Burmah Castrol plc

5098

Contents

Burmah Castrol is a strongly focused and successful international manufacturer and marketer of specialised oil and chemical products, operating principally through three separate business groups – Lubricants, Chemicals and Fuels. The company's widely recognised brand products are marketed around the world to both industrial and consumer end users. In addition, the company is joint operator of the world's largest liquefied natural gas transportation project and has a number of investments in energy companies in Pakistan. Burmah Castrol has operations in over 40 countries and employs some 25,000 people worldwide.

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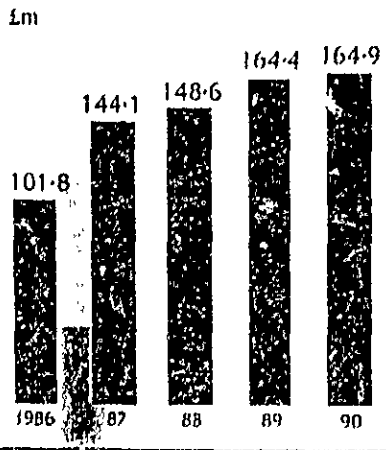
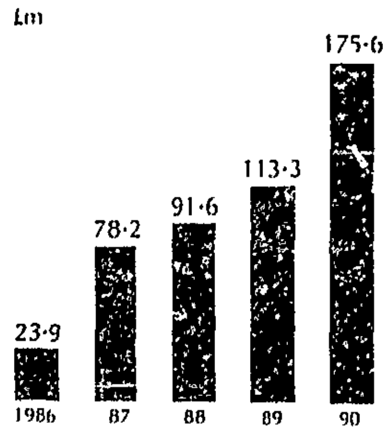
COMPANIES HOUSE
27 JUN 1991

Profit before tax



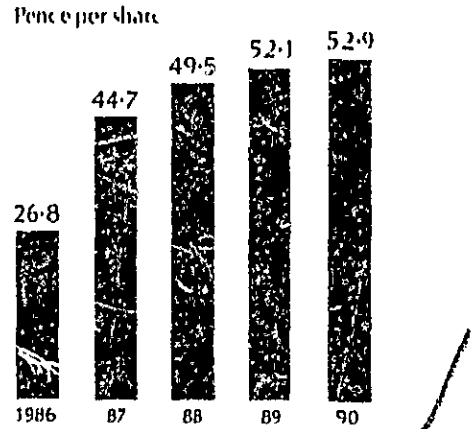
Profit before tax has risen 62 per cent since 1986.

Profit attributable to shareholders



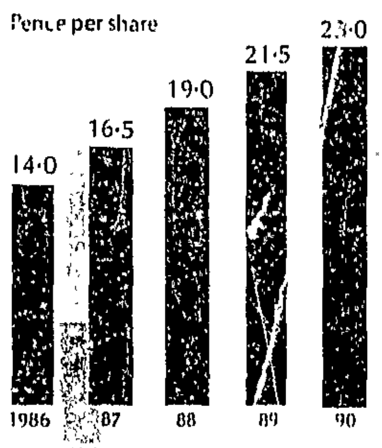
The 55 per cent increase over 1989 includes the £75 million Premier sale gain.

Earnings per share



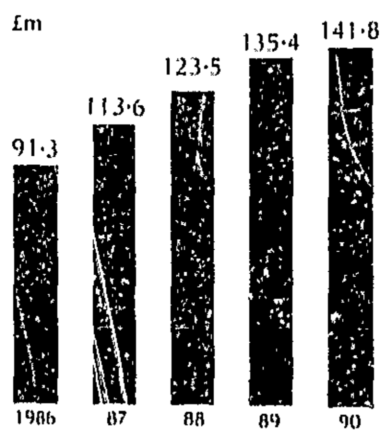
Earnings per share have nearly doubled since 1986.

Dividends per share



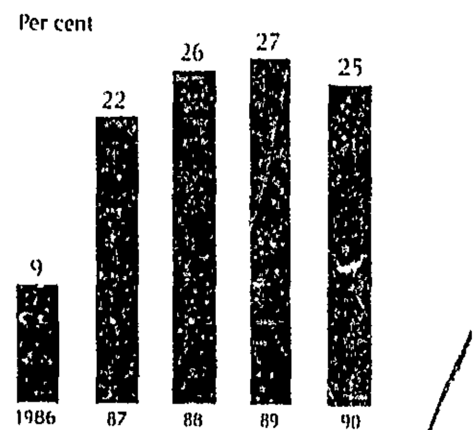
Dividends have increased to follow the trend in earnings growth over the longer term.

Cash generated



Cash generated rose by five per cent in 1990.

Net gearing



Net capital gearing would have stood at 60 per cent if all Foseco shares had been paid for by year end.

Members of the board

Burmah Castrol's chairman and chief executive Lawrence M Urquhart (right) and managing director Jonathan M Fry, photographed at the UK launch of Castrol GTX 2.

Lawrence Urquhart was appointed chairman in July 1990, having held the position of chief executive since 1988. Prior to that he had been managing director since 1985 and had spent three years as chief executive of Castrol. Mr Urquhart, who is 55, joined the company in 1977 as finance director. He is a non-executive director of Premier Consolidated Oilfields plc and a member of the South Western Regional Health Authority.

Jonathan Fry was appointed managing director in July 1990, having been a member of the board since 1984. He has also been chief executive of Castrol since 1987. Mr Fry, who is 53, joined the company as planning director in 1978 and, from its inception in 1981, was chief executive of the Chemicals group until 1987.

Michael J Cooper, 53 (left), chief executive of LNG Transportation and Energy Investments, was appointed to the board in 1986. He joined the company in 1983 as chief executive of shipping. Mr Cooper is a non-executive director of Pakistan Petroleum Ltd and Energy Transportation Inc.

Brian Hardy was appointed director finance in July 1990, having previously held the position of finance director of Castrol since 1984. Prior to joining the company Mr Hardy, who is 49, was group financial controller at Unigate.

John H Ellicock (right) was appointed director Lubricants Europe in 1990. He has been a member of the board since 1987, when he was appointed chief executive of the Chemicals group. Mr Ellicock, 44, joined the company in 1977 and was appointed managing director of Castrol Malaysia in 1981 and chief executive of Castrol Australia in 1984.

John G Griffiths was appointed to the board as director Chemicals in July 1990. Mr Griffiths, 55, was previously deputy managing director of Castrol. He joined the company in 1963 and was appointed managing director Burmah Castrol Europe in 1974, and a Castrol director in 1976.

Geoffrey C Butcher, 68, was appointed a non-executive director in 1979, having retired from BP as chairman of their Executive Committee after a career spanning 30 years. He is a member of the audit committee. In 1983, Mr Butcher was appointed chairman of Candecca Resources plc, which was subsequently sold in an agreed bid.

Hugh S Mellor, *55, has been a non executive* director since 1984. He is chairman of the audit committee and of the Trustee Company of the Burmah Castrol Pension Fund. Since June 1990 Mr Mellor has been chairman and chief executive of Classix Investments, having previously been an executive director of Dalgety plc for 20 years.

Iain G Dobbie, 53, was appointed a non executive director in 1989 and he is a member of the audit committee. Mr Dobbie has been group director of finance on the Reckitt & Colman plc *board since 1986. He is also chairman of Reckitt &* Colman's pension fund and its investment committee.

Roland C Shaw CBE, 69, who was appointed a non executive director in 1986, is chairman and chief executive of Premier Consolidated Oilfields plc. Mr Shaw, who is a member of the audit committee, was awarded the CBE in 1985 for services to industry.

JOHN MALTBY CBE

John Maltby spent 18 years with Shell, serving in a variety of senior positions in the UK and overseas. He left Shell in 1969 to set up Panocean, which became Panocean-Anco in 1975. In 1980 he joined The Burmah Oil Company, Ltd, as it was then known, as director oil, becoming executive deputy chairman in 1982 and, in 1983, chairman and chief executive. He relinquished his executive role in 1988, in which year he was awarded the CBE for services to industry. Mr Maltby retired from Burmah in July 1990 to become chairman of AEA Technology (the UK Atomic Energy Authority), of which he had been a part-time member since 1988. He has been chairman of the Dover Harbour Board since 1989 and in March 1991 he was appointed chairman designate of Harrisons and Crosfield plc.

Diary of Events

1990

April
- Castrol opens a branch office and Expandite establishes a joint venture in China.

May
- John Maltby announces his retirement as chairman, effective July.
- Optimol, a specialist German grease manufacturer, acquired.
- Joint venture letter of intent signed with Marubeni (Japan), Thyssen (Germany) and Neste Øy (Finland) to upgrade base oil refineries in the USSR to produce and market high quality lubricants.

June
- 90 per cent of the Astron chain of Australian fuels stations acquired.

July
- Lawrence Urquhart becomes chairman.
- Reorganisation of the management and operating structure of the newly-named Burmah Castrol plc.
- Joint venture with DEA (Germany) to develop fuels stations and market high quality lubricants in Eastern Europe.
- Fragival, Sericol's former distributor of screen printing supplies in Spain, acquired.
- Sericol receives the Queen's Award for Technological Achievement.

August
- Sale of 29·7 per cent stake in Premier Consolidated Oilfields plc for £138 million.

September
- Castrol sets up joint venture in Ecuador.
- Kanor Chemicals, a UK car wash chemicals company, acquired.

October
- Cash offer of 275p for Foseco plc announced.
- Sale of two ULCCs to Stena Group for US $47·4 million.
- Belgian fuels operation expanded by some 250 sites.

November
- Formal Offer Document posted in bid for Foseco.
- Castrol lifts its stake in its Mexican joint venture to 90 per cent.

December
- Final Offer of 300p for Foseco announced.
- Letter of intent signed for five year contract for 60,000 tonnes of lubricants for the Romanian state railway.
- Castrol acquires its local partners' interests in its Colombian operation.
- Effective control of Foseco won.

1991

January
- Castrol acquires Bultje Sales and Services Inc in the USA, specialising in engine cleaner and degreaser products.

February
- Reorganisation of Foseco.

Letter from the chairman and chief executive

Dear Shareholder,

Burmah Castrol had a good year in 1990, returning a net profit of £96·9 million, £2 million above the 1989 level. Given the unfavourable climate existing for most of the year, this was a creditable performance, which is examined in the trading and financial overview on pages eight and nine. The board is recommending a final dividend of 14·5 pence, which will bring the total dividend for 1990 to 23·0 pence, an increase of seven per cent over 1989.

A series of significant developments took place in 1990. In July, the company's management and operating structures were reorganised and the name changed to Burmah Castrol plc. The new name was designed to reflect more appropriately the present day character and balance of the company.

Two links with the past were severed: in August we sold our stake in Premier Consolidated Oilfields plc, making an extraordinary gain of some £75 million, and in October we sold the last of our oil tankers. The most noteworthy event of 1990 was, however, the successful £270 million takeover bid for Foseco plc, a UK-based company operating internationally and specialising predominantly in metallurgical and construction chemicals. This acquisition is a major step forward in the expansion of our Chemicals group. A detailed description of Foseco and its impact on Burmah Castrol appears on pages six and seven.

Looking to the current year the one prediction it is safe to make is that, with the aftermath of the Gulf War overhanging an already depressed world economy, 1991 will be testing. However, although our own businesses have no magical immunity to a prolonged recession, the resilience of Castrol was demonstrated once again in 1990. Its profitable growth will be sustained and enhanced by investment in new countries, new markets and new products. Investments will continue in our enlarged Chemicals group, equipping it to take full advantage of the next upturn in the world economy. On a smaller scale the Fuels group will develop its retail networks in a number of countries. In LNG, transportation prospects are good: Japanese demand for LNG as an environmentally friendly energy source is rising, whilst the prospective operating life of our well maintained vessels is lengthening.

The principal management task of 1991 is the integration of Foseco. As we pointed out during the bid, a modest dilution of 1991 earnings will result from the acquisition, but thereafter earnings should be enhanced. I am convinced that this latest strategic initiative will prove to be of lasting benefit to shareholders and employees alike.

Burmah Castrol's chosen sphere of operation is the international marketing of specialised oil and chemical products. In the 1990's companies with quality management, superior products and leading positions in specialised global markets will prosper — and Burmah Castrol has achieved such a profile.

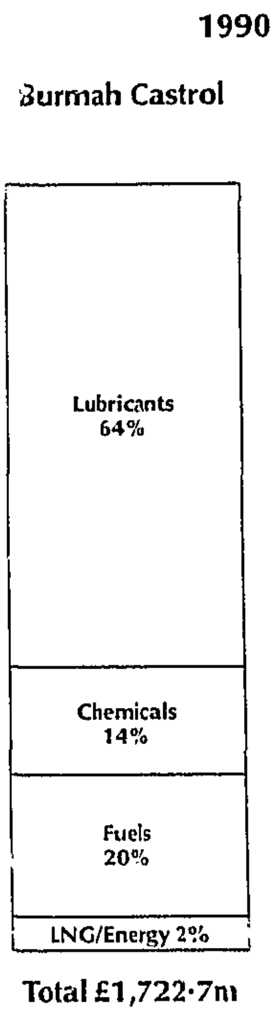
I could not close my review without paying a warm tribute to my predecessor, John Maltby, for his decade of service to the company. He joined what was a diffuse and over-extended conglomerate which, under his direction, became a highly focused and successful international marketer. It is on this foundation that Burmah Castrol is building.

Yours sincerely

The strategic development of Burmah Castrol's chemicals activities has been a natural extension from the company's highly successful international industrial lubricants business. They have a number of elements in common: innovative problem-solving for industrial manufacturers; specialist products that are networked internationally; market driven research and development; and a sales proposition based on quality and performance rather than simply price.

These characteristics are equally evident within Foseco. Its acquisition in December 1990 was a logical and major step forward in the expansion of Burmah Castrol Chemicals.

1



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With a history spanning half a century, Foseco is an international group operating in over 35 countries and employing some 10,000 people, most of whom are located outside the UK. Technological innovation, technical marketing and customer service are key to Foseco's businesses, which are split into three core areas: Metallurgical chemicals; Construction and Mining chemicals; and Abrasives, Diamond Products and UK Industrial companies.

Metallurgical chemicals, the largest business group, is primarily concerned with supplying consumables and services to the world's foundry and wrought aluminium industries.

Key business activities include ceramic filters, pioneered by Foseco, for car parts production; refractory shapes, a technology developed and introduced by the company to improve casting quality and productivity; and

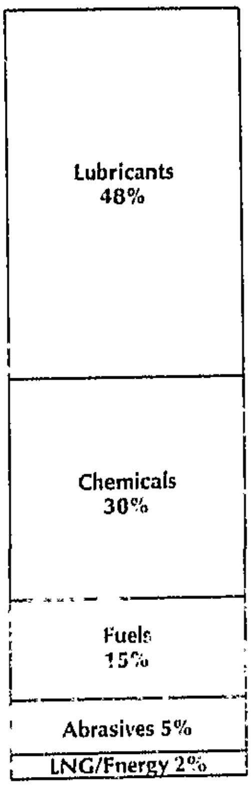
1) Foseco's Birmingham Technology Centre, starting point for many innovative products.

2) Filtration products and feeding systems improve casting yields and reduce metal wastage.

3) Many construction chemicals were used in the new stand at Twickenham, home of English Rugby Union.

Turnover

Burmah Castrol & Foseco



Total £2,284·4m

unique polystyrene patterns which allow mass production of highly accurate and complex shapes. The latter is one of the most important technical developments to have taken place in recent years in automotive casting.

Major markets are Europe, Japan and the USA, with additional opportunities for growth in South East Asia and Eastern Europe. The rapidly growing aluminium industry has also been targeted as a growth area.

Other activities within Metallurgical chemicals include ceramic welding for the steel and glass industries, and the supply of high value-added refractories to the steel industry.

Research and development plays an important role in this specialist field and, in addition to its own technology centres, Metallurgical chemicals is actively involved with customers and universities to further its research effort.

As part of the refocusing of Foseco's activities, the Metallurgical chemicals companies have been brought together as an independent profit centre within Burmah Castrol Chemicals, with its own global management and operational structure.

In the Construction and Mining chemicals business, specially formulated products, marketed primarily under the Fosroc name, are supplied internationally to the civil engineering, construction, mining and tunnelling industries. This business has grown organically and is based on Foseco's resin cement technologies and on-site application expertise. The principal business areas involve concrete repair and protection; industrial flooring; and roof anchoring products and underground support systems.

On-site application expertise is backed by a technology centre, which coordinates product development and quality control. It is one of the most advanced of its kind.

Construction and Mining chemicals and Burmah Castrol's long established Sealants business, operated by Expandite, have a complementary geographic spread, product range and shared customer categories. Accordingly, the two operations are being merged to form a single Construction and Mining chemicals division within the Chemicals group, with its own international management and operational structure. This will provide considerable operational savings and opportunities to compete on an international basis. With a turnover of some £150 million, Construction and Mining chemicals is a world leader in its specialised field.

The Foseco timber treatment operations will become part of Burmah Castrol Chemicals' Coatings business, which includes Solignum.

Burmah Castrol is confident that the restructuring and refocusing of these divisions will ensure their continued future growth and development within Burmah Castrol Chemicals.

The future activities of Abrasives, Diamond Products and UK Industrial companies are being reviewed before any further steps are taken.

The two comparative charts illustrate the logic of the Foseco acquisition. It significantly increases Burmah Castrol's size and it better balances the company's businesses, boosting chemicals and correspondingly reducing the weighting of the other groups. Now Burmah Castrol has a Chemicals group which commands attention in its portfolio, with a turnover of some £650 million.

Trading and financial overview

Burmah Castrol is a leading international manufacturer and marketer of specialised oil and chemical products, operating principally through three separate business groups – Lubricants, Chemicals and Fuels. In addition, the company is joint operator of a *liquefied natural gas* transportation project, and has investments in energy companies in Pakistan.

Lubricants

The Lubricants business is centred on the world famous Castrol brand, whose international presence is maintained by operating companies in almost 40 countries and an agency network in over 100 others. Principal sectors supplied on a worldwide basis include automotive, production engineering, primary industries, aviation, electricity generation, building and civil engineering, mining, pulp and paper and food industries.

Castrol has long been recognised as the market leader in the development and production of motor oils – the Castrol GTX family of products is bought by motorists the world over. In marine lubricants, Castrol operates through every major port in the world. It has also built up an international position as a supplier of specialised industrial lubricants and chemically-based process aids. Today, Castrol is the world leader in metalworking fluids. In addition, Castrol markets mould release agents, die-casting lubricants and industrial chemical cleaners.

Fuels

Burmah Castrol is the largest independent fuels retail operator in the UK, and is also present in Australia, Belgium, Chile, the Republic of Ireland, Sweden and Turkey. A joint venture has been established in Germany to develop fuels outlets in Eastern Europe. The Fuels group includes the UK-based Spectra and Simoniz car care products businesses.

Chemicals

The Chemicals group is a leading international marketer of specialised chemical products and allied technical services, based upon five core business areas: Adhesives, Coatings, Construction and Mining Chemicals, Metallurgical Chemicals and Printing Inks.

Adhesives, with operations in the UK and the USA, has a diverse product and customer base in markets such as building, manufacturing and packaging. Coatings is an international formulator and marketer of oils, resins, waxes and polymers for the packaging, cable making, precision casting, timber protection and building industries. Construction and Mining Chemicals manufactures and markets internationally a wide range of specialist, high performance products for the concrete, construction, civil engineering, and mining industries. Metallurgical Chemicals is an international technological and market leader, supplying products and services to the foundry, steel, light metal and allied industries. Printing Inks manufactures screen printing inks and associated materials in the UK, USA and France, with sales and distribution subsidiaries in Germany, Spain and Switzerland. The activities of Abrasives, Diamond Products and UK Industrial companies are under review.

LNG Transportation

Burmah Castrol has a joint venture with Mitsui OSK Lines and Nissho Iwai of Japan to transport LNG from Indonesia to Japan under a 20-year contract. The eight vessels dedicated to this trade transport some nine million tonnes of gas a year.

Energy Investments

The company owns 64 per cent of Pakistan Petroleum and has a number of other energy investments in Pakistan.

1990 - £ million	Turnover	Trading profit	Funds invested	Employees
Lubricants	1,102·2	128·0	436·5	9,038
Fuels	345·4	22·7	152·0	987
Chemicals	241·2	11·5	295·8	2,921
LNG Transportation	2·7	20·3	(20·2)	—
Energy Investments	31·2	9·9	75·0	1,783

Chemicals figures include those of the former Foseco group from the date of acquisition to 31 December 1990.

Burmah Castrol performed well in 1990, with profit after tax increasing by six per cent to £103·4 million, despite adverse currency movements and deepening economic gloom intensified by the Gulf crisis.

If 1989 average exchange rates had applied in 1990, profit after tax would have been nine per cent up on the previous year.

The Lubricants group achieved a seven per cent increase in trading profit – an eight per cent increase at constant exchange rates. Castrol proved its resilience in the face of recession-depressed demand, increasing volumes by over five per cent and thereby expanding its share of the world market. Gross profit margins per litre of product sold were increased, despite sharp rises in raw material prices following the outset of the Gulf crisis. Good results were achieved in a number of territories around the world, with strong performances in Europe, notably Austria, France, Germany and Italy; in Asia, especially India, Singapore and Thailand; and even in the depressed economies of Australia, South Africa and the USA. However, profit came under pressure in the UK, Scandinavia and parts of South America.

During the year Optimol, a German-based grease manufacturer, was acquired.

The Fuels group achieved a 25 per cent increase in profit, largely due to the recent expansion of its operations in Australia, Chile and Sweden. In July, a joint venture agreement was signed with DEA of Germany to develop petrol stations and market Castrol lubricants in Eastern Europe. In the second half of 1990, the successful Belgian fuels network was significantly extended.

The Chemicals group suffered a sharp down-turn in 1990 as recession deepened in its key US and UK markets. This decline, whilst disappointing, was similar to the experience of many other companies in the sector.

LNG Transportation results were excellent, the apparently flat profit performance being distorted by disposals: the two ULCCs were sold at the beginning of October 1990, whilst LNG Transportation marked its first full year of operation as a 50 per cent joint venture, rather than as a wholly-owned subsidiary, by shipping a record number of cargoes.

Energy Investments is now confined to Pakistan, following the sale of Burmah Castrol's stake in Premier for £138 million. The depreciation of the Pakistani rupee contributed to the reduction in profit, despite some significantly increased dividends.

Finance

The shortfall in trading profit of £3·8 million from the previous year was more than compensated by a £4·3 million reduction in net interest costs; this was due in part to the sales of the stake in Premier and of the ULCCs which at the same time reduced trading profit and interest costs. Profit before tax, of £164·9 million was slightly higher than in 1989.

Taxation at £61·5 million was £5·1 million lower than in the previous year; a number of non-recurring special credits more than offset the higher advance corporation tax charge arising from the Foseco purchase.

After higher minority interests, notably in India, both profit before extraordinary items and earnings per share were each two per cent ahead in 1990 at £96·9 million and 52·9p respectively.

Extraordinary items of £78·7 million arose from the sale of the Premier stake (£75 million) and the two remaining ULCCs (£3·7 million).

The group balance sheet at 31 December 1990 consolidates, at fair values, the assets and liabilities of Foseco, acquired on 21 December 1990. This acquisition gave rise to £130 million of goodwill, which has been written off against reserves. Despite this, net capital gearing reduced slightly to 25 per cent at 31 December 1990, aided by the proceeds from the Premier sale. However, at year end, £194 million of the cost of acquiring Foseco remained unpaid; gearing would have been 60 per cent had the whole purchase cost been paid by 31 December 1990.

Capital expenditure and trade loans amounted to £109 million, down slightly from 1989. Payment for acquisitions during the year totalled £106·5 million, including £76 million in relation to Foseco. The total cost of acquiring Foseco was £270 million. Expenditure on Foseco and other acquisitions included £157 million of goodwill which has been written off against reserves.

Dividend

The board's commitment to its policy of increasing dividends in step with long-term earnings growth remains undiminished. With earnings growth slowed in 1990 and with a difficult economic environment likely in 1991, the board proposes a prudent increase to 14·5p per share for the final dividend to give a seven per cent increase for the year as a whole. As in previous years it is proposed that shareholders should be offered the choice of receiving a scrip alternative for part or all of their dividend.

Lubricants group

In a year of recessionary conditions, made more difficult by the Gulf crisis and adverse currency movements, the seven per cent increase in trading profit achieved by the Lubricants group was a good result. Sales turnover increased by over seven per cent and volumes by five per cent in a flat world market.

At the half year, when exchange rates were more favourable, trading profit had shown a ten per cent increase over the equivalent period in 1989 but, as sterling strengthened in the second half, the earlier translation gains vanished. Castrol operating units around the world succeeded in recovering input cost increases, while continuing to take share from competitors, despite sudden surges in base oil and additive costs following the start of the Gulf crisis.

Predictions for 1991 are difficult to make, since it is not yet possible to determine to what extent the drop in lubricant sales at the end of last year was due to de-stocking – customers had stock-piled lubricants in the autumn, in anticipation of further price increases as the Gulf crisis continued – or to the impact of recession in major markets on demand. Burmah Castrol is, however, confident that, as demonstrated in earlier oil crises and recessions, the Lubricants group will continue to demonstrate resilience and is well placed to take advantage of the recovery when it comes.

1) Mike Landry, production operator, checks Castrol's automated quart filling line at Port Allen, Louisiana. The recently expanded plant can fill 1,000 containers a minute.

1

Regional commentary

In continental Europe, most operating units recorded increases in both volumes and trading profit, with particularly good growth achieved in France, Italy and Spain – territories where Castrol's market share is comparatively low.

Of the countries where high market shares have already been achieved, the most notable profit growth came from Austria and Germany, and that despite the latter's revenue investment to expand lubricants marketing activities in the former German Democratic Republic and other East European territories. Castrol now has representative offices in every East European country except Albania, and pleasing headway has been made in several territories. In Romania a letter of intent has been signed to supply the state-owned railway with Castrol products, to reactivate lubricants production at the Pitesti oil refinery, and to supply a number of garage workshops with lubricants. Additionally, automotive lubricant sales are expanding in Yugoslavia, through both petrol stations and workshops. In the largest market, the USSR, Castrol is working both independently and in partnership with other companies. A joint venture (Castrol, the Marubeni Corporation of Japan, Thyssen of Germany and Neste Øy of Finland) plans to upgrade Soviet oil refineries, which will supply base oil for the local blending of Castrol products specifically for the USSR market.

The European scene was not, however, uniformly bright, as some countries were hit by the economic downturn. By far the worst affected was the UK, where total lubricant demand declined significantly. Although Castrol's share of the UK market increased slightly, volumes suffered and profit fell sharply. In response to these pressures, operating management has been restructured and the marketing function strengthened. Scandinavian operations also suffered from depressed conditions.

The establishment of the Asian directorate at

Lubricants group

£ million	1990 Turnover	1990 Trading profit	1989 Turnover	1989 Trading profit
UK and Republic of Ireland	133·5	10·1	145·9	13·7
Continental Europe	413·0	69·7	344·9	58·8
North America	291·9	28·6	281·4	28·2
Asia	117·3	23·8	114·8	17·9
Southern Hemisphere	146·5	21·7	141·8	22·5
Central research, marketing & other costs		(25·9)		(21·0)
	1,102·2	128·0	1,028·8	120·1
Funds invested	436·5		473·8	

the beginning of 1990 emphasised the importance to Castrol of the expanding economies of this region. Volumes grew at twice the average rate for the Lubricants group as a whole, while trading profit was 33 per cent up on 1989. Sparkling results were achieved in India, as a revised marketing strategy was implemented by a vigorous new management. Thailand gave another impressive performance in a booming economy, and Singapore also showed good profit growth.

2

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3

2) Alan Pfau, a Chem-Trend chemist, using a research grade light microscope.

3) A forest 'Harvester' using Castrol Alpin 22 biodegradable hydraulic oil.

4) Optimol's high performance lubricants have been developed in close co-operation with manufacturers and operators to meet today's highly mechanised level in surface or underground mining requirements.

In Japan, significant volume increases were achieved in both the consumer and industrial sectors. Margins, however, were squeezed by the higher cost of products imported from Europe and, in the case of the marine business, by the weaker US dollar.

After a 50-year absence, a representative office was opened in China, as the first step in the penetration of this potentially huge market.

In the Southern hemisphere, profit was maintained, despite flat or reduced sales volumes in the depressed market conditions of a number of key economies. Brazil was the most badly affected as, short-term, volumes and profit were necessarily curtailed in response to the government's extraordinary measures to restrain inflation. To underpin Castrol's long-term position in this market, there was, in addition, heavy revenue investment in marketing support and capital expenditure on new manufacturing facilities. The rapid depreciation of the Brazilian cruzado in the closing months of the year further depressed sterling profit.

In South Africa, there was a substantial improvement in profitability, despite flat volumes as a result of the deliberate shedding of low margin business. Australia's high margin consumer business remained resilient in adverse conditions which eroded demand, especially in the industrial sector.

Automotive

£ million	1990	1989
Turnover	735·7	686·8
Trading profit	114·2	104·5

5

5) Castrol companies the world over sponsor all forms of motorsport. Castrol Hellas is particularly active in Greek motorcycling events.

Geographical expansion continued in territories in Latin America. A new company was set up in Ecuador, through a joint venture with Castrol's former agent. In Colombia, full control of Castrol's lubricants business was acquired from the joint venture company and, in Mexico, Castrol raised its stake in the joint venture from 40 per cent to 90 per cent, following relaxation of the laws governing foreign ownership. In order to improve contact with Castrol's agencies in the Caribbean and Latin America, regional offices were opened in Miami and Santiago.

The North American region includes the activities of Castrol and its subsidiaries in the lubricants and allied fields, including chemical cleaners, die casting products and plastic and rubber mould releasants.

The USA had another record year, increasing sterling profit despite the effects of a weakening dollar on currency translation in the second half. In the consumer lubricants sector, selling price increases made necessary by higher input costs were supported by higher advertising expenditure, and volumes grew as Castrol Inc continued to take share from competitors. Demand for industrial lubricants in the USA was depressed by a slow down in manufacturing output, but Castrol's focus on the specialist metalworking segment, as well as the benefits of rationalisation measures taken after the acquisition of Chem-Trend, enabled it to increase trading profit.

In Canada, although volumes and market share increased, net margins suffered in the general economic slow down.

Market commentary

Automotive

In the consumer market, which accounts for some 70 per cent of its trading profit, Castrol has a long established position. Volumes increased by some seven per cent in 1990, and trading profit by 12 per cent. Castrol's marketing philosophy is continually to trade up to the higher performance products needed by increasingly complex modern vehicles. A series of new products was launched during the year, notably a suite of upgraded-engine oils in continental Europe. In the UK, the high-performance mineral oil GTX 2 was launched, and a similar market segmentation approach was taken up in Chile, Ecuador and India. Important local launches included Castrol GTX Turbo in Brazil and Castrol SG7 and Castrol Diesel Sports in Japan.

In the commercial sector, where Castrol has a low share of the world market, a variety of opportunities for building up a profitable niche position over the longer term have been identified.

Industrial and marine

£ million	1990	1989
Turnover	366·5	342·0
Trading profit	39·7	36·6

6

7

6) *Oden*, one of the world's most modern icebreakers, lubricated by Castrol Sweden.

7) Technical service representative, Anthony Gutowski, watches a customer apply mould releasant.

Industrial and marine

Although industrial and marine volumes increased by only three per cent, trading profit was up by eight per cent with a particularly good performance in the industrial sector. All operating units continued to concentrate on improving the product mix in conditions of flat or declining market demand.

In the metalworking sector, the "Castrol® + Plus" system, pioneered in the USA and developed in Germany and the UK, was launched in a number of new territories. This is a complete package of services whereby all the complex chemical fluid management requirements of an industrial manufacturing facility are serviced by Castrol, from specification through supply and on-site management to eventual disposal. It requires the sophisticated technical marketing of a wide range of products and services, and involves Castrol in the assumption of responsibility for the smooth functioning of the key production lines of major motor manufacturers, such as GM's Saturn project or Ford's Romeo plant.

The international approach to product launches was maintained, with several newly introduced metalworking products rapidly establishing a leading position in a number of countries.

Chemical cleaners, currently a small part of Castrol's industrial business, was targeted for international development in 1990, with promising starts made in Singapore, Malaysia, Brazil and Germany. A new range of environmentally friendly products was launched under the Castrol Careclean brand towards the end of the year. These included aqueous cleaners designed to replace harmful chlorinated, solvent-based formulations currently used by industry.

In the marine market, sales of Castrol Cyltech 80, launched in 1989, continued to grow rapidly, increasing Castrol's share of the world market, although the low value of the US dollar squeezed profit in sterling terms.

Fuels group

The Fuels group was created in July 1990, as part of Burmah Castrol's reorganisation, in recognition of its increased importance to the company. It achieved a 25 per cent increase in trading profit in 1990, despite difficult market conditions in the second half following the outset of the Gulf crisis. This strong rise partly reflects the first full year of trading in Chile, and the expanded Swedish operation, as well as the Australian acquisition made in June 1990. The Fuels group represented some 12 per cent of Burmah Castrol's trading profit in 1990, compared to ten per cent in 1989.

Fuels group

£ million	1990	1989
Turnover	345·4	280·9
Trading profit	22·7	18·2
Funds invested	152·0	136·7

1) Jim Lannie, a tanker driver based in Belfast, who retired after 27 years service.

As an independent, non-refining retailer of fuels, Burmah Castrol's growth strategy is selective, being based on a number of strict criteria, the most important of which are reliable source of supply and a stable competitive marketing environment. The group's focus is and will remain firmly on profit rather than on volume or market share.

Of the seven countries in which Burmah Castrol is active in the fuels market, the UK is the most important in trading profit terms.

With a chain of some 1,400 outlets under the Burmah and Major brands, the UK business maintained its market position in 1990, despite a slowing in the rate of growth in demand for retail petrol and a shift in the market place towards cut-price hypermarket stations, particularly before the start of the Gulf crisis. It continued to re-shape its site portfolio, and has switched a number of company owned and managed sites to tenanted operations.

In Sweden, the Fuels group has a well positioned network of nearly 400 small and medium-sized outlets which carry the recently redesigned Uno-X livery. Following a rapid expansion in site numbers in 1989, Uno-X achieved good results in 1990, in spite of difficult conditions: demand was dampened by higher taxes, as well as by higher prices following the start of the Gulf crisis.

The Turkish fuels joint venture, Turcas Petrolcülük, set up in 1988, has expanded from a network of 450 sites initially to some 730 by the end of 1990. Good progress continued to be made, with a satisfactory increase in volumes and profit.

The Belgian fuels operation had another good year and, in the second half of 1990, added some 250 sites to its network.

Comar, the joint venture established in Chile at the end of 1989, traded well in its first full year and its new livery has been successfully introduced to a network of some 120 outlets. In a market where fuels demand is increasing steadily, Comar, Chile's fourth largest fuels distributor, is well placed for growth.

In the Republic of Ireland, Burmah Castrol's marketing policy is to maintain its present market share, pending the publication of the findings of the Fair Trade Commission's investigation, which is similar in scope to that carried out in 1990 by the Monopolies and Mergers Commission in the UK.

Another new development was the formation of a joint venture company in partnership with DEA of Germany. The joint venture's mission is to pursue investment opportunities in fuels retailing in East European countries. Growth in car sales, trade with the West and foreign tourism should lead to increased demand in the longer term for both fuels and lubricants – the marketing of Castrol lubricants, already established in most East European countries, also forming part of future plans. A number of interesting projects are currently under review.

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2) A Türkpetrol tanker loading bay in Turkey.

3) An *Astron* filling station in Melbourne.

4) Uno-X station in Sweden *displaying the new livery.*

Chemicals group

The profitability of Burmah Castrol's Chemicals group was adversely impacted by the worsening economic situation of its two major markets, the UK and the USA, by the continuation of its revenue investment programmes and by the cost of rationalisation measures.

Adhesives was the most severely affected of the four Chemicals group divisions, in consequence of its dependence on the house-building market in the UK and, particularly, the USA. Columbia Cement is the market leader in its segment, but falling housing starts in the USA depressed volumes and profit. In the UK, Industrial Adhesives is the market leader in the growth segment of pressure sensitive adhesives for packaging convertors, which helped to offset lower sales of other products, for which demand was reduced by the recession in the building and furniture industries.

Coatings companies hold significant positions in the depressed markets of the UK, USA, Australia and Canada, so they did well to achieve a profit performance in 1990 which was close to that of 1989, discounting the effects of non-recurring events, such as land disposals and plant write-offs. APP Europe showed a strong increase in sales, as demand for industrial felt roof construction remained strong. US-based Yates improved its profit performance, as the specialised wax market for investment casting grew, especially in Japan and Europe. National Wax performed well in packaging waxes in the USA, but its merchanting activities suffered as the construction industry retrenched. Dussek Campbell had a good year in Canada, notably as a result of growth in the fibre optics business, but European margins were squeezed by high raw material prices and redundancy costs.

Screen Printing Inks experienced difficult trading conditions, particularly in the UK, its most important market, as the recession deepened in the second half of the year. Overseas, however, expansion continued in a number of territories: in Spain, Sericol's long standing distributor, Iragival, was acquired; in Germany, sales turnover increased substantially as the distribution network was further extended; and in the USA, revenue investment in the infrastructure necessary to support an ambitious growth strategy was maintained. Although Sericol's upward profit progression was checked in 1990, it has a strong brand, aggressive sales and marketing orientation, clearly defined product focus and

1) APP Chemicals benefited from a strong demand in felt roof materials (Photo: courtesy of Permanite).

2) Expandite Supercast waterstop being installed in the Sungei Selangor water supply reservoir in Malaysia.

Chemicals group

£ million	1990	1989
Turnover	241·2	214·3
Trading profit	11·5	17·1
Funds invested	295·8	110·0

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excellent R & D capability, and its profitable expansion is expected to be resumed in 1991.

Sealants, under the Expandite brand, sells principally to the commercial, industrial and civil construction sectors, which are amongst the last sub-segments of the construction market to suffer from a recessionary downturn. It thus enjoyed the least unfavourable trading environment of the four Chemicals divisions. In the UK, its most important market by far, Expandite continued to take share from competitors, against a slight decline in demand in its target sectors. Overseas, Malaysia, Hong Kong and Singapore all had an excellent year, and expansion continued in Spain, with the opening of a new factory, distribution and office complex and the strengthening of the sales force. In China, a joint venture was established in April and a new factory was built and operational by the year end. Expandite is now well placed to embark upon the challenging task of amalgamating its operations with those of Fosroc, Foseco's complementary construction chemicals business.

3) Nigel Keen, Sericol technical service supervisor, examines the flow-out of ink film after drying through a Heraeus Infra Red dryer. In 1990, Sericol gained the Queen's Award for Technological Achievement.

4) A hydroelectric dam in South Island, New Zealand, which was completed earlier this year using Expandite products.

5) Lin Morrison, plant supervisor, checks an Industrial Adhesives filling line.

LNG Transportation Energy Investments

LNG Transportation produced a trading profit of £18 million in 1990, similar to that of 1989. This was an excellent achievement, bearing in mind the fact that 1990 was the first full year of trading as a 50 per cent joint venture rather than a wholly-owned subsidiary.
A harmonious working relationship has been established with Mitsui OSK Lines Limited and Nissho Iwai Corporation, and a record-breaking total of 172 cargoes was shipped in 1990. It is probable that discussions on the extension of the Pertamina/Japan contract, for which Burmah Castrol's vessels are currently chartered, will begin before the end of 1991.

The fleet has continued its high standard of maintenance and repair in accordance with a carefully planned programme of dry-docking and, once again, there was no unscheduled downtime in 1990. The continued safe and reliable operation of LNG carriers has led to increasing acceptance of the fact that the operating life of properly maintained vessels is significantly longer than was previously assumed.

The LNG transportation project has proved a safe and reliable energy line between Indonesia and Japan.

1990 marked the end of an era for Burmah Castrol's Shipping operations, with the sale of its two ULCCs, the last remaining vessels of its formerly 46-strong fleet of tankers, to subsidiaries of Concordia Maritime AB, part of the Stena Group, for a consideration of US $47·4 million. This deal improved upon the terms of purchase options granted under the bareboat charter. Up to their disposal in October, the ULCCs contributed trading profit of £2·3 million in 1990.

LNG Transportation/Shipping

£ million	1990 Trading profit	1989 Trading profit
LNG Transportation	18·0	17·5
ULCCs	2·3	3·3
	20·3	20·8
Funds invested	(20·2)	(0·9)

Energy Investments

£ million	1990 Trading profit	1989 Trading profit
Premier	2·2	1·5
Pakistan	7·7	14·7
	9·9	16·2
Funds invested	75·0	147·8

In Energy Investments trading profit in 1990, at £9·9 million, was down on 1989, adversely affected by the depreciation of the Pakistani rupee and the workings of the gas price agreement, whereby PPL is reimbursed for its expenditures, including tax plus a fixed return on shareholder funds. No significant improvement in profitability can be expected unless and until this agreement can be renegotiated. Informal discussions with the government of Pakistan have been taking place for some time.

An encouraging gas discovery is currently being evaluated on the Qadirpur concession, held by PPL, Burmah Castrol, Premier Consolidated Oilfields plc and the Pakistan government-owned Oil and Gas Development Corporation (OGDC).

Seven further concessions have been awarded to PPL in partnership variously with OMV (the Austrian state oil and gas company), British Gas plc, Hardy Oil and Gas plc, Tullow plc and the OGDC.

Burmah Castrol's other Pakistani investments performed well, showing an increase in rupee terms over 1989.

In August 1990, Burmah Castrol sold its 29·7 per cent stake in Premier Consolidated Oilfields plc for £138 million, giving rise to an extraordinary gain of £75 million.

The directors of Burmah Castrol plc present their annual report and accounts for the year ended 31 December 1990.

Dividends

The directors declared an interim dividend of 8·5p per £1 ordinary share which was paid on 7 January 1991 and now recommend a final dividend of 14·5p per £1 ordinary share. This will give total ordinary dividends for the year of 23·0p per £1 ordinary share at a cost of £41·8 million (1989 £38·8 million). With related tax credit this is equivalent to 30·7p per £1 ordinary share (1989 28·6p). The surplus for the year to be transferred to reserves amounts to £132·8 million (1989 £73·5 million).

It is proposed to offer shareholders the opportunity to elect to receive their final dividend in the form of fully paid ordinary shares rather than cash. However, in order to retain the company's trustee status for the purposes of the Trustee Investment Act 1961, a nominal amount of the dividend on each ordinary share will be paid in cash.

Directors

The directors retiring by rotation are: Mr J M Fry and Mr G C Butcher. Mr J G Griffiths and Mr B Hardy were appointed to the board on 2 July 1990. In accordance with the Articles of Association they will each retire at the annual general meeting and, being eligible, will offer themselves for re-election. Of the directors being proposed for re-election, Mr Fry, Mr Griffiths and Mr Hardy have service contracts, the unexpired portion of which is three years.

Mr P N A Wood resigned from the board on 29 June 1990.

Directors' holdings in the share capital of the company at 31 December 1990 were as shown in the second column of the table below. The fourth and sixth columns of the table show the number of ordinary shares in respect of which options to subscribe were outstanding as at 31 December 1990 under the company's share option schemes.

Columns eight to 11 show options granted and options exercised during the period 1 January 1990 to 31 December 1990. Interests at 31 December 1989, or on appointment as a director, where these differ from those at 31 December 1990, are shown in brackets. None of the directors had at any time during the year ended 31 December 1990 any interest in debentures of the company or in the share capital or debentures of any subsidiary of the company.

There have been no other changes in directors' interests between 31 December 1990 and 27 March 1991.

Auditors

Ernst & Young have expressed their willingness to continue in office as auditors and, in accordance with Section 385 of the Companies Act 1985, a resolution proposing their re-appointment will be put to the members at the annual general meeting.

Young people

Burmah Castrol companies in the UK are active participants in various government and voluntary schemes to assist in the placement of young people in employment.

During 1990 the company continued its Business Entrant Scheme, enabling GCSE and 'A' level trainees to follow a structural two-year training programme, which includes further education courses. Currently 41 trainees have been placed under this scheme. In addition, attachments under the youth training, work experience and work shadowing programmes were arranged. The policy of maintaining close links with educational centres has also been maintained at local school, technical and polytechnic/university levels.

Disabled people

Employees with disabilities are encouraged to develop their skills to their full potential and, under the equal opportunities policies operated within the company, every effort is made to meet the specialist needs of disabled

Directors' interests

Burmah Castrol	Ordinary shares		Ordinary shares ShareSave scheme		Ordinary shares Executive scheme		Ordinary shares ShareSave scheme Options granted	Options exercised	Executive scheme Options granted	Options exercised
L M Urquhart	5,393	(5,111)	2,433		251,486	(176,088)			75,398	
J M Fry	14,646	(11,270)	2,547	(3,654)	177,306	(137,623)	1,847	2,954	39,683	
G C Butcher	1,276	(1,226)								
M J Cooper	2,672	(2,576)	2,433		68,200					
I G Dobbie	518	(500)								
J H Ellicock	558	(530)	2,433		98,852	(79,010)			19,842	
J G Griffiths	3,049	(44)	2,547	(3,654)	102,540	(60,676)	1,847	2,954	41,864	
B Hardy	1,000	(NIL)	3,074		105,695	(52,718)			52,977	
H S Mellor	600									
R C Shaw	2,582	(521)								

employees. Wherever possible additional training is arranged to meet the requirements of those who become disabled.

Employment initiatives

Burmah Castrol supports a variety of schemes and organisations in the localities of its operational units, aimed at furthering employment initiatives in business and industry. The company is a member of Business in the Community, various chambers of commerce and local enterprise agencies.

Heath, safety and the environment

Burmah Castrol attaches great importance to the occupational health and safety of its employees worldwide. Health, safety and environmental matters are kept under constant review and reports from all operating companies are submitted on a regular basis.

All units are responsible for ensuring the control of exposure to noise and hazardous substances, and for controlling articles and emissions so that both employees and the community at large enjoy a healthy and pleasant working and living environment. Every effort is made to reformulate products to minimise any risks to health and the environment. Significant research effort is directed towards the development of 'environmentally friendly' products.

Community and charitable donations

Donations for charitable purposes in 1990 amounted to £152,000 (1989: £154,000). Burmah Castrol is a member of The Per Cent Club, a group of some 300 leading UK companies committed to making a significant contribution towards the communities in which they operate.

During the year Burmah Castrol continued to review and develop its corporate programme and, at the same time, encouraged operating companies in promoting and supporting various community and charitable projects.

Development and training

Managers are held responsible for the development and training of the people within their own businesses. Communication and the interchange of good training practices and materials between units around the world are encouraged and supported. Job performance and career development potential are regularly assessed and jointly discussed, and senior managers participate in a central programme of development and training. Training departments advise on formal training courses and assist management to improve business performance through a wide range of programmes matched to identified company and employee needs.

Communication and consultation

Burmah Castrol actively promotes effective means of communication. Executive directors brief senior managers in the UK and overseas on the company's financial objectives and results. They in turn are responsible for onward briefing, reflecting the needs and practices of their own units.

In pursuit of keeping employees well informed, and to enable them to make their views and reactions known when decisions are to be made affecting their interests, a variety of different practices have been tailored to suit individual businesses. These range from works councils and consultative committees, and negotiation with recognised trade unions, to a range of printed and audio-visual material covering many aspects of company business and social activities.

Share schemes

Burmah Castrol introduced an executive share scheme and an employee ShareSave scheme in the UK in 1985, and since 1988, the company has operated share schemes broadly similar to the UK scheme in a number of overseas companies. Invitations to join ShareSave have been made each year since its adoption, as a result of which some 40 per cent of eligible employees in the UK hold options.

Other information

i) Resolution 9 extends for a further year the power of the directors in certain limited circumstances to allot shares (not exceeding £9·103 million in nominal value) for cash, without first being required to offer such shares to the existing shareholders. Although there remains no present intention of issuing any shares for cash (other than pursuant to the employee shares option schemes or as scrip dividends in accordance with Article 139), the directors consider it desirable to maintain the flexibility afforded by the power and it is envisaged that its renewal will continue to be sought on an annual basis.

ii) 759,904 ordinary shares were issued in accordance with the company's share option schemes and a further 513,428 were issued in respect of scrip dividend elections. No other shares or debentures were issued during the year.

iii) No contracts of significance in relation to the company's business subsisted at 31 December 1990, or at any time during the year in which directors of the company had a material interest.

iv) Details of substantial interests in the company's issued capital are shown on the inside back cover.

v) The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

vi) In accordance with the European Community Code of Conduct for companies with interests in South Africa, a report was submitted to the Secretary of State for Trade and Industry. Copies are available on request.

vii) Further information, which forms part of this report, is contained in the chairman's letter on page five, the trading and financial overview on pages eight and nine and in the operational review on pages 10 to 18.

By order of the board
J B Jones Secretary
George House
50 George Square
Glasgow G2 1RR
27 March 1991

Notice of meeting

Notice is hereby given that the annual general meeting of the members of the company will be held at the **Albany Hotel, Bothwell Street, Glasgow on Friday, 10 May, 1991 at 11.30 am** for the transaction of the following ordinary business:

Resolutions

1. To receive and adopt the accounts for the year ended 31 December 1990 together with the report of the directors and of the auditors thereon.
2. To declare a dividend.
3. To re-elect Mr J M Fry as a director.
4. To re-elect Mr G C Butcher as a director.
5. To re-elect Mr J G Griffiths as a director.
6. To re-elect Mr B Hardy as a director.
7. To re-appoint Ernst & Young as auditors and to authorise the directors to fix their remuneration.

And the following special business:

8. To consider and, if thought fit, to pass the following ordinary resolution:
That approval be and is hereby given for the exercise by the directors of the power conferred upon them by Article 139 of the Articles of Association of the company in respect of the recommended final dividend for 1990 and in respect of any interim dividend relating to the financial year of the company ending on 31 December 1991.
9. To consider and, if thought fit, to pass the following special resolution:
That, subject to and in accordance with Article 22 of the Company's Articles of Association, the directors be empowered to allot equity securities for cash provided that this power shall be limited for the purposes of paragraph (c) of Article 22 to £9·103 million in nominal value.

Notes

1. Only the holders of 6 per cent (now 4·2 per cent plus tax credit) cumulative first and second preference shares and ordinary shares are entitled to attend and vote at the meeting. This notice is sent for information only to the holders of 8 per cent (now 5·6 per cent plus tax credit) cumulative preference shares, 7¼ per cent (now 5·075 per cent plus tax credit) cumulative redeemable preference shares and 8½ per cent unsecured loan stock.
2. A member entitled to be present and vote at the meeting may appoint a proxy, or proxies, to attend and vote instead of him and such proxy need not be a member of the company. A form of proxy is enclosed. The instrument appointing a proxy must reach the company's Registrar, Clydesdale Bank PLC, Corporate Investment Services Department, PO Box 124, The Guild Hall, 57 Queen Street, Glasgow G1 3EA, not less than 48 hours before the time for holding the meeting.
3. Copies of all contracts of service whereunder directors of the company are employed by the company or any subsidiaries, will be available for inspection at the registered office of the company, George House, 50 George Square, Glasgow G2 1RR, during usual business hours on any week day (Saturdays and public holidays excepted) from the date of this notice until the date of the annual general meeting; and at the place of the annual general meeting for at least 15 minutes prior to and during the meeting.
4. An explanation of the special business is included in the report of the directors on pages 19 and 20.

By order of the board
J B Jones Secretary,
George House
50 George Square
Glasgow G2 1RR
17 April 1991

Group profit and loss account

for the year ended 31 December 1990

Notes		1990 £ million	1989* £ million
3	Turnover net of duties	1,722·7	1,635·7
4	Trading profit	183·4	187·2
6	Interest	18·5	22·8
	Profit on ordinary activities before taxation	164·9	164·4
8	Tax on profit on ordinary activities	61·5	66·6
	Profit on ordinary activities after taxation	103·4	97·8
	Minority interests	6·5	2·9
	Profit before extraordinary items	96·9	94·9
9	Extraordinary items	78·7	18·4
	Profit for the year attributable to shareholders	175·6	113·3
10	Dividends	42·8	39·8
24	Retained profit	132·8	73·5
11	Earnings per ordinary share	52·9p	52·1p

Group source and application of funds

for the year ended 31 December 1990

		1990 £ million	1989* £ million
	Source of funds		
28	Trading operations	207·4	202·0
	Disposal of fixed assets	11·8	7·3
	Cash generated from ordinary operations	219·2	209·3
	Application of funds		
	Tax paid	60·4	61·6
	Dividends	38·9	35·6
28	Additions to fixed assets	108·6	118·2
28	Increase in working capital	21·4	53·0
	Net cash expenditure on ordinary operations	229·3	268·4
		(10·1)	(59·1)
	Other funds movements		
15	Payment for acquisitions	(106·5)	(27·0)
15	Receipts from disposals	160·7	36·4
	Ordinary shares issued	5·3	5·2
28	Decrease/(increase) in net borrowing	49·4	(44·5)

* Corresponding amounts restated. See note 1 to the accounts.

Balance sheets

at 31 December 1990

BURMAH CASTROL

Notes		Group 1990 £ million	Group 1989* £ million	Company 1990 £ million	Company 1989 £ million
	Fixed assets				
12	Intangible assets	**12·0**	6·4		
13	Tangible assets	**654·6**	508·2		
14	Investments	**164·2**	213·1	**931·1**	606·6
		830·8	727·7	**931·1**	606·6
	Current assets				
16	Stocks	**278·1**	200·9		
17	Debtors	**431·4**	324·3	**22·6**	93·2
18	Investments	**59·4**	10·5	**39·7**	0·3
	Cash at bank and in hand	**42·2**	40·5	**5·0**	14·3
		811·1	576·2	**67·3**	107·8
	Creditors: amounts falling due within one year				
19	Short-term borrowings	**90·2**	84·2	**7·0**	24·1
20	Other creditors	**645·2**	333·6	**286·4**	88·0
	Net current assets	**75·7**	158·4	**(226·1)**	(4·3)
	Total assets less current liabilities	**906·5**	886·1	**705·0**	602·3
	Creditors: amounts falling due after more than one year				
19	Long-term borrowings	**149·6**	128·4	**53·9**	53·9
20	Other creditors	**21·2**	9·0		
21	Provisions for liabilities and charges	**141·6**	93·9		
	Minority interests	**42·2**	44·6		
	Shareholders' net assets	**551·9**	610·2	**651·1**	548·4
	Capital and reserves				
23	Called up share capital	**201·0**	199·8	**201·0**	199·8
24	Share premium account	**13·1**	9·0	**13·1**	9·0
24	*Special capital reserve*			**65·4**	70·7
24	Revaluation reserve	**121·7**	122·8	**6·4**	6·8
24	Other reserves		30·0	**20·2**	20·2
24	Profit and loss account	**216·1**	248·6	**345·0**	241·9
		551·9	610·2	**651·1**	548·4

** Corresponding amounts restated. See note 1 to the accounts.*

Approved by the board of directors on 27 March 1991 and signed on their behalf.

L M Urquhart
B Hardy } Directors

L M Urquhart
B Hardy

Accounting policies

Basis of consolidation

(a) The consolidated accounts include the accounts of the parent undertaking and its subsidiary undertakings made up to 31 December. Adjustments are made on consolidation to bring the accounts of subsidiary undertakings, where local conditions prevent them from complying fully with group accounting policies, into line with these policies.
(b) The accounts are prepared in accordance with applicable accounting standards under the historical cost convention modified to include the revaluation of listed investments and certain tangible fixed assets.
(c) The results of subsidiary undertakings acquired are dealt with from the effective date of acquisition.
(d) The results of subsidiary undertakings disposed of are dealt with up to the effective date of sale. The profit or loss arising on such sales represents the difference between the proceeds and the cost of investment plus undistributed post-acquisition reserves of the subsidiary undertaking dealt with in the group accounts.

Translation of foreign currencies

(a) Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling on 31 December except where rates of exchange are fixed under contractual arrangements. Trading results of overseas subsidiary and associated undertakings are translated into sterling at average rates of exchange for the year except that for subsidiary undertakings operating in hyperinflationary economies rates of exchange ruling at 31 December are used.
(b) Exchange gains and losses in respect of the following are dealt with as a movement in reserves:

(i) Net assets of overseas subsidiary and associated undertakings;
(ii) Foreign currency borrowings to the extent that they provide a hedge against investments in overseas subsidiary and associated undertakings.

All other exchange differences are dealt with in the profit and loss account.

Oil and gas exploration expenditure

Exploration expenditure in Pakistan has, to the extent that it is not reimbursable, been capitalised and is amortised by the unit of production method based upon the amount of the estimated recoverable reserves of oil and gas.

Goodwill

Goodwill representing the difference between the aggregate of the fair value of the separable net assets of a subsidiary or associated undertaking at the date of acquisition and the consideration paid is either:

(i) Eliminated from the accounts immediately on acquisition by a charge against reserves, or
(ii) Carried forward as an intangible asset.

In the latter case amortisation is charged to the profit and loss account by equal annual instalments over the useful economic life of the asset commencing in the year following acquisition.

Tangible fixed assets

Tangible fixed assets are stated at cost or at valuation and include interest costs accruing over the period from initial expenditure to completion of material capital projects. Where revalued assets are sold or otherwise disposed of, the profit or loss dealt with in the profit and loss account is the difference between the proceeds of disposal and original cost. Except for freehold land where the value is separately ascertainable and assets in course of construction, upon which no depreciation is charged, depreciation is calculated so as to write down the assets to their estimated realisable value by equal annual instalments over their useful lives at the following rates:
Freehold buildings at rates varying between 2% and 10%.
Leasehold properties over period of lease with a maximum of 50 years.
Plant at rates varying between 5% and 33⅓%.
Fixtures and fittings at rates varying between 5% and 30%.
Motor vehicles at rates varying between 14% and 33⅓%.

Fixed asset investments

The group's share of profits less losses is included, where material, in respect of associated undertakings. An associated undertaking is one in which the group owns at least 20% of the voting rights and, in the opinion of the directors, can exercise a significant influence in its management. Such investments are stated at the group's share of the underlying net assets extracted from the relevant accounts, adjusted as appropriate to conform with group accounting policies.
Investments in other participating interests and other investments are dealt with as follows:

(i) Listed investments are revalued based on market values at 31 December and the movements resulting therefrom are adjusted through reserves.
(ii) Unlisted investments are stated at cost less amounts provided.

Investments in shares of subsidiary undertakings are stated at cost less amounts provided.

Leases

The cost of assets held under finance leases is included within tangible fixed assets and depreciation is provided in accordance with the group's normal depreciation policy. The capital element of future lease rentals is included in creditors. Rental payments in respect of operating leases are charged to profit and loss account as incurred.

Stock valuation

Stocks are stated at the lower of cost and net realisable value. Cost, which in certain cases refers to average cost, includes production overheads in addition to direct materials and labour.

Turnover

Turnover consists of the amounts invoiced for goods supplied and services provided to external customers excluding value added tax and other sales taxes.

Research and development expenditure

Expenditure on research and development is written off as incurred.

Pension costs

The regular cost of pensions in respect of the group's defined benefit pension schemes is charged to profit and loss account so as to apportion such cost over the service lives of employees in the schemes. Variations from the regular cost are apportioned over the expected remaining service lives of current employees in the schemes.

Deferred taxation

Provision is made, using the liability method, for deferred taxation where it is considered that the liability will become payable in the foreseeable future. The provision comprises tax on capital allowances which are in excess of the equivalent charge for depreciation and amortisation, relief for increases in stock values and other timing differences.
Advance corporation tax is written off to the extent that it is not recoverable in the immediate and foreseeable future. Amounts written off may be available for offset against UK tax liabilities in future years and any amounts so offset are credited to taxation in the profit and loss account in those years.

Business and geographical analysis

BURMAH CASTROL

	†Funds invested 1990 £ million	1989 £ million	Capital expenditure 1990 £ million	1989 £ million	Turnover 1990 £ million	1989 £ million	Profit before taxation 1990 £ million	1989 £ million
By class of business								
Lubricants	**436·5**	473·8	**34·7**	43·4	**1,102·2**	1,028·8	**128·0**	120·1
Fuels	**152·0**	136·7	**21·1**	27·5	**345·4**	280·9	**22·7**	18·2
Chemicals	**295·8**	110·0	**13·8**	18·8	**241·2**	214·3	**11·5**	17·1
Shipping	**(20·2)**	(0·9)			**2·7**	67·8	**20·3**	20·8
Energy Investments	**75·0**	147·8	**9·7**	5·4	**31·2**	43·9	**9·9**	16·2
Central Management	**(206·8)**	(51·0)	**1·2**	0·6			**(9·0)**	(5·2)
	732·3	816·4	**80·5**	95·7	**1,722·7**	1,635·7	**183·4**	187·2
Interest							**(18·5)**	(22·8)
	732·3	816·4	**80·5**	95·7	**1,722·7**	1,635·7	**164·9**	164·4

	†Funds invested 1990 £ million	1989 £ million	Capital expenditure 1990 £ million	1989 £ million	Turnover 1990 £ million	1989 £ million	Profit before taxation 1990 £ million	1989 £ million
By geographical area								
United Kingdom and Republic of Ireland	**135·4**	264·7	**29·2**	40·0	**478·3**	449·9	***(0·5)**	*11·5
European continent	**220·9**	195·3	**22·2**	21·1	**519·7**	428·7	**74·7**	63·1
Africa	**23·1**	22·8	**1·4**	1·8	**52·1**	47·5	**6·8**	5·6
The Americas	**124·4**	118·3	**7·2**	13·2	**375·9**	359·6	**35·5**	37·5
Asia/Pacific	**160·2**	158·2	**11·9**	9·0	**183·2**	248·0	**56·6**	57·6
Australasia	**68·3**	57·1	**8·6**	10·6	**113·5**	102·0	**10·3**	11·9
Interest							**(18·5)**	(22·8)
	732·3	816·4	**80·5**	95·7	**1,722·7**	1,635·7	**164·9**	164·4

*After allowing for central and divisional management costs and research and development expenditure.
†Funds invested comprise shareholders' net assets, net borrowings and minority interests.
1989 figures have been restated. See note 1 to the accounts.

Exchange rates

	1990	1989
The main exchange rates against sterling used in these accounts are:		
US dollar – average	**1·78**	1·65
– closing	**1·93**	1·61
Deutsche mark – average	**2·87**	3·06
– closing	**2·89**	2·73

Notes to the accounts

1. Companies Act 1989

Pakistan Petroleum Ltd, formerly dealt with as a related company, and Castrol India Ltd (previously Indrol Lubricants and Specialities Ltd), formerly dealt with as an associated company, are regarded as being subsidiary undertakings under the provisions of the Companies Act 1989. Their results have, therefore, been consolidated into those of the group and corresponding figures for previous years amended accordingly.
In restating the results for 1989, turnover has been increased by £99·4 million, trading profit has been increased by £13·4 million and profit before extraordinary items has been reduced by £0·6 million.

2. Foseco plc

The cash offer by Burmah Castrol for the whole of the issued ordinary share capital of Foseco plc was declared unconditional on 21 December 1990. At that date, the total of acceptances and shares owned amounted to 63·5 per cent of Foseco's issued ordinary share capital. This amount had increased to 83·1 per cent at 31 December 1990. Notices to non-accepting shareholders that the company intended to exercise its right to acquire their shares compulsorily under Section 429 of the Companies Act 1985 were despatched on 18 January 1991 and the transfer took effect on 6 March 1991. For the purposes of the group balance sheet as at 31 December 1990, Foseco has, therefore, been dealt with as a wholly owned subsidiary undertaking. Burmah Castrol's group profit and loss account includes the results of Foseco on a time-apportioned basis for the period 21 to 31 December 1990. Profit before taxation of the Foseco group for the period from 1 January 1990 to the date of acquisition by Burmah Castrol was £39·1 million and for the year to 31 December 1989 £46·2 million.
Further details concerning the acquisition of Foseco plc are contained in note 15 to the accounts and a description of its business is given on pages 6 and 7 of this annual report.

3. Turnover

	1990 £ million	1989 £ million
Invoiced value of sales to external customers	2,264·2	2,173·6
Duties, taxes and other imposts levied by governments	541·5	537·9
Turnover net of duties	1,722·7	1,635·7

4. Trading profit

Trading profit is arrived at as follows:		
Turnover net of duties	1,722·7	1,635·7
Cost of sales	1,065·0	1,026·5
Gross profit	657·7	609·2
Distribution costs	363·0	323·5
Administrative expenses	143·9	121·9
Operating profit	150·8	163·8
Release from provision in respect of LNG transportation operations	7·0	7·0
Income from fixed asset investments (note 5)	25·6	16·4
Trading profit	183·4	187·2
Trading profit is after charging:		
Depreciation	44·9	39·7
Amortisation in respect of LNG operations		0·8
Research and development expenditure	17·5	14·4
Operating lease rentals:		
Plant and machinery	4·3	4·8
Other assets	4·4	2·7
Auditors' remuneration	2·2	2·0

5. Income from fixed asset investments

Income from interests in associated undertakings	22·7	13·6
Income from other participating interests	1·2	1·1
Income from other fixed asset investments	1·7	1·7
	25·6	16·4

Income from fixed asset investments includes £3·9 million (1989 £2·5 million) in respect of listed investments.

6. Interest

	1990 £ million	1989 £ million
Interest payable and similar charges:		
Bank advances, and loans repayable within five years	23·3	26·9
All other loans	6·4	6·5
Other charges	0·4	0·4
Interest capitalised on fixed assets in course of construction	(0·8)	(0·8)
	29·3	33·0
Interest receivable on current asset investments	(10·8)	(10·2)
	18·5	22·8

7. Directors' and employees' remuneration

	1990	1989
(a) *Employee costs:*		
The aggregate amount of emoluments paid to employees, including directors:		
Wages and salaries	214·6	191·4
Social security costs	24·2	19·5
Pension costs	5·6	5·5
	244·4	216·4
(b) Average number of persons employed by the group during the year, including part-time employees:	*Numbers*	*Numbers*
Lubricants	9,038	8,400
Fuels	987	993
Chemicals	2,921	2,683
Shipping	—	15
Energy Investments	1,783	1,753
Central Management	160	167
	14,889	14,011
(c) Emoluments of the directors of Burmah Castrol plc paid by the company and its subsidiaries:	£ thousand	£ thousand
Fees	80	91
Remuneration	968	692
Performance-related bonuses	45	95
Compensation for loss of office	*309	
**Including the money value of advisory services made available to a former director.*		
	1,402	878
(d) Pension payment to former director	26	24

(e) Emoluments including performance-related bonuses of directors whose duties were discharged wholly or mainly in the UK:

			1990	1989
(i) Mr J N Maltby, chairman to 30 June 1990			122	†37
(ii) Mr L M Urquhart, chairman from 1 July 1990 and highest paid director (emoluments as chairman £156,000)			277	238
(iii) Other directors			Numbers	
£5,001	to	£10,000		2
£10,001	to	£15,000	3	2
£15,001	to	£20,000	1	1
£75,001	to	£80,000	2	
£90,001	to	£95,000	1	
£100,001	to	£105,000		1
£115,001	to	£120,000		1
£120,001	to	£125,000	1	
£125,001	to	£130,000	1	
£145,001	to	£150,000		1
£180,001	to	£185,000		1
£230,001	to	£235,000	1	

†Mr J N Maltby waived his right to receive emoluments amounting to £6,000 in respect of 1990 (1989 £12,000).

8. Taxation

	1990 £ million	1989 £ million
The charge based on the results for the year, comprises:		
UK corporation tax at 34·25%	27·4	47·8
Relief for overseas taxation	(16·1)	(34·8)
	11·3	13·0
Advance corporation tax	2·5	(2·0)
Overseas taxation	50·0	55·7
	63·8	66·7
Prior year adjustments	(2·3)	(0·1)
	61·5	66·6
The total charge includes:		
(a) Taxation applicable to income from interests in associated undertakings	3·1	2·6
(b) Deferred taxation comprising:		
UK corporation tax	(3·1)	2·1
Overseas tax	(0·2)	3·1
	(3·3)	5·2
The total charge does not include potential deferred taxation comprising:		
Accelerated capital allowances	(1·0)	(0·2)
Stock relief – overseas	(0·2)	(2·0)
Other timing differences	(0·5)	1·0
	(1·7)	(1·2)

9. Extraordinary items

	1990 £ million	1989 £ million
Extraordinary income		
Profit on sale of fixed asset investments	75·0	1·2
Profit on sale of ULCCs	5·1	
Profit on disposal of interests in subsidiary undertakings		18·7
	80·1	19·9
Taxation on extraordinary income – UK	(1·4)	
– Overseas		(1·5)
	78·7	18·4

10. Dividends

	1990 £ million	1989 £ million
Preference shares	1·0	1·0
Ordinary shares:		
Interim of 8·5p per £1 ordinary share (1989 8·0p)	15·5	14·4
Proposed final of 14·5p per £1 ordinary share (1989 13·5p)	26·3	24·4
	42·8	39·8

11. Earnings per ordinary share

Earnings per ordinary share are calculated on earnings of £95·9 million (1989 £93·9 million) after deducting preference share dividends and on the weighted average number of ordinary shares in issue during the year of 181·3 million (1989 180·1 million). The exercise of outstanding share options would not give rise to any significant dilution of earnings.

12. Intangible fixed assets

	Patents, trade marks, etc £ million	Oil and gas exploration expenditure £ million	Total £ million
Cost			
At 1 January 1990 (restated — see note 1)	4·9	8·8	13·7
Exchange adjustments	(0·3)	(1·6)	(1·9)
Capital expenditure	0·2	7·0	7·2
Other adjustments	(0·1)		(0·1)
At 31 December 1990	4·7	14·2	18·9
Amortisation			
At 1 January 1990 (restated — see note 1)	1·3	6·0	7·3
Exchange adjustments		(1·1)	(1·1)
Charge for year	0·4	0·3	0·7
At 31 December 1990	1·7	5·2	6·9
Net per group balance sheet			
At 31 December 1990	3·0	9·0	12·0
At 31 December 1989	3·6	2·8	6·4

13. Tangible fixed assets

	Land and buildings £ million	Plant and machinery, motor vehicles £ million	Fixtures and fittings £ million	Payments on account and assets in course of construction £ million	Total £ million
Cost or valuation					
At 1 January 1990 (restated — see note 1)	269·8	302·4	70·9	26·7	669·8
Exchange adjustments	(13·7)	(31·9)	(4·0)	(3·2)	(52·8)
Acquisitions	136·3	142·9	23·7	0·1	303·0
Capital expenditure	15·1	37·3	15·4	5·5	73·3
Reclassification	6·0	7·2	(2·1)	(11·1)	
Disposals and other adjustments	(2·2)	(22·1)	(4·3)		(28·6)
At 31 December 1990	411·3	435·8	99·6	18·0	964·7
Depreciation and amortisation					
At 1 January 1990 (restated — see note 1)	3·2	127·6	30·8		161·6
Exchange adjustments	(0·6)	(12·5)	(1·5)		(14·6)
Acquisitions	21·9	90·4	16·2		128·5
Charge for year	8·3	24·2	11·7		44·2
Disposals and other adjustments	(0·2)	(6·0)	(3·4)		(9·6)
At 31 December 1990	32·6	223·7	53·8		310·1
Net per group balance sheet					
At 31 December 1990	378·7	212·1	45·8	18·0	654·6
At 31 December 1989	266·6	174·8	40·1	26·7	508·2

(a) Land and buildings (net) include freehold properties £355·3 million (1989 £249·1 million) and leasehold properties with an unexpired life of not less than 50 years £7·9 million (1989 £8·5 million).

(b) The cost or valuation of the group's land and buildings as at 31 December 1990 is:

	Cost or valuation £ million	Accumulated depreciation £ million	Net book value £ million
Cost	166·9	25·2	141·7
Valuation 1989	244·4	7·4	237·0
	411·3	32·6	378·7

(c) If properties had not been revalued, total land and buildings would have been included at the following amounts: cost £316·2 million (1989 £172·8 million), depreciation £53·4 million (1989 £32·3 million) and net book amount £262·8 million (1989 £140·5 million).

(d) Assets in course of construction and freehold land amounting in aggregate to £150·4 million (1989 £147·7 million) are not subject to depreciation.

14. Fixed asset investments

	Note	Subsidiary undertakings Shares £ million	Subsidiary undertakings Loans £ million	Associated undertakings £ million	Other participating interests £ million	Other investments £ million	Total £ million
Group		(a)		(b)	(c)	(d)	
Cost or valuation							
At 1 January 1990 (restated – see note 1)				103·1	7·9	125·5	236·5
Exchange adjustments				(9·7)	(0·3)	(6·0)	(16·0)
Acquisitions				4·4		0·2	4·6
Additions					0·2	27·9	28·1
Disposals and other adjustments				(63·8)	(0·6)	(4·1)	(68·5)
Adjustments to market value					(1·1)	0·3	(0·8)
Share of undistributed reserves				6·4			6·4
At 31 December 1990				40·4	6·1	143·8	190·3
Amounts provided							
At 1 January 1990						23·4	23·4
Exchange adjustments						(1·5)	(1·5)
Amounts provided during year						6·2	6·2
Adjustments in respect of disposals						(2·0)	(2·0)
At 31 December 1990						26·1	26·1
Net per group balance sheet							
At 31 December 1990				40·4	6·1	117·7	164·2
At 31 December 1989				103·1	7·9	102·1	213·1
Company							
Cost or valuation							
At 1 January 1990		201·8	392·7	2·3	5·8	4·0	606·6
Exchange adjustments			(1·9)				(1·9)
Additions		269·6	128·3				397·9
Adjustments to market value					(1·1)	0·6	(0·5)
Disposals and repayments		(6·8)	(88·5)				(95·3)
Amounts released/(provided)		(0·6)	24·9				24·3
At 31 December 1990		464·0	455·5	2·3	4·7	4·6	931·1

(a) Shares in subsidiary undertakings are stated at cost less amounts provided.

	1990 £ million Group	1989 £ million Group	1990 £ million Company	1989 £ million Company
(b) Associated undertakings at net book amount:				
Shares listed in Great Britain at cost (note (ii))		48·4		
Unlisted shares at cost	33·6	35·3	2·3	2·3
Share of reserves	6·8	19·4		
	40·4	103·1	2·3	2·3

(i) Associated undertakings include the group's investment in companies involved in liquefied natural gas (LNG) transportation operations comprising a 50 per cent interest in three associated undertakings (two of which are owned directly by Burmah Castrol plc) and their subsidiaries.

These companies have contractual commitments in respect of in-charters of eight LNG carriers extending up to the years 2002/2004 at annual rates approximating to US $ 10 million for each of the eight vessels, but with reducing amounts for three of the vessels over the last four years of the period. Under an agreement with Mitsui OSK Lines the project is operated under joint ownership and the co-owners have counter-indemnified Burmah Castrol as to 50 per cent of the various performance and financial guarantees given in connection with the LNG commitments.

The vessels have each been dedicated for periods of 20 years (to dates between 1996 and 2000) to a transportation agreement with Pertamina for the carriage of LNG from Indonesia to Japan. No contract of employment exists for approximately the last five years of the time-charter for each vessel but Pertamina has the option to extend the current contract for a further three years for each vessel. The group's share of the charter costs over these last five years amounts to approximately US $200 million. A provision of £21·2 million (1989 £28·2 million) in respect of this commitment is included in provisions for liabilities and charges.

The guaranteed minimum freight revenue receivable under the transportation agreement is calculated to provide over the period of the contract for the recovery of operating costs, including future inflation, together with a fixed contribution to cover charter commitments and variable overhead costs. The future profitability of the project could be progressively diminished by the effect of inflation on such variable overhead costs unless extra revenue is earned by means of cargoes carried in excess of the minimum contract level. The current level of cargoes carried is in excess of the minimum contract level and capacity exists within the present fleet to enable this level to be increased further.

Undertakings involved in the LNG transportation operations are insured in respect of their liabilities as time charterers against damage to the vessels to cover their agreed value, and also have insurance cover against third party liabilities.

(ii) The group's investment in Premier Consolidated Oilfields plc representing 29·7 per cent of Premier's share capital was sold in August 1990.

14. Fixed asset investments (continued)

	1990 £ million Group	1989 £ million Group	1990 £ million Company	1989 £ million Company
(c) Other participating interests at net book amount:				
Listed overseas at market value (note (e) (i))	4·7	5·8	4·7	5·8
Unlisted at cost less amounts provided	1·4	2·1		
	6·1	7·9	4·7	5·8
(d) Other investments at net book amount:				
Listed in Great Britain at market value (note (e) (ii))	1·1	1·8		
Listed overseas at market value (note (e) (iii))	8·6	8·1	4·6	4·0
Unlisted at cost less amounts provided	1·4	1·5		
Trade and other advances at cost less amounts provided	106·6	90·7		
	117·7	102·1	4·6	4·0
(e) Investments in listed companies are included at market value. The comparable cost and net book amounts on an historical cost basis are:				
(i) shares in participating interests listed overseas	0·9	0·9	0·9	0·9
(ii) shares in other investments listed in Great Britain	1·3	2·0		
(iii) shares in other investments listed overseas	7·2	6·4	2·0	2·0

(f) The shareholdings in principal associated undertakings and other companies are:

	Group share	Issued share capital £ million
Associated undertakings		
Burmah LNG Shipping Inc	50%	–
Burmah MOL Transport Ltd	50%	–
Castrol (Thailand) Ltd	49·95%	1·1
Combustibles Maritimos SA	50%	1·4
Sociedade de Lubrificantes Ingleses Ltda	50%	0·2
Turcas Petrolcülük AS	50%	18·0
Other companies		
Burshane (Pakistan) Ltd	31·67%	0·5
Pakistan Burmah Shell Ltd	24·5%	2·6
Pakistan Refinery Ltd	15%	2·2

Notes to the accounts

15. Acquisitions and disposals

Acquisitions

(a) During the year a number of subsidiary undertakings were acquired and have been dealt with using the acquisition method of accounting. The names of the most significant of these undertakings are shown on pages 38 and 39.

(b) Foseco plc was acquired on 21 December 1990. In view of the proximity of this date to the group's year end and the necessary estimates involved, the fair value of the net assets of the Foseco group set out below and the goodwill arising on consolidation are provisional figures.

	Book values £ million	Revaluation £ million	Provisions £ million	Fair values on acquisition £ million
Fixed assets	105·8	62·7		168·5
Working capital	83·9		(1·0)	82·9
Net borrowings	(33·3)			(33·3)
Provisions and non-current liabilities	(33·5)		(44·8)	(78·3)
Net assets	122·9	62·7	(45·8)	139·8
Goodwill				129·8
Cost of acquisition				269·6
(c) The net assets of other subsidiary undertakings and businesses purchased during the year are:				
Fixed assets	10·5	0·1		10·6
Working capital	4·5		(0·2)	4·3
Net liquid assets	1·0			1·0
Provisions and non-current liabilities	(1·9)			(1·9)
Net assets	14·1	0·1	(0·2)	14·0
Goodwill				27·4
Cost of acquisition				41·4
Total cost of acquisitions				311·0
Amounts outstanding at 31 December 1990				204·5
Amounts paid at 31 December 1990				106·5

Provisions include amounts set aside for restructuring, reorganisation, contingent costs and other items.

Disposals

During the year the group sold its shareholding in Premier Consolidated Oilfields plc and its ULCC vessels for net proceeds of £160·7 million.

16. Stocks

	1990 £ million	1989 £ million
Base oils and additives	57·1	44·2
Other raw materials and work in progress	50·6	21·3
Finished products	155·3	126·2
Consumable stores	15·1	9·2
	278·1	200·9

17. Debtors

	1990 £ million Group	1989 £ million Group	1990 £ million Company	1989 £ million Company
Due within one year:				
Trade debtors	353·3	255·9		
Amounts owed by subsidiary undertakings			12·0	79·6
Amounts owed by undertakings in which the group has a participating interest	3·6	2·6		0·8
Prepayments and accrued income	28·5	28·1	0·3	0·3
Other debtors	29·3	24·1	2·1	6·9
	414·7	310·7	14·4	87·6
Due after more than one year:				
Trade debtors	1·9	1·1		
Prepayments and accrued income	1·2	1·0		
Other debtors	13·6	11·5	8·2	5·6
	16·7	13·6	8·2	5·6
	431·4	324·3	22·6	93·2

18. Current asset investments

	1990 £ million Group	1989 £ million Group	1990 £ million Company	1989 £ million Company
Investments listed overseas	0·6	0·2		
Unlisted investments	4·8	0·1		
Short-term deposits	54·0	10·2	39·7	0·3
	59·4	10·5	39·7	0·3

The comparable amount of cost and net book value of listed investments on an historical cost basis is £0·6 million (1989 £0·2 million).

19. Creditors — borrowings

	1990 £ million Group	1989 £ million Group	1990 £ million Company	1989 £ million Company
Short-term borrowings (amounts falling due within one year):				
Bank loans and overdrafts	81·6	74·0	7·0	24·1
Other loans	8·6	10·2		
	90·2	84·2	7·0	24·1
Long-term borrowings:				
Bank loans	69·9	34·4		
Other loans wholly repayable within five years	12·0	14·0		
Other loans	67·7	80·0	53·9	53·9
	149·6	128·4	53·9	53·9
Total borrowings	239·8	212·6	60·9	78·0
Analysis of total borrowings:				
Sterling — Fixed rate				
8½% loan stock 1991/96 (note (a))	53·9	53·9	53·9	53·9
Other loans	0·3			
— Floating rate				
Bank loans, overdrafts and other loans	5·8	15·7		7·6
Foreign currencies				
— Fixed rate				
7½% Belgian franc bonds due 1992 (note (b))	1·7	2·7		
Bank loans and other loans	9·3	18·2		
— Floating rate				
Commercial paper	7·8	16·8		
US$ industrial bonds	4·5	6·9		
Bank loans, overdrafts and other loans	156·5	98·4	7·0	16·5
	239·8	212·6	60·9	78·0
Of which secured	40·1	33·1		

The long-term borrowings of the group as at 31 December 1990 are repayable as follows:	Bank loans £ million	Other borrowings £ million	Total £ million
Between one and two years	6·9	8·5	15·4
Between two and five years	46·7	9·5	56·2
Beyond five years	16·3	61·7	78·0
	69·9	79·7	149·6

(a) *Redeemable on 31 August 1996 at par or, at the option of the company, during the period 1 September 1991 until* 30 August 1996 inclusive, pro rata to holdings, or by drawings at par. The company may at any time purchase stock in the market at any price (by private treaty at not more than £110 per cent), such stock to be thereupon cancelled.

(b) *Registered bonds of BFrs 5,000 each, issued by a subsidiary, may be changed into bearer certificates at the request of* the bondholder. The bonds are redeemable at par in two annual instalments on 15 June 1991 and 1992 or, at the option of the borrower, at a redemption price equal to the principal amount of the bonds plus a premium of 0·5 per cent.

(c) The equivalent of £326 million in sterling and multi-currency term standby facilities are available to the company and certain of its subsidiary undertakings in reducing amounts until August 1996. Of these facilities £206 million are annually extendable on an evergreen basis. At 31 December 1990 no borrowings were outstanding against these facilities. The commercial paper borrowings are supported by these facilities and have, therefore, been classified as long-term.

(d) Secured borrowings are in overseas subsidiary undertakings and are secured by charges on specific or general assets of those subsidiary undertakings.

20. Other creditors

	1990 £ million Group	1989 £ million Group	1990 £ million Company	1989 £ million Company
Amounts falling due within one year:				
Payments received on account	0·8	0·5		
Trade creditors	238·3	176·8		
Amounts owed to subsidiary undertakings			29·7	25·8
Amounts owed to companies in which the group has a participating interest	0·5	0·1		
Taxation and social security	67·1	56·6	18·2	19·6
Dividends	41·7	37·8	41·7	37·8
Other creditors	224·9	20·0	195·2	3·3
Accruals and deferred income	71·9	41·8	1·6	1·5
	645·2	333·6	286·4	88·0
Amounts falling due after more than one year:				
Taxation and social security	1·3	0·3		
Other creditors	19·9	8·7		
	21·2	9·0		

21. Provisions for liabilities and charges

	Pensions and unfunded retirement benefits, etc. £ million	Deferred taxation £ million	Other provisions £ million	Total £ million
At 1 January 1990 (restated — see note 1)	24·8	26·1	43·0	93·9
Exchange adjustments	(1·6)	(4·5)	(1·8)	(7·9)
Acquisitions	14·0	4·5	46·4	64·9
Other movements during the year	2·6	(1·0)	(10·9)	(9·3)
At 31 December 1990	39·8	25·1	76·7	141·6

At 31 December 1990 the company has a deferred tax asset of £1·8 million (1989 £4·4 million) which has been included in other debtors.

22. Deferred taxation

	1990 £ million	1989 £ million
Deferred taxation provided at 31 December 1990 is in respect of:		
Accelerated capital allowances	21·0	25·1
Stock relief — overseas	1·5	1·0
Other timing differences	4·4	4·0
Advance corporation tax recoverable	(1·8)	(4·0)
	25·1	26·1
There is a potential liability in respect of deferred taxation not considered to be payable in the foreseeable future and, therefore, not provided for in these accounts in respect of:		
Accelerated capital allowances	2·7	3·7
Stock relief — overseas	1·4	1·6
Other timing differences	(0·9)	(0·4)
	3·2	4·9

(a) Further potential liabilities exist in relation to unrealised surpluses on revaluations. Such liabilities cannot be accurately quantified due to the incidence of indexation and other reliefs which might be available at the time of realisation.

(b) Substantial unused losses for UK taxation purposes are available *in a subsidiary undertaking. The precise amounts of* these losses have not yet been finally agreed with the Inland Revenue.

23. Share capital

	1990 £ million	1989 £ million
Allotted and fully paid:		
6% (now 4·2% plus tax credit) cumulative first preference shares	0·2	0·2
6% (now 4·2% plus tax credit) cumulative second preference shares	0·8	0·8
8% (now 5·6% plus tax credit) cumulative preference shares	3·0	3·0
7¼% (now 5·075% plus tax credit) cumulative redeemable preference shares (note a)	15·0	15·0
	19·0	19·0
Ordinary shares (note b)	182·0	180·8
Called up share capital	201·0	199·8
Unissued:		
Unclassified shares of £1 each	51·0	52·2
Authorised share capital	252·0	252·0

(a) The company has power to redeem these preference shares at par plus a premium of the amount per share equal to the excess over par of the average stock exchange quotation (less a sum equal to the accrual of the fixed dividend after tax) during the period of six months dating from 30 days before the date on which the company gives a notice of redemption.

(b) The following numbers of ordinary shares were issued during the year:

(i) 513,428 by way of scrip in lieu of cash amounting to £2·8 million in respect of dividends declared during the year ended 31 December 1990

(ii) 759,904 as a result of the exercise of options under the terms of the company's share option schemes for an aggregate consideration of £2·5 million.

(c) The following options to subscribe for ordinary shares of £1 each, granted under the terms of the Burmah Castrol ShareSave Scheme and the Burmah Castrol Executive Share Option Scheme, were outstanding at 31 December 1990:

	Number of options	Number of shares	Subscription price	Normal exercise period
ShareSave scheme	34	*20,230	*250·44p	1990-91
	169	*97,861	*311·59p	1991-92
	339	156,607	427·00p	1992-93
	468	215,364	460·00p	1993-94
	314	121,282	496·00p	1994-95
	375	175,087	514·00p	1994-95
	423	221,880	476·00p	1995-96
	581	353,318	406·00p	1995-96
Executive scheme	2	*43,061	*257·24p	1990-95
	14	*224,921	*361·10p	1990-96
	2	49,884	367·00p	1990-96
	51	561,193	443·00p	1990-97
	4	22,062	569·00p	1990-97
	32	322,059	518·00p	1991-98
	10	50,541	508·00p	1991-98
	80	395,113	542·00p	1992-99
	25	378,380	631·00p	1992-99
	51	221,009	593·00p	1993-2000
	24	505,569	504·00p	1993-2000

* *After adjustment following the May 1986 rights issue.*

24. Reserves

	Share premium £ million	Special capital reserve £ million	Revaluation reserve £ million	Other reserves £ million	Profit and loss account £ million
Group					
As previously reported	9·0		122·8	—	254·3
Restatement (see note 2)				30·0	(5·7)
At 1 January 1990	9·0		122·8	30·0	248·6
Adjustment on currency realignments			(5·2)	(5·5)	(42·1)
Premium on ordinary shares issued during the year	4·1				
Elimination of goodwill				(32·9)	(124·3)
Decrease in value of listed investments			(0·8)		
Amounts realised			6·9		
Other adjustments				7·5	
Retained profit for the year					132·8
Transfers to profit and loss account			(2·0)	0·9	1·1
At 31 December 1990	13·1		121·7	—	216·1
Company					
At 1 January 1990	9·0	70·7	6·8	20·2	241·9
Adjustment on currency realignments					(0·3)
Premium on ordinary shares issued during the year	4·1				
Decrease in value of listed investments			(0·4)		
Retained profit for the year					98·1
Transfer to profit and loss account		(5·3)			5·3
At 31 December 1990	13·1	65·4	6·4	20·2	345·0

(a) The availability for distribution of a part of the reserves of certain overseas subsidiary undertakings is at present subject to exchange control and other restrictions.
(b) Provision has not been made in respect of taxation which might arise if certain overseas subsidiary undertakings were to distribute their reserves.
(c) The special capital reserve in the balance sheet of the company is not distributable except to the extent of any amounts of share capital and share premium arising subsequent to the establishment of the reserve. During 1990 share capital and share premium have increased by amounts totalling £5·3 million (1989 £5·2 million) and an equivalent amount has therefore been released from special capital reserve and credited to profit and loss account reserve.
(d) The cumulative amount eliminated from reserves in respect of goodwill arising on the acquisition of undertakings still in the group at 31 December 1990, amounts to £282·4 million.
(e) The amount of exchange gains on foreign currency borrowings offset in the adjustments on currency realignments for the group is £9·0 million (1989 losses £2·7 million).
(f) The profit of Burmah Castrol plc attributable to shareholders is £140·9 million (1989 £111·1 million). The company is exempt from presenting a profit and loss account by virtue of Section 230(2) of the Companies Act 1985.

25. Commitments and contingent liabilities

	1990 £ million Group	1989 £ million Group	1990 £ million Company	1989 £ million Company
(a) Guarantees of bank overdrafts and other borrowings granted to subsidiary undertakings			30·4	30·8
(b) Other guarantees etc	40·2	38·7	7·5	7·7
(c) Future annual rentals in respect of operating leases				
(i)				
Land and buildings				
Leases expiring: Within one year	0·7	0·8		
Between one and five years	2·6	1·7		
After five years	2·7	2·5		
(ii)				
Other				
Leases expiring: Within one year	1·1	0·8		
Between one and five years	5·4	2·3		
After five years	0·7	0·8		

(d) Amounts payable in respect of gross obligations under finance leases: within one year £2·2 million (1989 £1·6 million), between one and five years £5·4 million (1989 £4·7 million), thereafter £2·6 million (1989 £3·4 million). Aggregate finance charges included in these obligations total £3·1 million (1989 £3·1 million).
(e) Various disputed claims including taxation, some of which are the subject of litigation.
(f) Performance guarantees and indemnities have been given by Burmah Castrol plc in connection with the group's LNG commitments. Counter-indemnities as to 50 per cent of these guarantees and indemnities have been received from the co-owners of the project.
(g) Sundry commitments and contingencies arising in the ordinary course of business, including bills discounted of £10·2 million (1989 £2·5 million).

26. Pension plans

The group operates a number of pension schemes throughout the world. The major schemes, which cover 90 per cent of scheme members, are of the defined benefit type. The assets of the schemes are held in separate trustee administered funds with the exception of the schemes in Germany and Austria.

The valuation of the group's main UK scheme, which covers the majority of UK employees, was reviewed by Bacon and Woodrow, consulting actuaries, as at 1 January 1990 using the projected unit credit method. The assumptions having the most significant effect on the results of the valuation relate to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 9% per annum, that salary increases would average 7% per annum and that present and future pensions would increase at the rate of 5% per annum. The actuarial value of the assets was sufficient to cover 126% of the benefits that had accrued to members, after allowing for expected future increases in pensionable remuneration. The market value of the scheme's assets as at the date of review was £354 million.

The group's major overseas schemes have been assessed by qualified actuaries. The actuarial value of the assets compared with the benefits that had accrued to members, after allowing for expected future increases in pensionable remuneration, showed a significant surplus in respect of the group scheme operating in Australia and small deficits in respect of group schemes operating in several European countries. A provision of £29·8 million (1989 £20·5 million) being the excess of accumulated pension costs over the amounts funded is included in provisions for liabilities and charges. The major part of this provision relates to the unfunded schemes in Germany and Austria.

Actuarial surpluses and deficits are being spread over the average remaining service lives of current employees.

The group is not currently making contributions in the case of certain pension schemes where substantial surpluses exist.

27. Future capital expenditure of the group

Capital expenditure provisionally approved by the board amounts to approximately £165 million (1989 £155 million). Most of this expenditure remains subject to final sanction and only part of the amounts to be sanctioned are expected to be spent in 1991. Contracts placed against these approvals so far as not provided for in these accounts amount to approximately £26 million (1989 £21 million).

28. Source and application of funds

	1990 £ million	1989 £ million
(a) Source of funds from trading operations consists of:		
Profit before taxation	164·9	164·4
Adjustment for non-cash items:		
Depreciation and amortisation	44·9	39·7
Other items	(2·4)	(2·1)
	207·4	202·0
(b) Additions to fixed assets consist of:		
Intangible and tangible fixed assets	80·5	99·4
Fixed asset investments	28·1	25·0
Reimbursement of capital expenditure in Pakistan		(6·2)
	108·6	118·2
(c) Increase/(decrease) in working capital:		
Stocks	2·1	30·5
Debtors	(15·1)	60·7
Creditors	10·7	(36·3)
Adjustments - currency realignments	23·7	(1·9)
	21·4	53·0
(d) The decrease/(increase) in net borrowing comprises:		
Increase/(decrease) in net liquid funds	55·6	(98·3)
(Increase)/decrease in long term borrowings	(6·2)	53·8
	49·4	(44·5)

(e) In order to eliminate the effect of currency realignments, opening assets and liabilities have been adjusted to the rates of exchange ruling at 31 December 1990.

The adjustments resulting were:

Fixed assets	(53·5)	26·1
Working capital	(23·7)	1·9
Creditors - taxation	2·6	(1·8)
Net liquid funds	(1·6)	9·8
Long term creditors and provisions	8·5	(10·7)
Long-term borrowings	7·9	(7·2)
Minority interests	8·3	(0·3)
	(51·5)	17·8

The effect of translating the results of overseas subsidiary and associated undertakings at average exchange rates in place of the rates ruling at 31 December amounting to a surplus of 11·3 million (1989 deficit of £2·4 million) is included in the adjustment for other non cash items.

Principal subsidiary, associated and other undertakings

The following is a list of the principal subsidiary, associated and other undertakings of which Burmah Castrol plc is, either directly or through subsidiary companies, the beneficial owner of the whole, or such lesser percentage as is stated, of the equity share capital.

Shares held directly by Burmah Castrol plc are marked*.
Subsidiary undertakings acquired during the year are marked†.

Countries in which undertakings are incorporated are given in brackets. The country of incorporation is also the principal country of operations with the exception of (a) those companies listed under the heading of Shipping, which operate internationally, (b) Veedol International Ltd which operates principally in England and (c) The Burmah Oil Company (Pakistan Trading) Ltd which operates in Pakistan.

The particulars given relate only to those undertakings whose results, in the opinion of the directors, principally affect the amount of the profit or assets of the group.

LUBRICANTS

United Kingdom and Republic of Ireland

Burmah-Castrol Industrial Ltd	(England)
Burmah-Castrol (UK) Ltd	(England)
Castrol Ltd	(England)
Castrol (UK) Ltd	(England)
Veedol International Ltd	*(Scotland)*
Burmah Castrol (Ireland) Ltd	(Republic of Ireland)

Continental Europe

Castrol Austria GmbH	(Austria)
Castrol NV	(Belgium)
Veedol Belgium NV	*(Belgium)*
Castrol A/S	(Denmark)
Chem-Trend A/S	(Denmark)
Kemi Service A/S (50·4%)	(Denmark)
Biosoph Laboratories SARL	(France)
Castrol France SA	(France)
The Burmah Oil (Deutschland) GmbH	(Germany)
Burmah Oil Handelsges.mbH	(Germany)
Castrol Marine Oils GmbH	(Germany)
Consulta Chemie GmbH	(Germany)
Deutsche Castrol Vertriebsges.mbH	(Germany)
Deutsche Castrol-Industrieoel GmbH	(Germany)
Deutsche Veedol GmbH	(Germany)
† *Optimol Oelwerke Industrie GmbH & Co KG*	*(Germany)*
Castrol (Hellas) SA	(Greece)
Castrol Italiana SpA	(Italy)
Castrol Nederland BV	(Netherlands)
Castrol Norge A/S	(Norway)
Sociedade de Lubrificantes Ingleses Ltda (50%)	(Portugal)
Castrol España SA	(Spain)
Castrol AB	(Sweden)
Castrol (Switzerland) AG	(Switzerland)
Veedol (Switzerland) AG	(Switzerland)

Africa

Castrol South Africa (Pty) Ltd	(South Africa)
Castrol Zimbabwe (Pvt) Ltd	(Zimbabwe)

The Americas

Castrol Brasil Ltda	(Brazil)
Castrol Canada Inc	(Canada)
Castrol Chile SA	(Chile)
† Castrol Ecuatoriana SA (50%)	(Ecuador)
† Castrol Mexico (90%)	(Mexico)
Castrol del Peru SA	(Peru)
Castrol Inc	(USA)
Castrol Industrial Inc	(USA)
Chem-Trend Inc	(USA)

Asia

Castrol (Hong Kong) Ltd	(Hong Kong)
Castrol India Ltd (40%)	(India)
Castrol KK	(Japan)
Castrol Korea Ltd	(Korea)
Castrol (Malaysia) SB (60%)	(Malaysia)
* The Burmah Oil Company (Pakistan Trading) Ltd	(Scotland)
Castrol Singapore Pte Ltd	(Singapore)
Castrol (Taiwan) Ltd	(Taiwan)
Castrol (Thailand) Ltd (49·95%)	(Thailand)

Australasia

Castrol Australia Pty Ltd	(Australia)
Castrol NZ Ltd	(New Zealand)

FUELS

† Challister Ltd (90%)	(Australia)
Combustibles Maritimos SA (50%)	(Chile)
Apex Service Stations Ltd	(England)
Burmah Petroleum Fuels Ltd	(England)
Major & Co Ltd	*(England)*
Spectra Brands PLC	(England)
Simoniz International Ltd	(England)
Autopride Malaysia SB (60%)	(Malaysia)
AB Svenska Uno-X	(Sweden)
Turcas Petrolcülük AS (50%)	(Turkey)

CHEMICALS

Burmah Castrol Chemicals Ltd	(England)

Adhesives

Adhesive Solutions Ltd	(England)
Bonding Systems Ltd	(England)
Industrial Adhesives Ltd	(England)
Columbia Cement Co Inc	(USA)

Coatings

Dussek Campbell Pty Ltd	(Australia)
Dussek Campbell Ltd	(Canada)
APP Chemicals Ltd	(England)
Dussek Campbell Ltd	(England)
Solignum Ltd	(England)
Performance Polymers BV	(Netherlands)
Dussek Bros (SA) (Pty) Ltd (51%)	(South Africa)
National Wax Company	(USA)
Yates Manufacturing Co	(USA)

Printing Inks

Sericol Ltd	(England)
Sericol SA	*(France)*
NazDar Europe SA	(France)
Sericol GmbH	(Germany)
Sericol España SA	(Spain)
† Sucesores de Francisco Giralt Valls, SL	(Spain)
Sericol AG	(Switzerland)
Sericol Inc	(USA)

Sealants

Expandite (Australia) Pty Ltd	(Australia)
Expandite-Secomastic A/S	(Denmark)
Expandite Ltd	(England)
Expandite Deutschland GmbH	(Germany)
Expandite-Interswiss Ltd	(Hong Kong)

Sealants (continued)	
Expandite SB (70%)	(Malaysia)
Expandite Ltd	(New Zealand)
Expandite (Ireland) Ltd	(Republic of Ireland)
Expandite (Pte) Ltd	*(Singapore)*
Expandite Asociada Iberica SA (80%)	(Spain)
Expandite (Private) Ltd	(Zimbabwe)
Foseco	
†* Foseco plc	(England)
Foseco Pty Ltd	(Australia)
Giesserei-Dienst GmbH	(Austria)
Foseco SA	(Belgium)
Fosbel Industria E Comercio Ltda (48%)	*(Brazil)*
Foseco Industrial E Comercial Ltda (95%)	(Brazil)
Foseco Canada Inc	(Canada)
Foseco-Morval Inc	(Canada)
Unicorn Abrasives of Canada Ltd	(Canada)
Al Gurg Fosroc Private Ltd (48%)	(Dubai)
Foseco SAE (40%)	(Egypt)
Abrasive Developments Ltd	(England)
Accumatic Filtration Ltd	(England)
Celmac Ltd	(England)
Foseco (FS) Ltd	(England)
Foseco (GB) Ltd	(England)
Foseco International Ltd	(England)
Fospur Ltd	(England)
Fosroc International Ltd	(England)
Fosroc Ltd	(England)
Unicorn Industries plc	(England)
Universal Abrasives Ltd	(England)
Universal Grinding Wheel Co Ltd	(England)
L.M. Van Moppes & Sons Ltd	(England)
Van Moppes IDP Ltd	(England)
Foseco SA	(France)
Precidia SA	(France)
Servimetal SA (60%)	(France)
Foseco GmbH	(Germany)
Indimant Industridiamanten GmbH	(Germany)
Foseco Hellas SA (90%)	(Greece)
Foseco Industries Asia Ltd	(Hong Kong)
Fosroc Chemicals (India) Ltd (40%)	(India)
Greaves Foseco Ltd (50%)	(India)
PT Foseco Indonesia (80%)	(Indonesia)
Celmac (Ireland) Ltd	(Republic of Ireland)
Fosroc Abrasives & Chemicals Ltd	*(Republic of Ireland)*
Foseco SpA	(Italy)
L.M. Van Moppes & Sons SpA	(Italy)
Fosbel Japan Ltd (51%)	(Japan)
Foseco Japan Ltd (92%)	(Japan)
Foseco SA de CV	(Mexico)
Fosbel Europe BV (51%)	(Netherlands)
Foseco Holding International BV	(Netherlands)
Foseco Nederland BV	(Netherlands)
Fosroc BV	(Netherlands)
Foseco (NZ) Ltd	(New Zealand)
Foseco Philippines Inc	(Philippines)
Foseco Portugal Produtos para Produtos (51%)	*(Portugal)*
Fosam Co Ltd (50%)	(Saudi Arabia)
Foseco (S) Pte Ltd	(Singapore)
Foseco South Africa (Pty) Ltd	(South Africa)
Fosroc (Pty) Ltd	(South Africa)
Foseco Korea Ltd (60%)	(South Korea)
Foseco Española SA	(Spain)
Fosroc SA	(Spain)
Foseco AB	(Sweden)
Industridiamanter AB	(Sweden)
Foseco AG	(Switzerland)
Foseco Holding AG	(Switzerland)
L.M. Van Moppes & Sons	(Switzerland)
Foseco Trading AG	(Switzerland)
Foseco Golden Gate Co Ltd (51%)	(Taiwan)
Celtite Technik Inc	(USA)
Fosbel Inc (51%)	(USA)
Foseco Inc	(USA)
Fosroc Inc	(USA)
Muscle Shoals Minerals Inc	(USA)
Universal Superabrasives Inc	(USA)
Fosven CA (49%)	(Venezuela)
Foseco Zimbabwe (PVT) Ltd	(Zimbabwe)
SHIPPING	
* Burmah MOL Transport Ltd (50%)	(British Virgin Islands)
* Burmah Investments Ltd (50%)	(England)
Burmah LNG Shipping Inc (50%)	*(USA)*
ENERGY INVESTMENTS	
Burmah Oil Netherlands Exploration BV	(Netherlands)
* Burshane (Pakistan) Ltd (31·67%)	(Pakistan)
* Pakistan Burmah Shell Ltd (24·5%)	(Pakistan)
* Pakistan Petroleum Ltd (63·91%)	(Pakistan)
* Pakistan Refinery Ltd (15%)	(Pakistan)
* *Sui Northern Gas Pipelines Ltd (6·74%)*	(Pakistan)
CENTRAL MANAGEMENT	
Burmah Australia Ltd	(Australia)
* *Burmah Castrol Finance PLC*	*(England)*
* Burmah Castrol Holdings Ltd	(England)
Burmah Castrol Trading Ltd	(England)
Burmah Castrol France Holdings SA	(France)
* Cairngorm Insurance Ltd	(Guernsey)
Burmah Oil (South Africa) (Pty) Ltd	(South Africa)
* Burmah Castrol Holdings Inc	(USA)
Burmah Castrol USA Inc	(USA)

Report of the auditors

ERNST & YOUNG

To the members of Burmah Castrol plc

We have audited the accounts set out on pages 22 to 39 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group, at 31 December 1990, and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Chartered Accountants
London

27 March 1991

Five year summary

	1986	1987	1988	1989	1990
	£ million	£ million	£ million	£ million	**£ million**
Turnover net of duties	1,365·4	1,361·9	1,456·8	1,635·7	**1,722·7**
Trading profit:					
Lubricants	84·9	104·9	116·0	120·1	**128·0**
Fuels	6·7	8·9	14·8	18·2	**22·7**
Chemicals	11·7	16·6	15·7	17·1	**11·5**
Shipping	12·1	14·8	15·6	20·8	**20·3**
Energy Investments	7·6	20·4	8·1	16·2	**9·9**
Central Management	(7·8)	(6·7)	(5·6)	(5·2)	**(9·0)**
Discontinued Businesses	2·7				
	117·9	158·9	164·6	187·2	**183·4**
Interest	16·1	14·8	16·0	22·8	**18·5**
Profit on ordinary activities before taxation	101·8	144·1	148·6	164·4	**164·9**
Taxation	62·4	62·6	57·4	66·6	**61·5**
Profit on ordinary activities after taxation	39·4	81·5	91·2	97·8	**103·4**
Minority interests	(4·9)	3·1	3·8	2·9	**6·5**
Profit before extraordinary items	44·3	78·4	87·4	94·9	**96·9**
Extraordinary items	(20·4)	(0·2)	4·2	18·4	**78·7**
Profit attributable to shareholders	23·9	78·2	91·6	113·3	**175·6**
Fixed assets	537·7	491·4	558·8	727·7	**830·8**
Net current assets	207·8	136·2	149·2	158·4	**75·7**
Total assets less current liabilities	745·5	627·6	708·0	886·1	**906·5**
Long-term borrowings	148·8	127·4	175·0	128·4	**149·6**
Other long-term creditors and provisions	66·6	64·5	60·2	102·9	**162·8**
Minority interests	44·0	37·7	39·6	44·6	**42·2**
Capital and reserves	486·1	398·0	433·2	610·2	**551·9**
Capital expenditure	82·0	61·2	70·2	95·7	**80·5**
Depreciation	47·0	35·2	36·1	40·5	**44·9**
	pence	pence	pence	pence	**pence**
Earnings per ordinary share	26·8	44·7	49·5	52·1	**52·9**
Dividends per ordinary share	14·0	16·5	19·0	21·5	**23·0**
Net assets per ordinary share	259	217	229	327	**293**
	%	%	%	%	**%**
Net capital gearing	9	22	26	27	**25**

The above summary has been amended to include the results of Pakistan Petroleum Ltd and Castrol India Ltd (see note 1 *to the accounts on page 26).*

Profit and loss account information and earnings per ordinary share for the years 1986 and 1987 have been adjusted to take account of the revised policy for the foreign currency translation of overseas trading results.

Analysis of shareholdings

BURMAH CASTROL

Analysis of ordinary shareholders by range at 31 December 1990 was:

£	Number of holders	%	Shares held	%
1 – 1,000	45,114	84·1	13,501,109	7·4
1,001 – 5,000	7,350	13·7	13,729,724	7·5
5,001 – 10,000	443	0·8	3,119,346	1·7
10,001 – 25,000	250	0·5	4,109,446	2·3
25,001 – 50,000	149	0·3	5,704,027	3·2
50,001 – 100,000	119	0·2	8,790,926	4·8
100,001 – 150,000	55	0·1	6,916,096	3·8
over 150,000	163	0·3	126,173,969	69·3
Total	53,643	100·0	182,044,643	100·0

Classification of ordinary shareholders at 31 December 1990 was:

Banks, Nominees and Trustee Companies	3,211	6·0	100,243,127	55·1
Insurance and Pension Funds	307	0·6	26,597,105	14·6
Investment & Unit Trusts	64	0·1	2,229,361	1·2
Regional & Statutory Bodies	17	0·1	1,106,295	0·6
Charities, Societies & Corporate Bodies	834	1·6	23,243,651	12·8
Individuals	49,210	91·6	28,625,104	15·7
Total	53,643	100·0	182,044,643	100·0

Shareholders' interests

As far as the board is aware one month before the date of notice of the meeting:

(i) substantial interests in the ordinary share capi?al of the company were held by:

SHV Holdings N.V., amounting to 16,506,355 (9·06%);

Norwich Union Insurance Group, amounting to ?1,191,731 (6·14%);

(ii) substantial interests in the 6% cumulative first and second preference shares were:

	6% first preference	6% second preference
ABB Pension Fund		36,000 (4·80%)
Mr G E Banks	9,300 (3·72%)	
Bassett-Patrick Securities Ltd	35,174 (14·06%)	
Commercial Union Assurance Company plc	14,598 (5·83%)	40,000 (5·33%)
Danae Investment Trust plc		*40,000 (5·33%)*
Fulcrum Investment Trust plc	10,000 (4·00%)	30,000 (4·00%)
Mr A W R Medlock and Mrs H M Medlock	7,500 (3·00%)	
Medlock & Medlock Ltd		23,307 (3·10%)
NCB Trust Ltd A/c D		75,000 (10·00%)
Group Traders Limited	33,000 (13·20%)	
The Perret Control Company Ltd		32,500 (4·33%)
Provincial Group plc		188,000 (25·06%)
The Investment Company plc	25,000 (10·00%)	
Trustees of the Great Southern Group Retirement and Death Benefits Scheme	34,427 (13·77%)	29,578 (3·94%)
Trustees of the Richard Cadbury Charitable Trust	10,000 (4·00%)	
WGTC Nominees Ltd A/c 6108		75,000 (10·00%)

Miscellaneous information

Financial calendar

Annual results: Preliminary statement issued 27 March 1991
Annual report: Mailed 17 April 1991
Annual general meeting: To be held 10 May 1991
Final dividend for 1990: Payable July 1991
Half-year 1991 results: To be issued September 1991

Dividend and interest payment dates

Ordinary Shares: Interim, January; Final, July
Preference Shares: 30 April and 31 October
8½% Loan Stock: 28 February and 31 August

Taxation

The following details of market prices on the dates shown may be relevant in computing tax liabilities in respect of capital gains on disposals of the undernoted shares:

	6 April 1965	31 March 1982
§ Ordinary Shares	*243⅓p	119p
6% (now 4·2% plus tax credit) Cumulative First Preference Shares	82½p	36½p
6% (now 4·2% plus tax credit) Cumulative Second Preference Shares	82½p	36½p
8% (now 5·6% plus tax credit) Cumulative Preference Shares	112½p	52½p
7¼% (now 5·075% plus tax credit) Cumulative Redeemable Preference Shares	N/A	47½p
£100 8½% Loan Stock 1991/1996	N/A	£62·25

* After deducting capital dividends totalling 2½p paid after 6 April 1965.
§ The figures quoted in respect of ordinary shares are before any adjustment in respect of the rights issue in 1986 and any subsequent scrip dividends taken up.

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