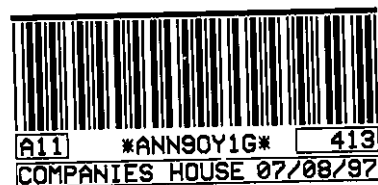


**IMPERIAL SMELTING PROCESSES LIMITED**

**ANNUAL REPORT FOR THE YEAR 31 DECEMBER 1996**

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Registered in England Number 221805



# **Imperial Smelting Processes Limited**

## **DIRECTORS AND ADVISERS**

### **Executive Directors**

Mr T W Friese-Greene  
Mr A C Emery  
Mr J F Castle  
Mr K Erlam  
Mr R W Lee  
Mr J F O'Reilly  
Mr D J Bishop  
Mr J E Rickus

### **Secretary and Registered Office**

Mr G C Lloyd-Davis  
6 St James's Square  
LONDON  
SW1Y 4LD

### **Auditors**

Coopers & Lybrand  
Bull Wharf  
Redcliff Street  
BRISTOL  
BS1 6QR

### **Bankers**

Barclays Bank PLC  
40 Corn Street  
BRISTOL  
BS99 7AJ

# Imperial Smelting Processes Limited

## Notice of Meeting

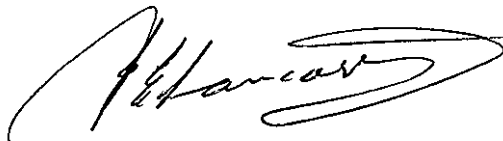
NOTICE IS HEREBY GIVEN that the sixty-ninth Annual General Meeting of Imperial Smelting Processes Limited will be held at Castlemead, Lower Castle Street, Bristol on 17 July 1997 for the following purposes:

- 1 To receive and, if approved, adopt the directors' report and statement of accounts for the year ended 31 December 1996.
- 2 To transact the other ordinary business of the company.
- 3 To appoint auditors.

## Note

A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on his behalf and the proxy need not be a Member of the company.

By Order of the Board



J E Lancaster  
Assistant Secretary

6 St James's Square  
London  
SW1Y 4LD

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## Consent to short notice

We, the undersigned, being registered as the holders of the entire issued Share Capital of the above company, HEREBY CONSENT to the Annual General Meeting being held on the date and at the time and place set forth and we hereby waive all rights to other notice of such Meeting notwithstanding that less than 21 days' notice has been given of the Meeting.

For and on behalf of:  
RTZ TECHNICAL SERVICES LIMITED



For and on behalf of:  
RTZ NOMINEES LIMITED



# Imperial Smelting Processes Limited

## Directors' Report for the Year Ended 31 December 1996

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

### Principal Activities and Business Review

The activities of the Company are to provide research analytical and metallurgical laboratory services both on its own behalf and for companies within and outside the RTZ Group; to undertake engineering projects and to promote the sale of the Imperial Smelting Process whilst providing technical services for existing and potential users of the process.

Demand for the research and analytical services provided by the company through its Anamet Services Laboratory increased in 1996 and was the main reason for the increase in turnover. Total costs also increased but to a lesser extent leading to an increased operating profit of £178 000.

The profit and loss account for the year is set out on page 6.

### Dividends

The directors recommend that a dividend of £100 000 (1995 - Nil) be paid and that the balance of the profit for the financial year of £51 580 be transferred to reserves.

### Changes in Fixed Assets

These are shown in note 6 to the accounts.

### Directors

The directors of the company on 31 December 1996 are shown on page 1 of this report.

Mr T Friese-Greene joined the board on 6 June 1996 and appointed Managing Director with effect from 15 June 1996.

The interests of the directors, who are not directors of the company's holding company, in shares of The RTZ Corporation PLC at 31 December 1996 are as follows:

	Number of ordinary shares of 10p each		Number of options for ordinary shares of 10p each	
	31 Dec 1996	1 Jan 1996	Granted in 1996	Exercised in 1996
Mr J F Castle *	8379	14622	-	-
Mr A C Emery *	9553	4694	-	3322
Mr R W Lee	3997	4106	-	3353

\* These directors also have an interest in a trust fund containing 168146 RTZ shares (1 January - 72881 RTZ shares) as potential beneficiaries, together with other RTZ Group employees, of the RTZ Share Ownership Trust.

# **Imperial Smelting Processes Limited**

## **Statement of Directors Responsibilities**

The directors are required by UK company law to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. In preparing the accounts, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgement and estimates have been made. Applicable accounting standards have been followed. The directors are responsible for maintaining proper accounting records, in accordance with the Companies Act 1985, for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

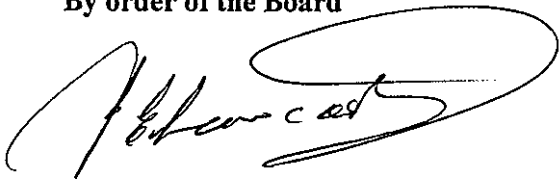
## **Policy regarding payment of trade creditors**

It is the company's policy to abide by terms of payment agreed with suppliers. In many cases the terms of payment are as stated in the supplier's own literature. In other cases the terms of payment are determined by specific written or oral agreement. The company does not follow any published code or standard on payment practice.

## **Auditors**

A resolution to reappoint Coopers & Lybrand as the company's auditors will be proposed at the forthcoming annual general meeting.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'J. Edwards', is written over a large, loopy oval shape.

Assistant Secretary

# **Imperial Smelting Processes Limited**

## **Report of the Auditors to the Members of Imperial Smelting Processes Limited**

We have audited the financial statements on pages 6 to 14.

### **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.

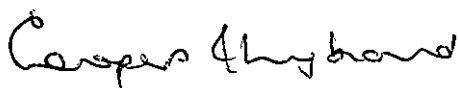
### **Basis of Opinion**

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 at 31 December 1996 and of its profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**  
**Chartered Accountants and Registered Auditors**

**Bristol**

**17 JUL 1997**

# Imperial Smelting Processes Limited

## Profit and Loss Account for the Year Ended 31 December 1996

	Notes	1996 £	1995 £
<b>Turnover</b>	2	2100 255	1800 060
Cost of sales		<u>(1197 733)</u>	<u>(1168 640)</u>
Gross profit		902 522	631 420
Other operating income		175 178	161 262
Other operating expenses		<u>(899 766)</u>	<u>(781 390)</u>
Operating profit		177 934	11 292
Interest receivable		<u>18 437</u>	<u>54 563</u>
<b>Profit on ordinary activities before taxation</b>	4	196 371	65 855
Taxation	5	<u>(44 791)</u>	<u>(23 654)</u>
<b>Profit for the financial year</b>		151 580	42 201
Proposed Dividend		<u>(100 000)</u>	<u>-</u>
		51 580	42 201
Retained profits brought forward		173 574	131 373
Retained profits carried forward		<u><u>225 154</u></u>	<u><u>173 574</u></u>

Turnover, cost of sales, other operating income and expenses and the profit on ordinary activities before taxation are all wholly derived from continuing operations.

The Company has no recognised gains or losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.


There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

# Imperial Smelting Processes Limited

## Balance Sheet at 31 December 1996

	Notes	1996 £	1995 £
<b>Fixed assets</b>			
Tangible assets	6	556 842	449 359
Investments	7	<u>2</u>	<u>2</u>
		<u>556 844</u>	<u>449 361</u>
<b>Current assets</b>			
Stocks	8	-	15 597
Debtors	9	307 012	66 898
Cash at bank and in hand		<u>313 411</u>	<u>597 297</u>
		<u>620 423</u>	<u>679 792</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(686 864)</u>	<u>(726 413)</u>
<b>Net current liabilities</b>		<u>(66 441)</u>	<u>(46 621)</u>
<b>Total assets less current liabilities</b>		490 403	402 740
<b>Provisions for liabilities and charges</b>	11	<u>(165 249)</u>	<u>(129 166)</u>
<b>Net Assets</b>		<u><u>325 154</u></u>	<u><u>273 574</u></u>
<b>Capital and reserves</b>			
Called-up share capital	12	100 000	100 000
Profit and loss account		<u>225 154</u>	<u>173 574</u>
<b>Equity Shareholders' funds</b>	13	<u><u>325 154</u></u>	<u><u>273 574</u></u>

The financial statements on pages 6 to 14 were approved by the board of directors 17 July 1997 and were signed on its behalf by:



T W Friese-Greene



# **Imperial Smelting Processes Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 1996**

### **1 Principal Accounting Policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been consistently applied is set out below.

#### **Basis of Accounting**

The financial statements have been prepared in accordance with the historical cost convention.

#### **Research and Development**

Research and development expenditure is written off in the year in which it is incurred.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Short leasehold property	11-50
Fixtures and fittings	20
Computer equipment	33.3

#### **Work in Progress**

Work in progress is stated at the recoverable cost of staff time and consumables, incurred on chargeable projects, which has not been invoiced at the year end. No element of attributable profit is included.

#### **Foreign Currencies**

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

#### **Turnover**

Turnover is the amount derived from the provision of goods and services falling within the company's research and engineering activities after deduction of value added tax.

#### **Deferred Taxation**

Tax deferred is accounted for in respect of all material timing differences to the extent that it is probable that a liability will crystallise.

# Imperial Smelting Processes Limited

## Group Accounts

The company does not prepare group accounts as it is a wholly owned subsidiary of RTZ Technical Services Limited, a company registered within an EC member state. The accounts of the company are included in the group accounts prepared by the RTZ Corporation PLC, a company registered in England and Wales, which are prepared to the same date and are audited.

## 2 Turnover

	1996 £	1995 £
<b>Class of business</b>		
Research	2027 014	1652 099
Engineering	73 241	147 961
	<u>2100 255</u>	<u>1800 060</u>
<b>Geographical segment</b>		
UK	279 580	278 599
Other EC countries	1336 145	898 001
Other countries	484 530	623 460
	<u>2100 255</u>	<u>1800 060</u>

## 3 Directors Emoluments

There were no directors emoluments paid by the Company during the year (1995 - NIL).

## 4 Profit on Ordinary Activities Before Taxation

	1996 £	1995 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year:		
Tangible fixed assets	195 938	149 821
Auditors' remuneration - Audit Fees	4 357	3 773
- Other	2 773	2 844
Exchange loss/(Gain)	(9 431)	(925)
Hire of other assets under operating lease	37 927	30 884
	<u>37 927</u>	<u>30 884</u>

## 5 Taxation

	1996 £	1995 £
United Kingdom corporation tax at 33% (1995 - 33%)		
Current	27 000	(1 713)
Deferred	36 083	23 565
Under/(Over) provision in respect of prior years:		
Current	(18 292)	1 802
	<u>44 791</u>	<u>23 654</u>

# Imperial Smelting Processes Limited

## 6 Tangible Fixed Assets

	Motor Vehicles £	Short Leasehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 January 1996	9 929	456 883	1233 430	1700 242
Currency translation adjustment	(917)	-	(8 173)	(9 090)
Additions	-	4 318	320 246	324 564
Disposals	-	-	(127 099)	(127 099)
<b>At 31 December 1996</b>	<u>9 012</u>	<u>461 201</u>	<u>1418 404</u>	<u>1888 617</u>
<b>Depreciation</b>				
At 1 January 1996	1 393	393 329	856 161	1250 883
Currency translation adjustment	(129)	-	(1 007)	(1 136)
Charge for the year	1 802	48 595	145 541	195 938
Eliminated in respect of disposals	-	-	(113 910)	(113 910)
<b>At 31 December 1996</b>	<u>3 066</u>	<u>441 924</u>	<u>886 785</u>	<u>1331 775</u>
<b>Net book value</b>				
<b>At 31 December 1996</b>	<u>5 946</u>	<u>19 277</u>	<u>531 619</u>	<u>556 842</u>
<b>Net book value</b>				
<b>At 31 December 1995</b>	<u>8 536</u>	<u>63554</u>	<u>377 269</u>	<u>449 359</u>

## 7 Fixed Asset Investments

Interests in Group undertakings:

	1996 £	1995 £
Cost or valuation	6 156	6 156
Amounts written off	(6 154)	(6 154)
<b>Net book value</b>	<u>2</u>	<u>2</u>

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held
Anamet Services Limited	England	2 ordinary shares of £1 each	100%

Anamet Services Limited provides analytical, mineralogical and metallurgical laboratory services. Currently this company is not trading.

# Imperial Smelting Processes Limited

## Associated Undertakings

Name of undertaking, and country of incorporation	Description of shares held where applicable	Proportion of nominal value of ordinary shares held/share of undertaking	Accounting year end
RTZ Consultores Limitada, Chile	US\$5000 Equity Capital	50%	31 December

The principal activity of RTZ Consultores Limitada is the provision of consulting services in mining.

## 8 Stocks

	1996 £	1995 £
Work-in-Progress	-	15 597

## 9 Debtors

	1996 £	1995 £
<b>Amounts falling due within one year</b>		
Trade debtors	56 713	36 782
Prepayments and accrued income	43 778	27 638
Amount due from parent company	198 450	-
Withholding tax recoverable	1 753	-
Sundry Debtors	6 318	765
Corporation Tax 1995 recoverable by way of Group Relief	-	1 713
	<u>307 012</u>	<u>66 898</u>

## 10 Creditors: Amounts Falling Due within One Year

	1996 £	1995 £
<b>Amounts owed to group undertakings:</b>		
Parent company and fellow subsidiaries	308 010	379 699
Subsidiary	2 932	2 560
Corporation Tax	27 000	-
Accruals and deferred income	248 922	344 154
Proposed Dividend	100 000	-
	<u>686 864</u>	<u>726 413</u>

# Imperial Smelting Processes Limited

## 11 Provisions for Liabilities and Charges

	Deferred taxation (see below) £
At 1 January 1996	129 166
Provided in year	36 083
At 31 December 1996	<u>165 249</u>

### Deferred Taxation

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

	Amount provided		Total potential liability	
	1996	1995	1996	1995
	£	£	£	£
Tax effect of timing differences because of: Excess of tax allowances over depreciation	<u>165 249</u>	<u>129 166</u>	<u>165 249</u>	<u>129 166</u>

## 12 Called-Up Share Capital

	1996 £	1995 £
<b>Authorised</b> 300 000 ordinary shares of 50p each	<u>150 000</u>	<u>150 000</u>
<b>Allotted, called up and fully paid</b> 200 000 (1995; 200 000) ordinary shares of 50p each	<u>100 000</u>	<u>100 000</u>

## Imperial Smelting Processes Limited

### 13 Reconciliation of Movement in Shareholders' Funds

	1996 £	1995 £
Profit for the financial year	151 580	42 201
Dividends	(100 000)	-
	<u>51 580</u>	<u>42 201</u>
Opening shareholders' funds	273 574	231 373
Closing shareholders' funds	<u>325 154</u>	<u>273 574</u>

### 14 Cash Flow Statement

A cash flow statement is not included in these accounts because the Company is a wholly-owned subsidiary undertaking of the RTZ Corporation PLC which has informed the Company of its intention to prepare a consolidated cash flow statement, including the cash flow of the Company, in its 1996 accounts in accordance with Financial Reporting Standard No 1.

### 15 Financial Commitments

At 31 December 1996 the company had annual commitments under non-cancellable operating leases as follows:

	1996 Land and Buildings £	1995 Land and Buildings £
Expiring between two and five years inclusive	<u>22 100</u>	<u>22 100</u>

### 16 Contingent Liabilities

Under a Group banking facility bank balances of £304 195 (1995 - £586 507) form part of an offset arrangement which may be used to settle liabilities of other Group companies party to the facility.

### 17 Transactions with Related Parties

The company has taken advantage of the exemption permitted by Financial Reporting Standard No 8, available to subsidiary undertakings where 90% or more of the voting rights are controlled within the group and where the consolidated financial statements of that group are publicly available, not to disclose transactions with other group companies within these accounts.

## **Imperial Smelting Processes Limited**

### **18            Controlling Parties**

The company is controlled by RTZ Technical Services Ltd which owns 100% of the issued share capital. The RTZ Corporation PLC, registered in England and Wales, is the ultimate parent company and also its ultimate controlling party. Copies of the ultimate parent company's financial statements may be obtained from its registered office at 6 St James's Square, London SW1Y 4LD.