £944,000 (1987 - £990,000).

17. Contingent liabilities

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Bills discounted	-	1
Guarantees and other contingent liabilities	98	219

18. (Decrease)/increase in working capital

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Stocks and work-in-progress	3,039	(959)
Debtors	4,467	2,561
Amounts owing to and from holding company and fellow subsidiaries	(13,550)	3,320
Creditors	(4,071)	(3,586)
	<u>(10,115)</u>	<u>1,336</u>

19. Operating leases

	<u>Property</u> <u>leases</u>		<u>Plant and</u> <u>machinery</u>	
	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Annual rentals payable on non cancellable leases expiring after five years	98	122	1	8
in the second to fifth years inclusive	43	75	1,465	1,070
within one year	58	-	710	530
	<u>199</u>	<u>197</u>	<u>2,176</u>	<u>1,608</u>

20. Pension commitments

The company bears the cost of pension contributions to a number of self-administered defined-benefit pension schemes for the employees of the agent companies.

The company's contributions are fixed periodically following actuarial advice.



FOSECO (GB) LIMITED  
(formerly Foseco Minsep (UK) Limited)

NOTES TO THE ACCOUNTS AT 31ST DECEMBER 1988

21. Acquisitions

	<u>1988</u> <u>£'000</u>
Net assets acquired	
Fixed assets	30
Working capital	27
	<hr/>
	57
Goodwill	38
	<hr/>
Consideration	95
	<hr/>

22. Principal subsidiary companies

The company's subsidiaries are in the business of specialty chemicals, including metallurgical chemicals, construction and mining chemicals, abrasive and diamond products and other interests. The principal subsidiaries are :

L M Van Moppes & Sons Limited  
Holemasters Limited (disposed of subsequent to 31st December 1988)  
Universal Grinding Wheel Co Limited  
Universal Abrasives Limited  
English Abrasives & Chemicals Limited  
Van Moppes IDP Limited  
Celmac Limited  
Fosroc Limited  
Foseco Holding International Limited and its subsidiary :  
    Foseco (FS) Limited  
Fosmin Industries Limited and its subsidiaries :  
    Midland Oil Refineries Limited  
    Fospur Limited

The company owns all the ordinary share capital of the subsidiaries which are all incorporated in Great Britain.

23. Ultimate holding company

The company's ultimate holding company is Foseco plc (formerly Foseco Minsep plc), a company incorporated in Great Britain.