

FOSECO INTERNATIONAL LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1995
REGISTERED NO: 468147



FOSECO INTERNATIONAL LIMITED

DIRECTORS REPORT

The directors present their report and accounts for the year ended 31 December 1995.

Results and Dividends

The Company's loss for the year after taxation amounted to £417,000 (1994 loss £2,614,000).

The directors do not recommend the payment of any dividend (1994 : £Nil) and the loss of £417,000 has been offset against reserves.

Review of the Business

The Company's principal activity during the year was the development and licensing of chemical products, primarily for use in metal melting industries.

Fixed Assets

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

Research and Development

The Company continues to increase its commitment in the area of research and development in terms of both existing product lines and a range of new products.

Future Developments

The directors consider that the business of the Company is unlikely to change in the foreseeable future.

Directors and their Interests

J Briggs	(Resigned 1 January 1996)
A M Chater	
D E Bryant	(Resigned 1 January 1996)
K A Cattell	(Resigned 1 January 1996)
M B Dearden	
W E I Galloway	(Appointed 8 June 1995)
D W Hobbins	
M J Issott	(Resigned 1 January 1996)
M B Jones	
G D T Owen	(Resigned 8 June 1995)
A Sleight	(Resigned 1 January 1996)
D M Spence	(Resigned 1 January 1996)

FOSECO INTERNATIONAL LIMITED
DIRECTORS' REPORT (continued)

Directors and their Interests (continued)

In addition G Smith and V C Watton were appointed directors on 1 January 1996.

No director had any interest in the shares of the Company. M B Dearden is also a director of Burmah Castrol plc, the ultimate parent undertaking, and his interests in the shares of that company are disclosed in its accounts.

The interests of the other directors in the shares of Burmah Castrol plc were :-

	Ordinary shares of £1 each		Options to subscribe for ordinary shares of £1 each			
	As at 1.1.95*	As at 31.12.95	As at 1.1.95*	Options granted	Options exercised/ cancelled	As at 31.12.95
J Briggs	Nil	Nil	19,739	7,244	Nil	26,983
A M Chater	Nil	Nil	7,804	4,650	Nil	12,454
D E Bryant	Nil	Nil	Nil	Nil	Nil	Nil
K A Cattell	Nil	Nil	9,497	2,083	9,497	2,083
W E I Galloway	Nil	Nil	31,013	10,397	Nil	41,410
D W Hobbins	Nil	Nil	2,634	12,501	Nil	15,135
M J Issott	Nil	Nil	10,993	3,453	Nil	14,446
M B Jones	Nil	Nil	13,495	2,109	Nil	15,604
A Sleight	Nil	Nil	11,468	4,429	Nil	15,897
D M Spence	Nil	Nil	13,847	9,031	Nil	22,878

* Or at the date of appointment, whichever is later

No director was interested during or at the end of the year in any contract which was significant in relation to the Company's business.

General Information

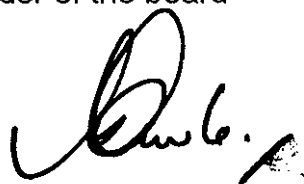
Burmah Castrol plc maintains a policy of liability insurance for the Burmah Castrol group's officers.

FOSECO INTERNATIONAL LIMITED
DIRECTORS' REPORT (continued)

Auditors

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting. As permitted by s386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually will also be put to the members.

By order of the board



Company Secretary

285 Long Acre
Nechells
Birmingham
B7 5JR

13TH JUNE. 1996

FOSECO INTERNATIONAL LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS TO THE MEMBERS OF FOSECO INTERNATIONAL LIMITED

We have audited the accounts on pages 6 to 17 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8,9 and 10.

Respective Responsibilities of Directors and Auditors

As described on page 4 the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


ERNST & YOUNG
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
BIRMINGHAM

10 July 1996

FOSECO INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

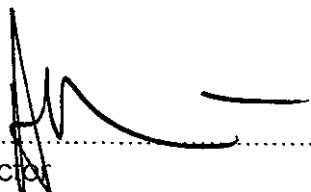
<u>Notes</u>	<u>Continuing Operations</u>	
	1995 £'000	1994 £'000
3 Turnover	456	101
Cost of sales	(345)	(62)
Gross profit	111	39
4 Other operating income	11,061	9,459
Distribution costs	(84)	-
Administrative expenses	(12,232)	(13,294)
5 Operating loss	(1,144)	(3,796)
8 Income from shares in group undertakings	463	-
9 Net interest receivable	18	35
Loss on ordinary activities before tax	(663)	(3,761)
10 Tax credit on loss on ordinary activities	236	1,147
21 Loss on ordinary activities after taxation and transfer to reserves	(427)	(2,614)

The Company has no recognised gains or losses other than the loss for the year.

FOSECO INTERNATIONAL LIMITED
BALANCE SHEET AT 31 DECEMBER 1995

Notes	1995 £'000	1994 £'000
Fixed assets:		
11 Intangible assets	1,513	30
12 Tangible assets	2,004	2,063
13 Investment in subsidiary undertakings	1	1
	<u>3,518</u>	<u>2,094</u>
Current assets:		
14 Stocks	56	177
15 Debtors	6,052	6,440
Cash and short term deposits	448	1,112
	<u>6,556</u>	<u>7,729</u>
16 Creditors: amounts falling due within one year	<u>10,877</u>	<u>10,208</u>
Net current liabilities	<u>(4,321)</u>	<u>(2,479)</u>
Total assets less current liabilities	(803)	(385)
Creditors: amounts falling due after more than one year:		
17 Provision for liabilities	9	-
	<u>(812)</u>	<u>(385)</u>
Capital and reserves:		
19 Called-up share capital	500	500
20 Profit and loss account	<u>(1,312)</u>	<u>(885)</u>
	<u>(812)</u>	<u>(385)</u>

Approved by the board of directors on 13th June 1996
and signed on their behalf


.....
Director

FOSECO INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS

1 Parent undertaking

These accounts present information about the Company as an individual undertaking and not about its group.

The Company is a wholly-owned subsidiary undertaking of Burmah Castrol plc, registered in Scotland. The Company's accounts are incorporated into the consolidated accounts of Burmah Castrol plc, which are prepared in accordance with UK legislation and include a consolidated cash flow statement.

Group accounts are, therefore, not required by Section 288 (1) of the Companies Act 1985 and the Company is, also, exempt from the requirements of Financial Reporting Statement No. 1 - 'cash flow statements'.

The report and accounts of Burmah Castrol plc may be obtained from the Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh EH1 2EB. This is the parent undertaking of the smallest and largest group of which the Company is a member and for which group accounts are prepared.

2 Accounting policies

a Fundamental accounting concept

The accounts have been prepared under the going concern concept because the Company's main creditors (the parent undertaking and fellow subsidiary undertakings) have agreed not to recall the amounts advanced to the Company until all other creditors have been paid.

b Accounting convention

The accounts are prepared in accordance with applicable accounting standards under the historical cost convention.

FOSECO INTERNATIONAL LIMITED
NOTES ON THE ACCOUNTS (continued)

2 Accounting policies (continued)

c Depreciation

Depreciation is provided on all tangible fixed assets, commencing in the year following acquisition, at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold property - 2.50%

Plant, equipment and vehicles - various rates between 10% and 50%.

d Stocks

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

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

e Research and development

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

f Deferred taxation

Deferred taxation is provided on the liability method on timing differences, at the rate at which it is anticipated that the tax will be paid, except for those which are not expected to reverse in the foreseeable future.

g 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.

FOSECO INTERNATIONAL LIMITED
NOTES ON THE ACCOUNTS (continued)

2 Accounting policies (continued)

h Company pensions

The Company is party to Group pension schemes which require contributions to be made to separately administered funds. Contributions to the schemes are paid in accordance with the Group's funding policy for pensions and are charged to the profit and loss account as incurred.

i Leasing commitments

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

j 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 the profit and loss account in the period to which they relate.

k Intangible fixed assets

Intangible fixed assets are stated at cost, less accumulated amortisation.

3 Turnover

Turnover is stated at the value of goods and services provided to customers, net of attributable taxes.

The destination of all the company's turnover is Asia.

4 Other operating income

Royalties receivable
 From fellow subsidiary and associated
 undertakings

1995	1994
£'000	£'000

11,061	9,459
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FOSECO INTERNATIONAL LIMITED
NOTES ON THE ACCOUNTS (continued)

	1995 £'000	1994 £'000
5 Operating Loss		
Operating loss is stated after charging:		
Amortisation of intangible fixed assets	15	15
Depreciation of tangible fixed assets	705	675
Directors' remuneration (note 7)	1,314	746
Hire of plant and machinery	-	-
Auditors' remuneration	28	26
Staff costs (note 6)	6,156	6,329
Reorganisation costs	-	819
	<u>1995 No.</u>	<u>1994 No.</u>

6 Employees

The average weekly number of employees during the year was made up as follows:

Management and technical	<u>151</u>	<u>145</u>
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Staff costs during the year amounted to:

	1995 £'000	1994 £'000
Wages and salaries	5,014	5,148
Social Security costs	510	340
Other pension costs	632	841
	<u>6,156</u>	<u>6,329</u>

7 Directors' remuneration

Directors remuneration consists of:

Compensation for loss of office	257	99
Other emoluments (including pension contributions)	1,057	647
	<u>1,314</u>	<u>746</u>

FOSECO INTERNATIONAL LIMITED
NOTES ON THE ACCOUNTS (continued)

	1995 No.	1994 No.
7 Directors' remuneration (continued)		
The emoluments of the Chairman were £NIL (1994 : £NIL).		
Emoluments of the highest paid director, excluding pension contributions, were £136,296 (1994 : £140,037). Total directors' emoluments, excluding pension contributions, fell within the ranges below:		
£Nil-£5000	4	2
£60,001-£65,000	-	1
£70,001-£75,000	-	1
£75,001-£80,000	-	1
£80,001-£85,000	1	-
£85,001-£90,000	1	-
£90,001-£95,000	1	1
£105,001-£110,000	1	-
£110,001-£115,000	1	1
£120,001-£125,000	1	-
£130,001-£135,000	1	-
£135,001-£140,000	1	-
£140,001-£145,000	-	1
	1995 £'000	1994 £'000
8 Income from shares in group undertakings		
Dividends from subsidiary undertaking	463	-
9 Interest receivable/(payable)		
Bank interest receivable	4	4
Interest receivable from other group undertakings	19	34
	23	38
Bank interest payable	(1)	(3)
Interest payable to other group undertakings	(4)	-
	18	35

FOSECO INTERNATIONAL LIMITED
NOTES ON THE ACCOUNTS (continued)

10	Tax credit on loss on ordinary activities	1995	1994
		£'000	£'000
	The tax credit in the Profit and Loss Account is made up as follows:		
	Current tax:		
	Corporation tax at 33% (1994; 33%)	(164)	(861)
	Relief for overseas tax	(444)	(383)
		(608)	(1,244)
	Prior years adjustment	(65)	(292)
	Deferred taxation	-	-
	Overseas tax	437	389
	Tax credit	(236)	(1,147)
	Deferred taxation which has not been provided amounted to:	Balance	Balance
		31.12.95	31.12.94
		£'000	£'000
	Accelerated capital allowances	(119)	(125)
11	Intangible fixed assets		
		Technical know-how	
		£'000	
	Cost:		
	As at 1 January 1995	60	
	Additions	1,498	
	As at 31 December 1995	1,558	
	Amortisation:		
	As at 1 January 1995	30	
	Charge for the year	15	
	As at 31 December 1995	45	
	Net book value as at 31 December 1995	1,513	
	Net book value as at 31 December 1994	30	

FOSECO INTERNATIONAL LIMITED
NOTES ON THE ACCOUNTS (continued)

12	Tangible fixed assets	Freehold Property £'000	Plant, Equipment and Vehicles £'000	Total £'000
	Cost or valuation			
	At 1 January 1995	305	5,829	6,134
	Additions	-	743	743
	Revaluation	(25)	-	(25)
	Disposals	-	(497)	(497)
	At 31 December 1995	280	6,075	6,355
	Depreciation:			
	At 1 January 1995	15	4,056	4,071
	Provided in year	7	698	705
	Inter-group transfers	-	5	5
	Revaluation	(15)	-	(15)
	Disposals	-	(415)	(415)
	At 31 December 1995	7	4,344	4,351
	Net book amounts:			
	At 31 December 1995	273	1,731	2,004
	At 1 January 1995	290	1,773	2,063

The freehold property was valued at an open market value for existing use by Richard Ellis & Co. The net book value on a historical cost basis of freehold property included at valuation at 31 December 1995 was as follows :-

	£'000
Cost	305
Accumulated Depreciation	23
	<u>282</u>

FOSECO INTERNATIONAL LIMITED
NOTES ON THE ACCOUNTS (continued)

13 Investment in subsidiary undertakings

	1995 £'000	1994 £'000
Subsidiary undertakings:		
Shares at cost	1	1

Name of undertaking	Holding	Proportion held
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Subsidiary undertakings:

Foseco International Exports Limited	Ordinary shares	100%
Pathia Limited	Ordinary shares	100%

The above undertakings are registered in England and are involved in the export of the Group's products and the management of international operations.

In the opinion of the directors, the aggregate value of the investments in subsidiary undertakings is not less than the net book value at 31 December 1995.

14 Stocks

Stock consists wholly of machine parts and equipment for resale to group undertakings.

15 Debtors

	1995 £'000	1994 £'000
Trade debtors	34	12
Amounts owed by fellow subsidiary undertakings	4,905	4,227
Corporation tax	610	1,246
Prepayments	503	823
Other debtors	-	132
	6,052	6,440

FOSECO INTERNATIONAL LIMITED
NOTES ON THE ACCOUNTS (continued)

16	Creditors: amounts falling due within one year	1995 £'000	1994 £'000
	Bank overdraft	140	-
	Trade creditors	594	402
	Amounts owed to parent undertaking	4,586	3,750
	Amounts owed to fellow subsidiary undertakings	1,662	3,335
	Amount owed to subsidiary undertaking	155	185
	Other taxes and social security	439	133
	Accruals	3,301	2,403
		<u>10,877</u>	<u>10,208</u>

17	Creditors: amounts falling due after more than one year	1995 £'000	1994 £000
	Provision for Social Legislation Liability	<u>9</u>	<u>-</u>

18 **Company pensions**

The Company is party to Group pension schemes which are designed to provide retirement benefits based on final salaries. The assets of the schemes are held separately from those of the Company and the Group. Qualified consulting actuaries carry out actuarial valuations and assessments of the schemes at least once in every three years. The most recent actuarial valuations were carried out at 6 April 1995, and details of these are disclosed in the Burmah Castrol plc company accounts for the year ended 31 December 1995.

The charge to profit and loss in these accounts represents contributions payable to the schemes in accordance with the Group's funding policy.

19	Called-up share capital	1995 £'s	1994 £'s
	Authorised share capital:		
	500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
	Allotted, issued and fully paid:		
	500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

FOSECO INTERNATIONAL LIMITED
NOTES ON THE ACCOUNTS (continued)

20	Profit and Loss account	1995	1994
		£'000	£'000
	Balance at 1 January	(885)	1,729
	Loss for the year	(427)	(2,614)
		<hr/>	<hr/>
	Balance at 31 December	(1,312)	(885)
 21	 Reconciliation of movements in shareholders' funds		
	Loss for the year	(427)	(2,614)
	Opening shareholders' funds	(385)	2,229
		<hr/>	<hr/>
	Closing shareholders' funds	(812)	(385)