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## FINANCIAL HIGHLIGHTS

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BRITISH ALCAN ALUMINIUM plc

Registered in England No. 385816

CHALFONT PARK

GERRARDS CROSS

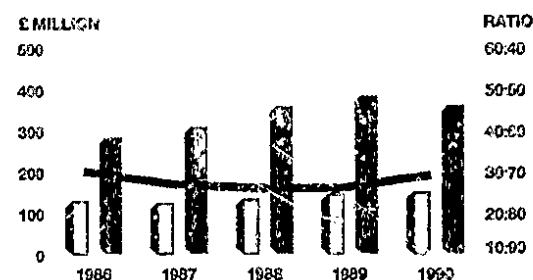
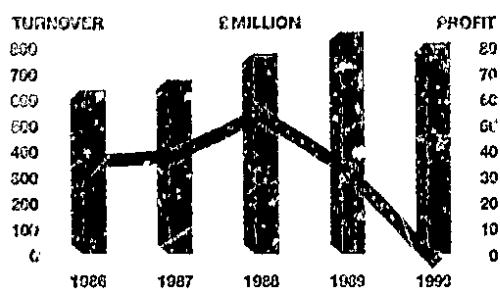
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Turnover down £43 million to £820 million. UK exports down by £44 million, but still substantial at £239 million.

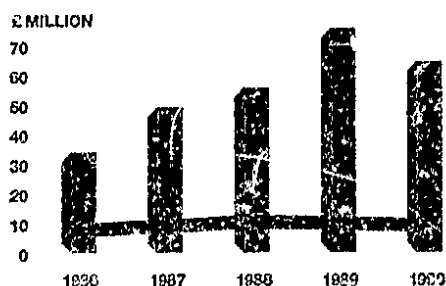
Pre-tax loss £2 million (1989: £33 million profit) before plant closure provision of £10 million.

Cash generation from operations and working capital changes, of £61 million, at similar level to 1989. Inventory reduction programme helped release £31 million from working capital.

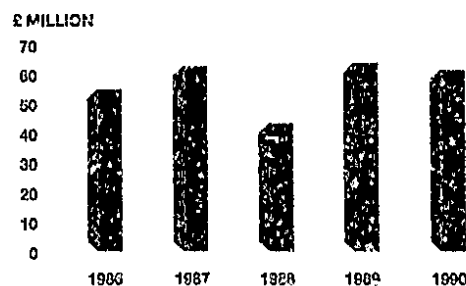
Debt:equity ratio 29:71 (26:74 in 1989)

Capital investment £65 million (1989: £76 million), despite adverse trading conditions.

#### INVESTMENT AND R&D



#### NET CASH FROM OPERATIONS AND WORKING CAPITAL CHANGES



## CHAIRMAN'S STATEMENT

**B**ritish Alcan was the outcome of the merger in 1982 of Alcan Aluminium (UK) Limited and The British Aluminium Company Limited, both of which had been making substantial losses in the preceding years. The new Group was profitable from the start and continued to be so until last year, when it made a pre-tax loss of more than £12 million, compared with a profit in 1989 of nearly £33 million. To put the matter in perspective, not to make excuses, that loss includes £13 million of reconstruction costs, the largest item being provision for the closure of the Silvertown plant. The result carries with it a message which is hardly new, that if orders decline, and costs do not do likewise losses will follow.

The gap which exists between the purchase and installation of better plant and reaping the benefit of better productivity is such that we were obliged to reduce capital investment by £11 million from the high level of £70 million in 1989. I am glad to report that in volume, exports, particularly to the rest of the European Community, have maintained the improvement of 1989. The lower value of export sales compared with the previous year illustrates the severity of price competition in our markets. The importance we attach to training is measured by our intention to increase expenditure on training by nearly 15 per cent in 1991. Our balance sheet is strong thanks to the progress of the last seven years; the debt equity ratio of 29:71 is also healthy, a substantial improvement on the position in 1983.

Several factors, over which we have little or no control, have depressed the year's results. The malady of inflation, which this country has for years lacked the will to eradicate; the protracted and painful remedy of high interest rates; the heavy burden in a dollar dominated industry of a dollar pound ratio of almost two to one; the crisis in the Gulf and the prevailing gloom: these have made up into an unpalatable mixture.

Chairman's Statements tend to be dull, anodyne affairs, designed to allay anxiety, rather than to grapple with problems. They reflect, perhaps, the British reluctance to be disturbed and readiness to put aside awkward facts. As this is the last such Statement that I shall make as Chairman of British Alcan - I retire in May - I hope I may be forgiven if I raise three problems, which regularly recur in British industry and which our competitors seem better able to deal with.

First, there is the often lamented shortage of management and engineering skills. Industry is, for the most part, readier to point an accusing finger at the Government and to denounce the shortcomings of our education system than it is itself willing to do what is plainly necessary.

Secondly, when faced with wage demands, which are unlikely to be matched by increased productivity, I wonder if we sufficiently discharge the duty of explaining to those who seek a rise that, far from winning an enduring reward, they may be putting the company and their jobs in jeopardy. Later comes the anguish of telling them that the situation, which we found so hard to face and so disturbing to explain, has got worse; that the options have narrowed and that the remedies have become harsher.

Lastly, what do all those well worn phrases about putting the customer first really mean in practice? During the year, I visited one of our sites where some major reconstruction was in progress. It was all too clear that the contractors were not particularly concerned as to whether or not we got value for money. I would like to be wholly confident that we never give our customers similar cause for complaint.

One disappointing year ought not to be allowed to cloud over what has been done by many people in the British Alcan Group during the eight years of its existence. Back in 1982 it looked as if the aluminium industry in this country might be reduced to a few unconnected fragments. In the event there is in this Group a well integrated business in which ancient plant has been replaced; considerable resources applied to research and development and an important recycling programme embarked upon.

I have enjoyed my association with Alcan during seventeen years. I would like to thank my colleagues on the Board and many others for their help, support and forbearance. I wish all concerned with the Group success and good fortune in the future.

PEYTON OF YEOVIL

4 April 1991

## CHIEF EXECUTIVE OFFICER'S COMMENTARY

## RESULTS IN BRIEF

For British Alcan 1990 was a difficult year. Turnover at £829 million was down by \$43 million, reflecting lower sales volumes and realisations. In the year the Group recorded a £12.3 million loss before tax. This was after an exceptional provision of £10 million for the closure of the Silvertown foil converting plant and ongoing reorganisation costs which in 1990 amounted to £3 million.

In addition, we continued to experience increased costs in many areas. Employment costs, up £9 million at £178 million, represented an increase of 5.6 per cent over 1989.

The fall in profitability inevitably affected the Group's cash generation. However, a sustained effort in inventory management contributed to a reduction in operating working capital of £31 million, which allowed us to continue our capital investment programme without any significant increase in borrowing.

Despite the reduction in working capital the high interest rates experienced throughout the year resulted in an interest charge of £19 million, a slight increase over the year before.

The immediate outlook for the UK economy continues to be gloomy, although lower interest rates could lead to some improvement in the second half of the year. Export performance, a continuing strength of the Group, has benefitted from the UK's entry into the ERM, which has stabilised our commercial relationships with customers in continental Europe. Our challenge remains to lower our costs and increase volumes. Overall, a significant recovery in profitability is unlikely before 1992.

## REVIEW OF OPERATIONS

Last year the achievement of our strategic goals took on a new urgency. Economic uncertainty, inflation, a growing recession in our home markets and confrontation and destabilisation in the Middle East combined to provide a difficult business climate. The task at British Alcan has been to deal with the short term effects of falling prices and rising costs while at the same time keeping our important long term goals clearly in focus.

These goals are set out in the Alcan Aluminium Group Mission Statement:

*"Alcan will be the most innovative aluminium company in the world. Through its people, Alcan will be a global, customer-oriented and environmentally responsible enterprise committed to excellence and lowest cost in its chosen aluminium and related businesses. In the 1990s, Alcan's return on equity will outperform the Standard & Poor's Industrials".*

Early in 1990 British Alcan intensified a major drive for manufacturing excellence. This has had a signifi-

cant impact on our operations, reducing the amount of non-value-added production time in our processes, for example in handling, set-up and change-over times. A countrywide series of practical workshops on this subject was held in the first half of the year, attended by 230 people from all manufacturing units. It was this programme which led to the major reduction in inventory noted in the results. At the same time delivery performance has been improved at many plants.

These initiatives are part of a programme to reduce costs and improve manpower productivity in all operations. Our objective is to be world competitive against aggressive international competition on price, delivery and quality in all our markets.

This process started some years ago with re-investment in plant in order to provide the necessary production environment. It continues with a rationalisation programme which has seen the reorganisation of operations such as speciality extrusions, building products and the stockholder network, with the aim of reducing costs and providing better control and market focus.

## ALCAN ALUMINIUM ANNUAL REPORT 1990

1991 will see the drive for manufacturing excellence continue, together with important programmes designed to improve safety and environmental performance to ensure our plants meet the standards required by projected legislation as well as the public's increasing expectations of energy savings, waste minimisation, clean processes and recycling.

### PRIMARY AND RECYCLING

Demand in the western world primary aluminium ingot market, the major determinant for aluminium prices, eased further during the year. Ingot selling prices declined and continued increases in raw material and other production costs resulted in reduced margins.

Our UK smelter operations suffered from a high rate of cell failures, which increased costs and reduced production volume and plant efficiencies. Many of the cells had reached the end of their useful life, and rebuilding programmes are returning them to production.

Nearly 60 per cent of the country's beverage cans are now made from aluminium. The market is growing so strongly that can recycling is a viable commercial proposition for both the collector and the recycler.

*Alcan Aluminium Can Recycling* was formed at the end of 1989 to provide feedstock for the new £28 million *BA Alloys* aluminium beverage can recycling plant at Warrington, which will open during the fourth quarter of 1991. Can collection schemes have opened in 6 towns, with more planned for 1991 and onwards. Public response has been excellent with collection rates of 10 to 15 per cent achieved in the first year in those areas where we operate collection programmes.

### ROLLED PRODUCTS

*British Alcan Rolled Products* increased volumes and share in most of its main markets, particularly in continental Europe. However, falling prices in the face of intense competition have created difficult trading conditions and all plants are concentrating on cost reduction and volume gains in order to improve their competitive position. There has been a significant investment in new facilities at Rogerstone and Glasgow. The closure of the Silvertown plant in July will result in the transfer of two foil converting machines and ancillary equipment to Glasgow.

### SPECIALITY & AEROSPACE

*Alcan Speciality and Aerospace* reduced inventories and costs in most operations during a year of strong market demand for its products.

Close co-operation with stockholders resulted in better supplies to home and export markets, meeting the requirements of airframe builders for Just in Time deliveries.

Development of *Lital®* aluminium lithium continued, with the material now being used for four major applications on the Airbus 330-340. Further use for wing planks and body sheet is now under full scale fatigue tests. The Airbus also uses 11 *Supral®* superplastically formed components.

*Alcan Offshore* launched a design guide to provide oil rig designers and engineers with the detailed technical knowledge required to maximise aluminium's unique weight saving potential in offshore structures.

### ENTERPRISES

*British Alcan Extrusions* saw UK demand begin to decline in the third quarter after a buoyant first half; this decline increased in the fourth quarter of 1990, and prospects for the beginning of 1991 are poor. As demand falls off, customers are using time and resources to produce new designs or products and the company's ability to provide technical and design facilities is a crucial competitive factor. Export markets were buoyant, particularly in Germany, although competition was aggressive.

In the packaging sector, *Alcan Ekco Packaging* saw aluminium foil container demand close to levels of the previous year. A decline in frozen food applications was offset by some growth in sales to the bakery and take-away sectors. Frozen food markets were affected by continuing food health alerts, economic pressures on consumer spending for luxury foods, destocking and a long, hot summer.

Despite adverse trading conditions, *Alcan Building Products* has developed profitable positions in niche markets in the building industry.

*British Alcan Consumer Products* continues to lead the UK market for household foil and wrappings. Its products are used in over 90 per cent of UK households.

## CHIEF EXECUTIVE OFFICER'S COMMENTARY (continued)

At *British Alcan Wire and Conductor* product rationalisation and improvements in production output and capacity continued. In the UK, a high market share was maintained through the year. The company gained £2.5 million of export orders from Brunei and Nigeria.

The UK market for satellite dishes has been growing steadily and the recent BSB/Sky merger has seen a surge in demand, benefiting specialist rolling mill *Aluminium Corporation*.

Demand for high pressure gas cylinders has remained exceptionally strong worldwide. *Luxfer USA* completed construction of a third plant in North America in North Carolina and manufactured a record number of cylinders in 1990. *Luxfer UK* has increased output in response to very high demand, especially from Germany, where reunification and the opening up of Eastern Europe has created a buoyant market. *Luxfer Small Cylinders'* new plant at Aldridge, Staffs, came on stream during the year.

#### STOCKHOLDERS

The worsening economic situation during 1990 had a severe effect on sales of all materials to the building, transport and domestic home improvement markets, resulting in extremely competitive market conditions. Nevertheless, the UK commercial stockholding businesses all performed well.

The major success of 1990 was in the aerospace and defence markets where *Aluminium Supply (Aerospace)* enjoyed a sales growth of 25 per cent following the opening of a new warehouse and process centre strategically located to provide a high level of service to British Aerospace factories.

In order to strengthen British Alcan's position in the domestic home improvement market *Alcan Systems* merged with *Baco Leisure Products* to form *Alcan Systems & Conservatories* in December 1990. The new company is well placed to increase its sales revenue on the back of a more focused market approach.

#### CHEMICALS

The deteriorating UK economy, recessionary pressures in a number of markets in the US, and the strength of sterling all had an adverse effect on performance.

*BA Chemicals'* development in speciality markets largely offset the weaker demand for commodity products. Investment in special products continued in 1990 with an increase in hydrate milling capacity, aimed at the plastics and rubber industries where flame retardancy is a growing issue. A new effluent control system was commissioned as part of the ongoing environmental protection programme.

The downturn in the US economy particularly affected zirconium chemical sales at *Magnesium Elektron*. To offset these market trends, new improved products are being developed to meet growing applications in ceramics, catalysis and the paper industry. Competitive advantage in quality and service will be sought over competing materials, helped by the new £16 million zirconium chemicals plant at Swinton, which incorporates advanced systems of process control.

Sales of magnesium products remained at acceptable levels although margins have been reduced due to price and currency pressures. The acquisition of *Reade Manufacturing* in New Jersey, USA in April 1990 has increased the magnesium division's sales to the particulate and steel desulphurisation markets.

DOUGLAS M RITCHIE

4 April 1991

## DIRECTORS' REPORT

The directors present their report and the audited accounts of the Company and its subsidiaries ("the Group") for the year ended 31 December 1990.

## 1. DIRECTORS

The directors as at 31 December 1990 are listed on page 21.

## 2. ACTIVITY

The principal activity of the Group is the production and processing of aluminium (including the sale of aluminium ingot and aluminium semi-fabricated products), chemicals and a range of related finished products, described in more detail on pages 22 and 23.

## 3. RESULTS

The loss attributable to shareholders was £14.7 million (1989: profit of £23.5 million). The reasons are set out in the Chief Executive Officer's Commentary on page 3.

The directors do not recommend the payment of a dividend (1989: nil) and accordingly the loss of £14.7 million (1989: £23.5 million profit) is transferred to reserves.

## 4. PROSPECTS

The immediate outlook for the UK economy continues to be gloomy and a significant recovery in profitability is unlikely before 1992.

## 5. CAPITAL INVESTMENT

Capital investment for the year totalled £64.7 million (1989: £75.9 million), including the acquisition of the business and assets of Reade Manufacturing Company. Major items of expenditure on fixed assets in 1990 included the aluminium can recycling plant at Warrington, the upgrade of the Glasgow foil mills, a third cylinder manufacturing plant for Luxfer in the USA, and the completion of the zirconium carbonate expansion in Swinton.

Following a review of the Group's properties, the directors are of the opinion that at 31 December 1990 the aggregate values of certain specialist properties which have been valued at depreciated replacement cost exceed their book values, and that the open market value of the balance of the Group's properties, taken as a whole, is in excess of their book value.

## 6. RESEARCH AND DEVELOPMENT

Expenditure on research and development amounted to £9.2 million (1989: £9.9 million). Much of the Group's research is carried out by the laboratories of Alcan International at Banbury.

## 7. FINANCING

Cash conservation arising principally from inventory reduction largely offset the fall in cash generation from operations. This enabled the Group to fund its capital investment with total borrowings increasing by only £4 million to £149 million. The debt:equity ratio was 29:71, still a very healthy level at this stage of the business cycle.

## 8. PEOPLE

Considerable efforts were made throughout the year to obtain productivity gains involving employees and to ensure that they are knowledgeable, not only about their own jobs, but about the demands of the business as a whole.

Reorganisation has led to a need for fewer people and a non-replacement policy has been pursued wherever practicable.

Training for all levels of employee has continued to be given a high profile, and this has properly been regarded as an investment in people. 1990 saw the establishment of a formal in-company management development programme, organised jointly with two business schools.

The Group has continued to promote and monitor its equal opportunities policy in order to ensure that individuals receive treatment which is fair, equitable



## DIRECTORS' REPORT - CONTINUED

and consistent with their skills and abilities. In particular the policy provides that there shall be no discrimination against disabled employees or applicants for employment.

## 9. CHARITABLE DONATIONS

Charitable donations during 1990 totalled £229,000 (£88,000 in 1989), including an initial £87,000 donated to Oxford University's Department of Materials under a five year programme.

No political contributions were made during 1990 (1989:nil).

## 10. DIRECTORS' INTERESTS

As the Company is a wholly owned subsidiary of Alcan Aluminium Holdings Limited, there were no disclosable directors' interests in the Company's shares. No director during or at the end of the year had any material interest in any significant contract with the Company or any of its subsidiaries.

## 11. AUDITORS

Price Waterhouse have expressed their willingness to continue in office. Resolutions concerning their reappointment and the authorisation of the directors to determine their remuneration will be submitted to the forthcoming Annual General Meeting.

## 12. CLOSE COMPANY PROVISIONS

The close company provisions of The Taxes Acts do not apply to the Company

By order of the Board

*R H A Forbes*  
R H A FORBES  
Secretary

4 April 1991

## AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS OF BRITISH ALCAN ALUMINIUM plc

We have audited the financial statements on pages 8 to 20 in accordance with Auditing standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 1990 and of the loss and the source and use of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

4 April 1991

## STATEMENT OF ACCOUNTING POLICIES

**1. ACCOUNTING CONVENTION**

These accounts have been prepared under the historical cost convention as modified by the revaluation of certain properties. They comply, in all material respects, with applicable Statements of Standard Accounting Practice and, accordingly, with International Accounting Standards.

**2. COMPOSITION OF THE GROUP**

The Group comprises British Alcan Aluminium plc ("the Company") and all its subsidiary companies. In addition the Group treats as associated companies those active trading companies which are material and in which it holds, as a long term investment, an interest of between 20 per cent and 50 per cent.

**3. BASIS OF CONSOLIDATION**

The consolidated accounts incorporate:

(a) The assets, liabilities, profits and losses of the Company and its subsidiaries, as shown by their audited accounts, made up to 31 December 1990, after making provision for unrealised profit on intra-Group transactions.

(b) The Group's share of the profits and losses of associated companies as shown by their latest available accounts, which are not in all cases audited or made up to 31 December 1990. The effect of using accounts made up to a date other than 31 December 1990 is not significant in relation to the Group.

**4. ACQUISITIONS AND GOODWILL**

The results of companies acquired during the year are dealt with from the effective date of acquisition. The net assets of companies acquired are incorporated in the consolidated accounts at their fair values to the Group after making adjustments to reflect the alignment of accounting policies where the accounting policies of the acquired companies would otherwise be inconsistent with those of the Group.

Goodwill on acquisition is eliminated from the Group balance sheet either directly against reserves

or by amortisation against the profit and loss account. The goodwill on acquisitions arising during the year ended 31 December 1990 has been charged to reserves.

**5. TURNOVER**

Turnover represents the amount receivable in the ordinary course of business for goods sold and services provided, after eliminating intra-Group sales.

**6. DEPRECIATION**

Depreciation of fixed assets is on a straight-line basis using rates applied to original cost or valuation calculated to write off each asset over its estimated useful life. Freehold land is not depreciated. Leasehold land and buildings are written off over a period not exceeding that of the lease. Freehold buildings, plant, machinery and equipment are written off at fixed annual rates, which normally fall in the following ranges:

Freehold buildings	2 to 5 per cent
Plant, machinery and equipment	4 to 10 per cent

**7. LEASED PLANT**

Assets acquired under financing leases are capitalised and the corresponding amounts still owing to the financing company are included in loans. The assets are amortised on a straight-line basis over their estimated lives and financing costs are absorbed over the terms of the leases.

**8. CAPITALISATION OF INTEREST COST**

Interest relating to the financing of major capital projects during their construction period is capitalised and amortised over the estimated lives of the relevant assets.

**9. GOVERNMENT GRANTS**

Government grants received and receivable are credited to the Government grants account and a

STATEMENT OF ACCOUNTING POLICIES *continued*

proportion of the grants, based on normal depreciation rates for all the relevant fixed assets, is credited each year to the profit and loss account.

**10. STOCKS**

Stocks have been stated at the lower of cost and net realisable value. In addition to the cost of purchase there are included such costs of conversion and overheads as relate to a normal utilisation of facilities.

**11. RESEARCH AND DEVELOPMENT COSTS**

Research and development costs are written off when incurred.

**12. TAXATION**

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is only provided to the extent that it is probable that a liability will crystallise.

**13. FOREIGN CURRENCIES**

The profits and losses of foreign subsidiaries are translated into sterling at the average rates prevailing during the year and the assets and liabilities are translated into sterling at the rates ruling at the year-end. Exchange adjustments arising from these translations are dealt with through reserves. Other assets and liabilities expressed in foreign currencies are translated into sterling at rates ruling at the year-end and adjustments are dealt with through the profit and loss account.

**14. SHORT TERM LOANS**

Short term loans are loans repayable within one year except those which the Group intends to refinance for more than one year and for which there are sufficient unused committed long term facilities to guarantee the refinancing.

**15. PENSIONS**

Pension costs for the Group's defined benefit pension schemes are charged to the profit and loss account so as to spread the cost of pensions over the employees' estimated working lives with the Group. Variations from the regular cost are spread over the average remaining service lives of current employees.

**16. PROFIT AND LOSS ACCOUNT**

As permitted by section 230 (1)-(4) of the Companies Act 1985, the Company has not presented its own profit and loss account.

# CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1990

	Notes	£ Million 1990	£ Million 1989
TURNOVER	1	819.7	862.7
COST OF SALES		720.5	737.5
GROSS PROFIT		99.2	125.2
OPERATING EXPENSES			
Distribution		19.0	17.5
Selling		23.7	20.6
Research and development		9.2	9.9
Administration		29.9	28.2
Other (income)/expense		0.5	(2.1)
		82.3	74.1
OPERATING PROFIT	2	16.9	51.1
INTEREST	4	19.2	18.3
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEM AND TAXATION		(2.3)	32.8
EXCEPTIONAL ITEM			
Plant closure costs		10.0	
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(12.3)	32.8
TAXATION	5	2.4	0.3
(LOSS)/PROFIT ATTRIBUTABLE TO THE MEMBERS OF BRITISH ALCAN ALUMINIUM plc	16	(14.7)	23.5

ATTRIBUTABLE (LOSS)/PROFIT FOR THE YEAR IS DEALT  
WITH IN THE ACCOUNTS OF:

Parent company	1.6	21.8
Subsidiaries and consolidation adjustments	(16.0)	(1.6)
Associated companies	(0.3)	0.3
	(14.7)	23.5

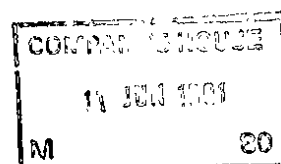
Movements on reserves are set out in note 16.

## BALANCE SHEETS AT 31 DECEMBER 1990

		Group £ Million		Company £ Million	
	Notes	1990	1989	1990	1989
<b>FIXED ASSETS</b>					
Tangible assets	7	372.3	350.0	13.5	305.6
Investments	8	7.2	8.4	344.0	3.6
		379.5	358.4	357.5	309.2
<b>CURRENT ASSETS</b>					
Stocks	9	157.7	191.5	0.2	179.9
Debtors	10	146.8	155.6	18.1	151.8
Cash at bank and in hand		0.9	2.8	-	0.8
		305.4	351.0	18.3	332.5
<b>CREDITORS (amounts falling due within one year)</b>					
Loans and overdrafts	12	3.8	5.5	0.7	1.6
Subordinated loan from fellow subsidiary	13	6.7	-	6.7	-
Other	11	151.2	158.4	26.0	196.8
		161.7	163.9	33.4	198.6
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		143.7	187.1	(15.1)	133.9
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		523.2	545.5	342.4	443.1
<b>CREDITORS (amounts falling due after more than one year)</b>					
Loans	12	144.8	139.0	35.6	113.4
Subordinated loan from fellow subsidiary	13	13.3	20.0	13.3	20.0
Other	11	9.6	5.8	1.0	5.8
		167.7	164.8	49.9	139.2
Provisions for liabilities and charges	15	16.1	17.5	-	13.0
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14	45.8	45.8	45.8	45.8
Share premium account		0.1	0.1	0.1	0.1
Revaluation reserve	16	8.9	9.4	0.1	9.3
Other reserves	16	37.7	48.9	11.8	11.8
Profit and loss account	16	246.9	259.0	234.7	223.9
		339.4	363.2	292.5	290.9
		523.2	545.5	342.4	443.1

DOUGLAS M. REID  
ROBERT C. SMITH  
DIRECTOR

The Board of Directors approved the accounts on 4 April 1991



STATEMENT OF SOURCE AND USE OF FUNDS FOR  
THE YEAR ENDED 31 DECEMBER 1990

	£ Million 1990	
SOURCE OF FUNDS		
(Loss) profit before tax	(12.3)	32.8
Depreciation	28.2	21.1
Other non-cash items (note c)	13.6	9.2
(Loss) profit retained by associated companies	0.5	(0.4)
Total generated by operations	30.0	62.1
Funds from other sources:		
Disposal of tangible assets and investments	1.5	5.0
Government grants	0.6	(0.1)
Other items	-	(2.8)
	32.1	64.8
USE OF FUNDS		
Capital expenditure	56.5	75.2
Acquisition of shares and intangibles	6.8	2.7
Taxation	4.2	.1
Decrease in working capital (note a)	(31.7)	(1.7)
	36.2	76.3
INCREASE IN EXTERNAL BORROWINGS (note b)	4.1	11.5

Notes:

a) Increase/(decrease) in working capital

Stocks	(33.9)	2.8
Debtors	(9.8)	(3.7)
Cash	(1.9)	0.6
Creditors (excluding loans and overdrafts and taxation)	14.3	(1.4)
	(31.3)	(1.7)

b) Increase/(decrease) in external borrowings

Short term loans and overdrafts	(1.7)	(19.3)
Medium and long term loans	5.8	21.8
	4.1	11.5

- c) Among other non-cash items are provision for plant closure costs (excluding accelerated depreciation) £8.7 million (1989: nil) and pension costs £3.9 million (1989: £5.2 million)

## NOTES TO THE ACCOUNTS

### 1. TURNOVER (£ million)

#### GEOGRAPHICAL INFORMATION

	1990	1989
Europe - UK	517.6	444.4
- Germany	72.5	50.0
- Other EC	108.0	50.0
- Non EC	21.2	44.4
North and South America	73.4	64.4
Other	27.0	28.7
	<b>819.7</b>	<b>862.7</b>

In the opinion of the directors the activity of the Group relates to only one class of business, namely the production and processing of aluminium and associated products.

### 2. OPERATING PROFIT (£ million)

The operating profit of the Group is arrived at after charging/(crediting) the following:

	1990	1989
Staff costs:		
- wages and salaries	160.8	151.2
- social security costs	12.6	11.1
- other pension costs	4.2	5.8
Hire of plant and machinery	2.4	2.4
Other operating lease rentals	8.4	6.8
Auditors' remuneration	0.4	0.5
Associated companies - share of (profit)/loss before taxation	0.4	(0.1)

### 3. DIRECTORS' EMOLUMENTS

Emoluments of the Chairman were £39,000 (1989: £41,000) and the highest paid director £245,000 (1989: £270,000), excluding pension scheme contributions.

The total emoluments of directors of British Alcan Aluminium plc (including pension scheme contributions) amounted to:

	1990	1989
	£'000	£'000
Fees	47	47
Other emoluments	267	286

£2,225 (1989: £2,314) was paid to a pension fund in respect of a former director of the Company.

The following table shows the total number of directors of the Group whose emoluments during the year, excluding pension scheme contributions, were within the bands stated:

	1990	1989
£ 0 - £ 5,000	9	9
£ 5,001 - £ 10,000	1	1
£ 10,001 - £ 15,000	2	2
£ 30,001 - £ 35,000	-	-
£ 35,001 - £ 40,000	1	1
£240,001 - £245,000	1	1
£265,001 - £270,000	-	1

### 4. INTEREST (£ million)

	1990	1989
On bank loans and overdrafts and on other loans repayable within five years	14.9	15.6
On other loans repayable partly or wholly after five years	3.1	4.4
On loans from fellow subsidiaries	3.4	4.1
Interest capitalised	(2.1)	(1.1)
Short term interest received	(0.1)	(0.2)
	<b>19.2</b>	<b>18.3</b>

The above includes £0.3 million (1989: £0.4 million) in respect of financing lease charges.

### 5. TAXATION (£ million)

	1990	1989
Based on result for the year:		
UK corporation tax	0.2	1.5
Associated companies tax	(0.1)	0.1
Foreign tax	2.4	0.3
	<b>2.5</b>	<b>1.9</b>
Deferred tax (note 15)	(0.1)	4.4
Charge for year	<b>2.4</b>	<b>9.3</b>

UK corporation tax has been provided, where applicable, at a rate of 34.25 per cent (1989: 35 per cent).

NOTES TO THE ACCOUNTS *continued***6. CORPORATE RESTRUCTURING**

On 1 January 1990 the corporate structure of the Group was changed through the transfer of its main aluminium and chemicals business to two wholly-owned subsidiaries of the Company, BA Aluminium Limited and Alcan Chemicals Limited. The underlying divisional structure operating through agency subsidiaries did not change.

**7. TANGIBLE ASSETS**

(£ Million)

	Land & buildings	GROUP Plant, machinery & equipment	Total	Land & buildings	COMPANY Plant, machinery & equipment	Total
<b>COST OR VALUATION</b>						
At 31 December 1989	145.5	425.9	571.4	106.2	407.2	513.4
Additions	12.5	44.0	56.5	0.3	0.5	0.8
Disposals	(0.3)	(5.5)	(5.8)	-	(0.2)	(0.2)
Transfers	-	-	-	(93.1)	(463.7)	(498.8)
Exchange adjustment	(0.9)	(2.7)	(3.6)	-	-	-
At 31 December 1990	156.8	461.7	618.5	13.4	1.8	15.2
<b>DEPRECIATION</b>						
At 31 December 1989	35.0	186.4	221.4	27.5	180.3	207.8
Charge for year	4.6	25.1	29.7	0.1	0.3	0.4
Disposals	(0.1)	(3.8)	(3.9)	-	-	-
Transfers	-	-	-	(26.8)	(179.7)	(206.5)
Exchange adjustment	(0.3)	(0.7)	(1.0)	-	-	-
At 31 December 1990	39.2	207.0	246.2	0.4	0.9	1.3
Net book amount 1990	117.6	254.7	372.3	13.0	0.9	13.9
Net book amount 1989	110.5	239.5	350.0	7.8	226.9	305.6

**DEPRECIATION CHARGE**

The depreciation charge for the year is as follows:

	GROUP	
	1990	1989
Freehold properties	4.4	3.9
Long leasehold properties	0.1	0.1
Short leasehold properties	0.1	0.1
Plant, machinery & equipment		
- owned	23.9	20.1
- leased	1.2	1.5
	29.7	25.7
Transfer from Government grants account (note 15)	(1.5)	(1.3)
Charge to profit and loss account	28.2	24.4

**PLANT, MACHINERY & EQUIPMENT**

Disclosed in the following amounts for the year ended:

	GROUP		COMPANY	
	1990	1989	1990	1989
Cost	26.7	26.9	-	26.9
Accumulated depreciation	14.0	13.0	-	13.0
Net book amount	12.7	13.9	-	13.9



## NOTES TO THE ACCOUNTS CONTINUED

## LAND AND BUILDINGS - GROUP

	Freehold		Long Leasehold		Short Leasehold		Total	
	1990	1989	1990	1989	1990	1989	1990	1989
Cost	119.5	108.4	2.4	2.8	1.9	1.1	123.8	112.3
Professional valuation 1976	33.0	34.0	-	-	-	-	33.0	34.0
Original cost = £17 million								
	152.5	141.7	2.4	2.8	1.9	1.1	156.8	146.3

## Accumulated Depreciation

On cost	22.0	19.5	0.8	0.8	0.7	0.1	23.5	20.7
On professional valuation 1976	15.7	14.3	-	-	-	-	15.7	14.3
Based on original cost = £12.5 million (1989 £12.9 million)								
	37.7	33.8	0.8	0.8	0.7	0.1	39.2	35.0

Cost of plant and machinery in the Group includes £8.7 million at 31 December 1990 (1989 £9.0 million) in respect of capitalised interest

## LAND AND BUILDINGS - COMPANY

	Freehold		Long Leasehold		Short Leasehold		Total	
	1990	1989	1990	1989	1990	1989	1990	1989
Cost	13.3	69.0	-	2.8	-	1.1	13.3	73.2
Professional valuation 1976	0.1	33.0	-	-	-	-	0.1	33.0
Original cost = nil (Cost = £17 million)								
	13.4	102.0	-	2.8	-	1.1	13.4	106.2

## Accumulated Depreciation

On cost	0.8	16.1	-	0.8	-	0.1	0.8	17.3
On professional valuation 1976	-	10.2	-	-	-	-	-	10.2
Based on original cost = nil (Cost = £11.5 million)								
	0.8	26.3	-	0.8	-	0.1	0.8	27.5

## FUTURE CAPITAL EXPENDITURE

	GROUP		COMPANY	
	1990	1989	1990	1989
Contracted for but not provided for in accounts	12.1	16.6	-	16.2
Authorised by directors but not contracted for	27.3	41.0	0.1	36.2
	39.4	57.6	0.1	52.4

NOTES TO THE ACCOUNTS *continued*

## 8. INVESTMENTS (£ million)

## GROUP

	Interests in associated companies	Loans to companies in which the Group has a participating interest	Trade investments	Total
Cost, market value or amount under equity accounting:				
At 31 December 1989	5.6	0.3	2.5	8.4
Provisions	-	-	(0.7)	(0.7)
Decrease in Group share of post-acquisition retained profits of associated companies	(0.5)	-	-	(0.5)
At 31 December 1990	5.1	0.3	1.8	7.2

	1990	1989
Interests in associated companies at 31 December comprise:		
Shares at cost	1.8	1.8
Group share of:		
Post-acquisition retained profits	3.2	3.7
Revaluations by associated companies of their underlying assets	0.1	0.1
Group share of net assets	5.1	5.6

The total amount of income credited to the Group accounts from trade investments was £0.3 million (1989 nil)

The total of dividends from associated companies included in these accounts was £0.2 million (1989 £0.9 million)

## COMPANY

	Shares in Group companies	Loans to/(from) Group companies	Shares in associated companies	Loans to companies in which the Company has a participating interest	Total
Cost					
At 31 December 1989	37.3	(34.8)	0.8	0.3	3.6
Additions	301.1	-	-	-	301.1
Provisions	(0.9)	-	-	-	(0.9)
Loan movements	-	40.2	-	-	40.2
At 31 December 1990	337.5	5.4	0.8	0.3	344.0

The amounts at which shares in and loans to/(from) Group companies are stated are both after deducting certain loan payable to dominant subsidiaries of £15.6 million (net) (1989 £5.3 million)

NOTES TO THE ACCOUNTS *continued*

9. STOCKS (£ million)

	GROUP		COMPANY	
	1990	1989	1990	1989
Raw materials and stores	56.1	62.1	0.2	56.1
Work in process	54.2	82.4	-	79.0
Finished goods	47.4	77.2	-	11.5
	<b>157.7</b>	<b>191.6</b>	<b>0.2</b>	<b>179.9</b>

The replacement cost of stock is not materially different from the balance sheet amount.

10. DEBTORS (£ million)

	GROUP		COMPANY	
	1990	1989	1990	1989
Trade debtors	116.5	125.1	0.1	117.6
Other debtors	2.1	3.3	-	2.4
Prepayments and accrued income	10.5	6.4	3.2	5.8
Amounts owed by - companies in which the Group/ Company has a participating interest	1.8	2.2	0.1	2.2
- subsidiaries	-	-	14.7	4.2
- other group companies	15.9	19.6	-	19.6
	<b>146.8</b>	<b>156.6</b>	<b>18.1</b>	<b>151.8</b>

There are no amounts falling due after more than one year.

11. CREDITORS - OTHER (£ million)

	GROUP		COMPANY	
	1990	1989	1990	1989
Amounts falling due within one year:				
Trade creditors	59.0	66.0	0.5	62.1
Other creditors	9.4	13.8	1.3	13.7
PAYE, VAT and social security	4.1	6.4	0.7	6.3
Taxation	3.1	4.7	3.3	4.3
Accruals and deferred income	49.7	43.3	3.1	41.3
Amounts owing to - companies in which the Group/ Company has a participating interest	0.2	0.3	-	0.3
- subsidiaries	-	-	15.4	45.6
- other group companies	25.7	23.9	1.7	23.2
	<b>151.2</b>	<b>158.4</b>	<b>26.0</b>	<b>196.8</b>
Amounts falling due after more than one year:				
Accruals and deferred income	9.6	5.8	1.0	5.8

NOTES TO THE ACCOUNTS *continued*

## 12. LOANS (£ million)

12. LOANS (£ Million)	REPAYABLE				Total 1990	1989
	On demand or within one year	Between one and two years	Between two and five years	After five years		
COMPANY						
LONG TERM LOANS (repayable wholly or partly after five years)						
10 <sup>3</sup> / <sub>8</sub> % Debenture stock 2011 (note a)	-	-	-	30.0	30.0	30.0
European Investment Bank 1987/96	-	-	-	-	-	5.4
Bank loans	-	-	-	-	-	15.1
MEDIUM TERM LOANS (repayable within five years)						
10 <sup>1</sup> / <sub>2</sub> % Debenture stock 1989/94 (note b)	0.2	0.2	5.4	-	5.8	6.8
BANK LOANS AND OVERDRAFTS	-	-	-	-	-	2.0
OTHER LOANS	0.5	-	-	-	0.5	0.5
LOAN FROM FELLOW SUBSIDIARY	-	-	-	-	-	0.1
FINANCING LEASES	-	-	-	-	-	1.2
COMPANY BALANCES AT 31 DECEMBER 1990	0.7	0.2	5.4	30.0	36.3	115.2
Less: amounts classified as short term loans (note e)					0.7	1.8
					35.6	113.4
GROUP						
Company balances as above	0.7	0.2	5.4	30.0	36.3	115.2
Subsidiaries						
LONG TERM LOANS (repayable wholly or partly after five years)						
European Investment Bank 1987/1999 (note c)	2.1	2.2	5.9	13.5	23.7	20.1
Bank loans	-	-	18.0	27.0	45.0	-
BANK LOANS AND OVERDRAFTS						
European Investment Bank 1982/1990	-	-	-	-	-	2.8
Other	27.9	-	-	-	27.9	5.1
LOANS FROM FELLOW SUBSIDIARIES	0.1	0.5	4.8	6.9	12.3	1.4
FINANCING LEASES (note d)	0.9	0.8	1.7	-	3.4	-
GROUP BALANCES AT 31 DECEMBER 1990	31.7	3.7	35.8	77.4	148.6	
GROUP BALANCES AT 31 DECEMBER 1989	36.6	3.1	32.1	72.7		144.5
Less: amounts classified as short term loans (note e)					3.8	5.5
					144.8	139.0

## NOTES

(a) The Debenture Stock 2011 is secured by a floating charge on the assets of the Company (see also note (b) below).

(b) The Debenture Stock 1989/94 ranks pari passu with the Debenture Stock 2011 (see note (a) above).

(c) These loans from the European Investment Bank are repayable in half-yearly instalments. They bore interest in 1990 at fixed rates of 9.4 per cent as to £1.1 million, 9.9 per cent as to £0.9 million, 7.9 per cent as to £2.5 million and 10.4 per cent as to £19.2 million.

(d) The Group has commitments of £3.9 million (1989 £5.1 million) payable under financing leases of which £0.5 million (1989 £0.9 million) relates to finance charges due in future years.

(e) These amounts have been classified as short term in accordance with the Group's accounting policy as set out on page 9.

NOTES TO THE ACCOUNTS *continued***13. SUBORDINATED LOAN (£ million)**

This loan, from a fellow subsidiary, Alcan Finances (UK), is subordinated to the claims of all other creditors of the Company. The loan is repayable in three equal instalments on 31 December 1991, 1992 and 1993. Interest is charged at a fixed rate of 12.9%.

	GROUP & COMPANY	
	1990	1989
Total outstanding	20.0	20.0
- due within one year	6.7	-
- due after more than one year	13.3	20.0

**14. SHARE CAPITAL (£ million)**

AUTHORISED		1990	1989
Ordinary shares of £1 each		50.0	50.0
Non-participating redeemable preference shares of £1 each		20.0	20.0
		70.0	70.0
ISSUED AND FULLY PAID			
Ordinary shares of £1 each		45.8	45.8

**15. PROVISIONS FOR LIABILITIES AND CHARGES (£ million)**

	Government Grants		Deferred Taxation		Total	
	GROUP	COMPANY	GROUP	COMPANY	GROUP	COMPANY
Balance at 31 December 1989	13.1	13.0	4.4	-	17.5	13.0
Additions	0.6	-	-	-	0.6	-
Transfers	-	(13.0)	-	-	-	(13.0)
Reduction in the profit and loss account charge for depreciation (note 7)	(1.5)	-	-	-	(1.5)	-
Included in tax charge (note 5)	-	-	(0.1)	-	(0.1)	-
Exchange and other	-	-	(0.4)	-	(0.4)	-
Balance at 31 December 1990	12.2	-	3.9	-	16.1	-

**DEFERRED TAXATION**

The potential liabilities are:

	GROUP			
	1990		1989	
	Provided	Not provided	Provided	Not provided
Accelerated capital allowances	2.5	47.5	2.5	50.1
Other timing differences, including overseas losses	1.4	(4.3)	1.9	0.6
Advance corporation tax recoverable	-	(9.6)	-	(10.0)
	3.9	29.3	4.4	40.7

**16. RESERVES (£ million)**

	Other Reserves				Profit and Loss Account
	Revaluation Reserve	Capital Redemption Reserve Fund	Other	Total	
<b>GROUP</b>					
At 31 December 1989	9.4	11.8	37.1	48.9	259.0
Loss for the year	-	-	-	-	(14.7)
Goodwill written off	-	-	(6.8)	(6.8)	-
Amounts relating to capital and revaluation reserves passed through the profit and loss account	(0.5)	-	(2.1)	(2.1)	2.6
Exchange translation adjustment	-	-	(2.3)	(2.3)	-
At 31 December 1990	8.9	11.8	25.9	37.7	246.9
<b>COMPANY</b>					
At 31 December 1989	9.3	11.8	-	11.8	223.9
Profit for the year	-	-	-	-	1.6
Amounts relating to capital and revaluation reserves passed through the profit and loss account	(9.2)	-	-	-	9.2
At 31 December 1990	0.1	11.8	-	11.8	234.7

(a) The Revaluation, Capital Redemption and Other Reserves are not distributable.

(b) Goodwill written off represents the difference between the purchase price and fair value of assets relating to the acquisition of the business of Reade Manufacturing Co.

NOTES TO THE ACCOUNTS CONTINUED

17. PENSION COSTS

The Group operates pension schemes covering the majority of employees. The schemes are of the defined benefit type with assets held in separate trustee-administered funds.

The pension cost charge for the year was £4.2 million (1989: £5.8 million).

The latest full actuarial valuation of the UK scheme was carried out by William M. Mercer Fraser Limited, as at 6 April 1990, using the projected unit method.

The assumptions which have the most significant effect on the results of the actuarial valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the long-term rate of return on investments would be 2% higher than estimated future salary increases and that present and future

pensions would increase at the rate of 5% per annum. Funding policy is to contribute the amount required to provide for benefits attributed to service to date with projection of salaries to retirement, after allowing for the current fund surplus or deficit. On the advice of the actuary, no contributions were paid by the employer during 1990. An accrual of £9.1 million (1989: £7.2 million) is included in creditors falling due after more than one year.

At 6 April 1990, the actuarial value of the UK scheme's assets on the above basis was sufficient to cover 115% 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 at 6 April 1990 was £351 million.

18. OPERATING LEASE RENTAL COMMITMENTS (£ million)

Rental commitments under operating leases for 1991 are:

	1990	1989
On leases expiring within 1991(1990)	0.8	1.2
On leases expiring during 1991-1994 (1990-1993)	4.1	3.9
On leases expiring after 1994(1993)	2.7	2.7
	7.6	7.8

19. EMPLOYEE STATISTICS

The average number of persons employed by the Group during the year was:

	1990	1989
United Kingdom	9,674	10,219
United States of America	518	499
Rest of the world	46	40
	10,238	10,658

20. CONTINGENT LIABILITIES (£ million)

	GROUP		COMPANY	
	1990	1989	1990	1989
Guarantees	2.2	3.9	1.6	3.3
Other	1.4	1.2	-	1.2
	3.6	5.1	1.6	4.5

21. PARENT COMPANY

The Company's ultimate parent company is Alcan Aluminium Limited, incorporated in Canada, which on 31 December 1990 through its subsidiary Alcan Aluminium Holdings Limited held 100 per cent (1989: 100 per cent) of the ordinary share capital. Copies of the ultimate parent company accounts can be obtained from the Company's registered address.

22. SUBSIDIARIES AND ASSOCIATED COMPANIES

The principal subsidiaries and associated companies of the Group are given on pages 22 and 23. Only those subsidiaries whose business materially affects the Group's results are shown; a full list will be filed with the Company's Annual Return.

Information on principal associated companies:

	Issued Share Capital	Class	% held	Accounting date
Alcan Ekco Packaging Limited†	£20,000	Ordinary	50	31 December
Alcan Enfield Alloys Limited†	£250,000	Ordinary 'A'	100	
	£250,000	Ordinary 'B'		
	£500,000		50	30 November
Vigeland's Metal Refinery A/S*	NKr 50,000	NKr 10 Shares	50	31 December
Alcan Diffusion S/A†	FF 20,000,000	Ordinary FF 100	30	31 December

† - investment by the Company

\* - investment by subsidiary

# DIRECTORS AS AT 31 DECEMBER 1990

## DIRECTORS

### LORD PEYTON OF YEOVIL

Aged 72. Former Minister of Transport, a director of Alcan Aluminium Limited and Chairman of Texas Instruments (UK) Limited

### J BOUGIE (Canadian)

Aged 43. President and Chief Operating Officer of Alcan Aluminium Limited. A director of Alcan Aluminium Limited and a director of BCE Mobile Communications Inc.

### P J ELTON

Aged 67. Retired Chairman and Managing Director of Alcan Aluminium (UK) Limited. A director of various British companies.

### D MORTON

Aged 61. Chairman and Chief Executive Officer of Alcan Aluminium Limited. A director of Alcan Aluminium Limited, Bank of Nova Scotia, Industrial Alliance Life Insurance Company and of various Alcan subsidiary companies.

### D M RITCHIE (Canadian)\*

Aged 50. Managing Director and Chief Executive Officer of British Alcan Aluminium plc and a director of Laurentian Life plc and Laurentian Holding Co. Limited.

### SIR ROBERT SMITH

Aged 63. Chairman of Alliance Trust PLC and a director of the Bank of Scotland, Sirlaw Group plc and Standard Life Assurance Company and of various other British companies.

### R E UTIGER

Aged 64. Member of Council of Confederation of British Industry, and a director of Ultramar PLC.

### R WAGNER (German)

Aged 58. President and Chief Executive Officer, Alcan Deutschland GmbH.

\*Executive Director

## AUDITORS

### PRICE WATERHOUSE

Chartered Accountants  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

## REGISTRARS

### REGIS REGISTRARS LIMITED

Balfour House  
390/398 High Road  
Ilford  
Essex IG1 1NQ

## SECRETARY

### R H A FOREES

Solicitor

# BRITISH ALCAN GROUP - PRINCIPAL COMPANIES

**†BRITISH ALCAN ALUMINIUM plc** **D M Ritchie, CHIEF EXECUTIVE OFFICER**

## FINANCE AND LEGAL SRC Albuquerque

Financial Planning  
Group Accounts  
Internal Audit  
Legal & Secretarial  
Taxation  
Treasury

## CORPORATE PERSONNEL C L'italien

Staffing & Management Development  
Environment, Health & Safety  
Industrial Relations  
Compensations & Benefits  
Pensions

## CORPORATE SERVICES P J H Rata

Business Planning  
Capital Planning  
Corporate Affairs  
Group Purchasing  
Information Technology  
Property

## PRIMARY AND RECYCLING

**P D Belanger,**  
Managing Director

Primary and secondary (recycling) smelters produce aluminium sheet Ingot, extrusion billet, remelt ingot and hardeners for the foundry trade. The division also manages used beverage can recycling and collection schemes.

British Alcan Primary and Recycling Limited

- Lynemouth Smelter
- Lynemouth Power Station
- Lochaber Smelter
- Kinlochleven Smelter
- BA Alloys
- Alcan Aluminium Can Recycling
- Metal Trading

†Alcan Enfield Alloys Limited (50%)

†Vigeland's Metal Refinery A/S (50%) (Norway)

†Lochaber Power Co. (Scotland)

## ROLLED PRODUCTS

**D G Edwards,**  
Managing Director

Sheet, coil and plain foil for aerospace, road transport, building, packaging, consumer and industrial markets. Converted foil products are supplied for a wide range of packaging applications.

British Alcan Rolled Products Limited

- Rogorstone Sheet
- Falkirk Sheet
- Silvertown Foil
- Glasgow Foil
- Rogorstone Foil

## ENTERPRISES

**J S Bridgeman,**  
Managing Director

Semi-fabricated and manufactured products for a wide range of end use markets.

Aluminium Corporation Limited  
Alcan Building Products Limited:

- Alcan Thermal Extrusions
- Baco Contracts Limited
- British Alcan Building Products Limited
- Cambridge Glasshouse Company
- Viking Architectural Systems

British Alcan Consumer Products Limited

British Alcan Extrusions Limited:

- Almetex
- Minalex

British Alcan Wire and Conductor Limited  
Luxfer UK Limited

†Luxfer USA Limited (USA)

†Pentagon Radiator (Stafford) Limited

†Alcan Ekco Packaging Limited (50%)



# OPERATING STRUCTURE AT 31 DECEMBER 1990

†BA ALUMINIUM LIMITED

†ALCAN CHEMICALS LIMITED

## CHEMICALS

T D Dingwall,  
Managing Director

Specialist alumina chemicals for use in fire retardants, refractories, toothpaste, abrasives, ceramics, catalysts, paint and aluminium sulphate. Magnesium alloys for specialist aerospace and defence applications and zirconium chemicals for flame proofing, paper coating, pigments, water proofing, paint driers, anti-perspirants, ceramics and electronics.

BA Chemicals Limited  
The Alumina Company Limited  
Magnesium Elektron Limited  
†Magnesium Elektron Inc (USA)

Notes:  
100% owned except where otherwise indicated. Registered in England and Wales except where otherwise indicated. The principal country of operations is in the country of incorporation. All the companies listed trade as agents with the exception of those indicated by †.

\* retired on 28 February 1991

† joined Rolled Products division in February 1991

# joined Enterprises division in February 1991

## SPECIALITY & AFROSPACE

\*J F Hawkins,  
Managing Director

Plate, tube and large extrusions for high performance applications in the aerospace, defence, general engineering, transport and offshore markets; in addition this division develops new generation alloys and products, including metal matrix composites, superplastic materials and aluminium alloys.

Alcan Speciality and Aerospace Limited  
Alcan Plate  
Alcan Aerospace  
†Alcan Duralcote  
Alcan Speciality Extrusions  
- #Letchford  
- Workington  
#Alcan Speciality Tubes  
- Redditch  
#Alcan Offshore  
#Superform Metals  
# †Superform USA Inc.

## STOCKHOLDERS

C K Dawe,  
Managing Director

A network of warehouses supplying a full range of aluminium and semi-fabricated products plus copper, brass and stainless steel; fabricating services and home improvement products.

†Alcan Metal Centres (Dublin) Limited (Ireland)  
Alcan Metal Centres (Midlands) Limited  
Alcan Metal Centres (Northern) Limited  
Alcan Systems & Conservatories Limited  
Aluminium Supply (Aerospace) Limited  
Blackburns (London) Limited

**FIVE YEAR RECORD (a Million)**

	1986	1987	1988	1989	1990
<b>TRADING SUMMARY</b>					
Sales of aluminium in all forms (000's tonnes)	282	301	325	319	307
Total turnover	636.9	676.8	774.5	802.7	819.7
Operating profit	52.6	51.9	68.8	51.1	16.9
Profit/(loss) on ordinary activities before taxation (note a)	35.8	48.1	51.2	32.8	(2.3)
Profit/(loss) attributable to members	31.1	47.9	52.5	28.5	(14.7)
<b>ASSETS EMPLOYED</b>					
Tangible assets and investments	258.1	282.1	309.8	358.4	379.5
Net current assets	161.6	151.2	181.3	187.2	143.7
	<u>420.0</u>	<u>436.3</u>	<u>491.1</u>	<u>545.5</u>	<u>523.2</u>
<b>FINANCED BY</b>					
Shareholders' investment (note b)	283.3	309.7	358.8	383.2	352.7
Creditors falling due after more than one year (note c)	124.6	112.1	117.8	113.8	154.4
Provisions for liabilities and charges (note d)	12.1	14.5	14.5	17.5	16.1
	<u>420.0</u>	<u>436.3</u>	<u>491.1</u>	<u>514.5</u>	<u>523.2</u>
<b>CASH FLOW</b>					
Funds generated by operations	55.1	58.3	75.7	62.1	30.0
Depreciation	19.5	20.5	22.6	24.1	28.2
Capital investment (note e)	34.2	49.4	56.0	75.9	64.7
External borrowings	<u>128.1</u>	<u>122.4</u>	<u>133.0</u>	<u>141.5</u>	<u>148.6</u>
<b>OTHER INFORMATION</b>					
Exports from the UK	164.5	180.8	225.3	283.0	238.8
Return on average capital employed (%)	13.0	12.3	14.9	9.9	1.3
Ratio of total borrowings to equity	30:70	27:73	26:74	30:70	29:71
Average number of employees	10,997	10,814	11,061	10,664	10,238

**NOTES**

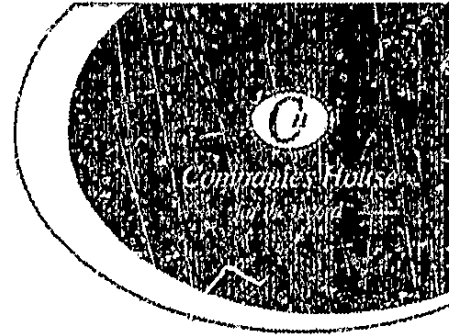
a) Before £16.0 million exceptional item in 1990

b) Including subordinated loans of £24 million in 1986,  
£20 million 1987-1989, £13.3 million in 1990.

c) Excluding subordinated loans.

d) Including minority interests £0.1 million in 1986.

e) Including investments in shares.



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