

H.J. ENTHOVEN LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 1995

Registered Number: 2821551



H.J. ENTHOVEN LIMITED

Registered Office :
Darley Dale Smelter
South Darley
MATLOCK
Derbyshire DE4 2LP

DIRECTORS' REPORT

The Directors present their annual report together with the audited financial statements and the auditors' report for the Company for the year ended 31 December 1995.

The 1994 comparative figures represent the results for the period from 15 March 1994, when the Company commenced trading, to 31 December 1994.

Directors and Directors' Interests

The Directors who held office during the year and subsequently, are as follows:

H M Meyers	(resigned 23 January 1995 - Chairman for that period)
D J Eby	(resigned 23 January 1995)
A P Lospinoso	(resigned 23 January 1995)
P M King	(Chairman from 23 January 1995)
G I Cummins	
W M Albury	(appointed 23 January 1995)
A B Suttie	(appointed 23 January 1995)
M C Boddy	(appointed 23 January 1995)
T Boon	(appointed 23 January 1995)
J D R Campbell	(appointed 23 January 1995)
M N Toyn	(appointed 23 January 1995)

There were no interests in the shares or debentures of group companies requiring disclosure under Schedule 7 of the Companies Act 1985.

Principal Activities and Business Review

The Company trades on a divisional basis, under the names H.J. Enthoven & Sons and British Lead Mills, as smelters, refiners, manufacturers and marketers of lead products.

During the year the Company sold certain assets and the business of its Special Products division (part of the British Lead Mills division), which represented approximately 5% of the Company's net assets.

Results and Dividends

The profit for the year, after taxation, amounted to £4,828,000 (1994 : £2,643,000). The Directors recommend payment of a dividend of 10 pence per ordinary US dollar share (1994: 10 pence), amounting to £1,087,900 (1994 : £1,087,900).

It is proposed that the retained profit of £3,740,000 (1994 - £1,555,000) be transferred to reserves.

DIRECTORS REPORT (Continued)

Fixed Assets

Principal changes in fixed assets are shown in note 11 of the financial statements.

Employees

It is Company policy to encourage, at each location, systems of communication and consultation between management and employees.

Company policy is one of equal opportunity in the selection, terms and conditions of employment, training and promotion for all employees (whether disabled or otherwise) at all job levels. Personnel managers advise on the provision of any reasonable facility required by disabled employees.

Donations

During the year the Company made charitable donations amounting to £2,500 (1994 : £1,188). There were no political donations (1994 : nil).

Auditors

The Auditors, Messrs Arthur Andersen, are willing to continue in office and a resolution concerning their re-appointment will be submitted to the Annual General Meeting.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing those financial statements, the Directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Close Company Status

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

Liability Insurance for Company Officers

As permitted by the Companies Act 1985 (as amended), the Company has purchased insurance cover for the Directors and other officers against liabilities in relation to their actions as directors or officers.

By order of the Board


A handwritten signature in dark ink, consisting of a series of loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Secretary
19 July 1996

Auditors' Report

London

To the Shareholders of H J Enthoven Limited

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective Responsibilities of Directors and Auditors

As described on page 2, the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

In accordance with the provisions of Financial Reporting Standard No. 1, the Company has not presented a cash flow statement as it is a wholly owned subsidiary of a company incorporated in Great Britain which has presented a consolidated cash flow statement including the cash flows of the Company.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 December 1995 and of the Company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London WC2R 2PS

19 July 1996

H.J. ENTHOVEN LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1995

	Notes	1995 £'000	1994 £'000
Turnover	1	65,161	46,014
Cost of sales	2	(51,225)	(36,333)
		<hr/>	<hr/>
Gross profit		13,936	9,681
Other operating costs	3	(5,643)	(4,965)
		<hr/>	<hr/>
Operating profit		8,293	4,716
Profit on sale of discontinued operations	3	275	-
Investment income	4	186	119
Interest payable	5	(1,404)	(560)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	6	7,350	4,275
Tax on profit on ordinary activities	9	(2,522)	(1,632)
		<hr/>	<hr/>
Profit for the financial year/ period		4,828	2,643
Dividends proposed	10	(1,088)	(1,088)
		<hr/>	<hr/>
Retained profit for the year/ period		3,740	1,555
		=====	=====

There are no recognised gains or losses for the year or the preceding financial period other than the result for the year and the preceding financial period.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year and the preceding financial period reported above and their respective historical cost equivalents.

The accompanying notes are an integral part of this profit and loss account.

H.J. ENTHOVEN LIMITED

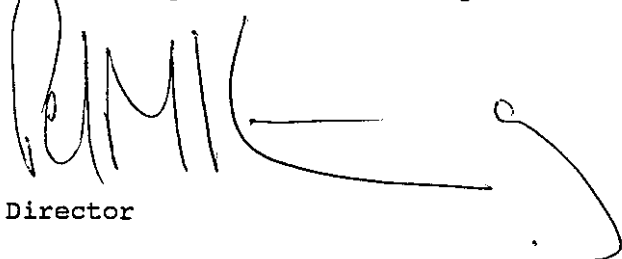
BALANCE SHEET

As at 31 December 1995

	Notes	1995 £'000	1994 £'000
Fixed assets			
Tangible assets	11	<u>21,173</u>	<u>19,944</u>
Current assets			
Stocks	12	10,803	7,149
Debtors due within one year	13	13,997	12,107
Debtors due after more than one year	13	621	963
Cash at bank and in hand		<u>2</u>	<u>1,182</u>
		25,423	21,401
Creditors : amounts falling due within one year	14	<u>(14,348)</u>	<u>(8,127)</u>
Net current assets		<u>11,075</u>	<u>13,274</u>
Total assets less current liabilities		32,248	33,218
Creditors : amounts falling due after more than one year	15	(15,169)	(20,273)
Provisions for liabilities and charges	16	<u>(3,616)</u>	<u>(3,222)</u>
Net assets		13,463	9,723
		=====	=====
Capital and reserves			
Called-up share capital	17	7,019	7,019
Share premium account	18	3,860	3,860
Goodwill write-off reserve	18	(1,764)	(2,304)
Profit and loss account	18	<u>4,348</u>	<u>1,148</u>
Total equity shareholders' funds	19	13,463	9,723
		=====	=====

The accompanying notes are an integral part of this balance sheet.

Approved by the Board and signed on its behalf by:



Director

19 July 1996

H.J. ENTHOVEN LIMITED

ACCOUNTING POLICIES

The following is a summary of the principal accounting policies, all of which have been applied by the company consistently throughout the year and with the preceding period in dealing with items which are considered material in relation to the Company's financial statements.

Basis of Preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for permanent diminution of value. Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write off the cost or valuation of each asset on a straight line basis over its expected useful life as follows:

Freehold buildings	2% of original cost per annum
Short Leasehold Improvements	20% of original cost per annum
Plant and machinery	6.67% to 25% of original cost per annum

No depreciation is provided on plant and buildings during the course of construction.

Goodwill

Goodwill arising on acquisitions has been charged to a goodwill write-off reserve. This goodwill reserve is being reduced by a transfer from distributable reserves over a period of five years.

Stocks

Stocks and work-in-progress are valued at the lower of cost and net realisable value. Cost of metal stocks comprises the material value at the time of purchase. To this is added direct processing costs and appropriate overhead expenses required to bring the stocks and work-in-progress to their present location and stage of production reached. Provision is made for obsolete, slow-moving or defective items where appropriate.

Foreign Currency

Transactions denominated in foreign currencies are recorded using the actual rates of exchange as of the date of the transaction (or, where appropriate, at the rate of exchange in a related forward exchange contract). Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date (or, where appropriate, at the rate of exchange in a related forward exchange contract). Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

H.J. ENTHOVEN LIMITED

ACCOUNTING POLICIES (continued)

Research and Development

Expenditure on research and development has been written off against results in the year as incurred.

Taxation

Corporation tax payable is provided on taxable profits at the current rate. The charge also includes amounts payable to the parent company for the purchase of tax losses and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision is made for deferred tax to the extent that it is expected that the liability will crystallise in the foreseeable future.

Turnover

Company turnover comprises the value of sales (excluding VAT and similar taxes, trade discounts and inter-divisional transactions) of goods and services invoiced to customers in the normal course of business.

Cash Flow Statement

The Company has not submitted a cash flow statement as it is a wholly owned subsidiary undertaking of a company incorporated in Great Britain which has presented a consolidated cash flow statement including the cash flows of the Company.

Operating Leases

All rental payments under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension Costs

The Company provides pensions to its employees through a defined benefit, funded pension scheme. The amount charged to the profit and loss account represents the estimated regular cost of providing the benefits accrued in the year and is calculated so that it represents a substantially level percentage of current and future pensionable payroll.

The current actuarial surplus is shown as a prepayment in the balance sheet.

Comparative figures

The 1994 comparative figures represent the results for the period from 15 March 1994, when the company commenced trading, to 31 December 1994.

H.J. ENTHOVEN LIMITED

NOTES

(forming part of the financial statements)

1. ANALYSIS OF TURNOVER AND OPERATING PROFIT

The Company has chosen not to submit a segmental analysis of turnover, net assets and attributable profits as required by SSAP 25 and the Companies Act 1985 as, in the opinion of the Directors, the disclosure of this information would be seriously prejudicial to the interests of the reporting entity.

An analysis of turnover by destination is given below :

	<u>1995</u>	<u>1994</u>
	£'000	£'000
United Kingdom	60,413	42,131
Other Europe	3,753	3,040
Australia	662	524
Japan	281	281
Other	<u>52</u>	<u>38</u>
	65,161	46,014
	=====	=====

Comparisons of sales values are affected by fluctuations in the price of metals and are not necessarily a true reflection of the volume of sales.

An analysis of income between continuing and discontinued operations in respect of the sale of the Special Products Division is not shown as the Directors consider the amounts are immaterial to these financial statements.

2. COST OF SALES

The price of metal processed by the Company is subject to fluctuations which can result in profits and losses unrelated to normal trading activities of the Company.

To reduce the effect of such fluctuations, it is the policy of the Company to hedge part of its purchase and sale commitments on the London Metal Exchange. The minimum stocks regarded as essential to maintain a normal level of activity are, however, not subject to hedging transactions. Profits and losses arising from fluctuations in the value of such essential stocks are included in cost of sales.

H.J. ENTHOVEN LIMITED

NOTES (continued)

3. OPERATING EXPENSES (NET)

	<u>1995</u> £'000	<u>1994</u> £'000
Distribution costs	2,283	1,581
Selling and marketing costs	1,649	1,116
Research and development	29	23
Administration expenses	<u>1,682</u>	<u>2,245</u>
Other operating expenses (net)	5,643 =====	4,965 =====

An analysis of costs between continuing and discontinued operations in respect of the sale of the Special Products Division is not shown as the Directors consider the amounts are immaterial to these financial statements.

4. INVESTMENT INCOME

	<u>1995</u> £'000	<u>1994</u> £'000
Interest on bank deposits	186 ===	119 ===

5. INTEREST PAYABLE

	<u>1995</u> £'000	<u>1994</u> £'000
On bank loans, overdrafts and other loans repayable within 5 years, not by instalments	67	38
On loan from parent undertaking	<u>1,337</u> 1,404 =====	<u>522</u> 560 =====

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1995</u> £'000	<u>1994</u> £'000
Profit on ordinary activities is stated after charging :		
Depreciation	1,692	1,567
Hire of plant and machinery		
- under operating leases	140	98
- other	32	58
Other operating lease rentals - property	82	121
Auditors' remuneration		
- audit fees	50	30
- other	35	18
Staff costs (note 7)	7,506	6,127
Research and development		
- current period expenditure	29 =====	23 =====

H.J. ENTHOVEN LIMITED

NOTES (continued)

7. STAFF COSTS AND NUMBERS

Particulars for employees (including executive Directors) are as shown below :

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Wages and salaries	6,321	5,142
Social security costs	477	420
Other pension costs (note 20d)	<u>708</u>	<u>565</u>
	7,506	6,127
	=====	=====

The average weekly number of people employed by the Company (including executive Directors) during the year was as follows :

	<u>1995</u>	<u>1994</u>
Operations	238	285
Marketing	53	36
Administration	<u>29</u>	<u>38</u>
	320	359
	===	===

8. REMUNERATION OF DIRECTORS

Directors' remuneration in respect of Directors of the Company is as follows :

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Emoluments (including pension contributions)	691	132
	===	===

The emoluments of the Chairman and highest paid director were £188,000 (1994: chairman - nil, highest paid director - £88,000).

The emoluments, excluding pension contributions, of the Directors were within the following ranges :

	Number of Directors	
	<u>1995</u>	<u>1994</u>
£ nil	3	7
£ 10,001 - £ 15,000	-	1
£ 30,001 - £ 35,000	-	1
£ 50,001 - £ 55,000	1	-
£ 55,001 - £ 60,000	2	-
£ 60,001 - £ 65,000	1	-
£ 70,001 - £ 75,000	1	-
£ 75,001 - £ 80,000	2	-
£ 85,001 - £ 90,000	-	1
£185,001 - £190,000	1	-

H.J. ENTHOVEN LIMITED

NOTES (continued)

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year/ period and comprises :

	<u>1995</u> £'000	<u>1994</u> £'000
Corporation tax at 33%	1,663	747
Adjustment in respect of prior period	136	-
Group Relief from parent company	309	429
Deferred taxation arising from		
- Capital allowances	163	(444)
- Pensions	376	(67)
- Re-organisation costs	(87)	967
- Other	(38)	-
	<u>2,522</u>	<u>1,632</u>
	=====	=====

10. DIVIDENDS PROPOSED

	<u>1995</u> £'000	<u>1994</u> £'000
Proposed final dividend on ordinary US\$ equity shares of 10p (1994:10p) per share payable 1996	1,088	1,088
	=====	=====

H.J. ENTHOVEN LIMITED

NOTES (continued)

11. TANGIBLE FIXED ASSETS

	<u>Land and Buildings</u>		<u>Plant and Machinery</u>	<u>Assets in Course of Construction</u>	<u>Total</u>
	<u>Freehold</u>	<u>Short Leasehold</u>			
	£'000	£'000	£'000	£'000	£'000
<u>Cost</u>					
At 1 January 1995	9,359	-	11,437	627	21,423
Additions	-	72	493	3,431	3,996
Disposals	(5)	-	(408)	-	(413)
Transfer from Work-in-Progress	95	-	1,172	(1,267)	-
Transfer to current assets	(678)	-	(139)	-	(817)
At 31 December 1995	8,771	72	12,555	2,791	24,189
<u>Depreciation</u>					
At 1 January 1995	145	-	1,334	-	1,479
Charge	186	3	1,503	-	1,692
Disposals	-	-	(88)	-	(88)
Transfer to current assets	(28)	-	(39)	-	(67)
At 31 December 1995	303	3	2,710	-	3,016
<u>Net Book Value</u>					
At 31 December 1994	9,214	-	10,103	627	19,944
At 31 December 1995	8,468	69	9,845	2,791	21,173

Freehold land amounting to £1,673,000 (1994: £1,673,000) has not been depreciated.

Plant & machinery includes fixtures and fittings. Assets in the course of construction include payments made on account.

12. STOCKS

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Raw materials	5,634	3,290
Work-in-progress	1,436	714
Finished goods and goods for resale	2,909	2,487
Spares, tooling and consumable stores	824	658
	<u>10,803</u>	<u>7,149</u>
	=====	=====

The estimated replacement costs do not materially differ from the above values.

H.J. ENTHOVEN LIMITED**NOTES (continued)****13. DEBTORS**

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	12,635	11,298
Amounts owed by other group undertakings	214	45
Other debtors	221	278
Prepayments and accrued income		
- pensions (note 20d)	282	221
- other	235	265
Fixed Assets held for resale	410	-
	<u>13,997</u>	<u>12,107</u>
	=====	=====
Amounts falling due after more than one year:		
Prepayments - pensions (note 20d)	621	963
	===	===

Loan to Director

As permitted by the Companies Act 1985, an unsecured 6% fixed rate loan made to Mr.W.M. Albury was outstanding during the year. The amount of his liability including interest to the company at the beginning of the year was £4,775, which was included as non-director officer's loans as Mr. Albury was not a director at that time. The maximum during the year was £4,799 and at the end of the year was £4,775. All interest has been paid to date.

Non-Director Officers

At the end of the year no amounts were outstanding from non-director officers: (1994: 3 loans - £200,000).

14. CREDITORS: Amounts falling due within one year

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Bank overdraft	3,919	95
Trade creditors	1,820	2,397
Amounts owed to other group undertakings	1,982	1,032
Other creditors		
- UK corporation tax payable	1,379	780
- VAT	372	293
- Social security and PAYE	164	172
- Other	52	3
Pension related liabilities	21	19
Accruals and deferred income	2,463	3,336
Proposed dividends	<u>2,176</u>	<u>-</u>
	<u>14,348</u>	<u>8,127</u>
	=====	=====

On 22 March 1994, the Company granted a fixed and floating charge to secure the bank overdraft.

H.J. ENTHOVEN LIMITED

NOTES (continued)

15. CREDITORS: Amounts falling due after more than one year

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Amounts owed to parent undertaking		
- loan account	15,169	19,185
- dividend	-	1,088
	<u>15,169</u>	<u>20,273</u>
	=====	=====

The parent undertaking has indicated that it will not call for repayment of the loan if to do so would leave the Company in such a position that it was not able to meet its other liabilities as they fall due.

16. PROVISION FOR LIABILITIES AND CHARGES

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Deferred taxation	3,547	3,133
Other provisions made on acquisition	<u>69</u>	<u>89</u>
	<u>3,616</u>	<u>3,222</u>
	=====	=====

a) Deferred taxation

Deferred taxation has been provided to the extent that the Directors have concluded on the basis of reasonable assumptions and the intentions of management that is expected that the liability will crystallise. The provision is made up as follows :

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Excess of tax allowances over book depreciation of fixed assets	3,404	3,241
Other timing differences related to		
- pensions	268	(108)
- other	<u>(125)</u>	<u>-</u>
	<u>3,547</u>	<u>3,133</u>
	=====	=====

H.J. ENTHOVEN LIMITED

NOTES (continued)

16. PROVISION FOR LIABILITIES AND CHARGES (continued)

a) Deferred taxation (continued)

The movement on deferred taxation comprises:

	<u>1995</u> £'000
At 1 January 1995	3,133
Charged/(credited) to profit and loss, in respect of	
- capital allowances	163
- pensions	376
- re-organisation costs	(87)
- other	<u>(38)</u>
At 31 December 1995	3,547 =====

There is no unprovided deferred taxation.

b) Provisions on acquisitions

The movements on the other provisions set up on the acquisition of the business and assets of Billiton UK Limited were as follows :

	<u>1995</u> £'000
At 1 January 1995	89
Amounts used during the period	<u>(20)</u>
At 31 December 1995	69 =====

17. CALLED-UP EQUITY SHARE CAPITAL

	<u>1995</u>		<u>1994</u>	
	<u>Number</u>	<u>£'000</u>	<u>Number</u>	<u>£'000</u>
Authorised:				
Ordinary shares of £1 each	100	-	100	-
Ordinary shares of US\$1 each	10,879,000	<u>7,019</u>	10,879,000	<u>7,019</u>
		7,019		7,019
		=====		=====
Allotted, called-up and fully paid:				
Ordinary shares of £1 each	1	-	1	-
Ordinary shares of US\$1 each	10,879,000	<u>7,019</u>	10,879,000	<u>7,019</u>
		7,019		7,019
		=====		=====

H.J. ENTHOVEN LIMITED

NOTES (continued)

18. RESERVES

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise :

	<u>1995</u> £'000	<u>1994</u> £'000
Distributable		
- profit and loss account	4,348	1,148
Non-distributable		
- share premium	3,860	3,860
- goodwill write-off reserve	(1,764)	(2,304)
Total reserves	6,444	2,704
	=====	=====

Movements in reserves in the year are as follows :

	<u>Goodwill</u> <u>Write-off</u> <u>Reserve</u> £'000	<u>Share</u> <u>Premium</u> <u>Account</u> £'000	<u>Profit</u> <u>& Loss</u> <u>Account</u> £'000	<u>Total</u> £'000
Balance at 1 January 1995	(2,304)	3,860	1,148	2,704
Retained profit for the year	-	-	3,740	3,740
Transfer to goodwill write-off reserve	540	-	(540)	-
Balance at 31 December 1995	(1,764)	3,860	4,348	6,444
	=====	=====	=====	=====

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u> £'000	<u>1994</u> £'000
Profit for the financial year/ period	4,828	2,643
Dividends proposed	(1,088)	(1,088)
	3,740	1,555
Creation of goodwill write-off reserve	-	(2,711)
New share capital subscribed	-	10,879
Net addition to shareholders' funds	3,740	9,723
Opening shareholders' funds	9,723	-
Closing shareholders' funds	13,463	9,723
	=====	=====

H.J. ENTHOVEN LIMITED

NOTES (continued)

20. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

Capital commitments are as follows:

	<u>1995</u> £'000	<u>1994</u> £'000
Contracted for but not provided for	150	285
Authorised but not contracted for	<u>760</u>	<u>2,640</u>
	910	2,925
	=====	=====

b) Contingent liabilities

The Company, along with its parent company and other subsidiary undertakings, has guaranteed and secured by a fixed and floating charge on its own assets, bank loans and overdrafts for itself and certain other group companies. The total amount outstanding at 31 December 1995 was £13,183,000 (1994: £10,863,000)

c) Lease commitments

The Company has entered into non-cancellable operating leases in respect of plant and machinery, the payments for which extend over a period of up to five years. The total annual rental, including interest for the year was £140,000 (1994 £98,000). Some of the lease arrangements provide that the Company will pay all insurance, maintenance and repairs.

In addition, the Company leases certain land and buildings on short term operating leases. The annual rental on these leases was £82,000 (1994: £121,000) in the year. The Company pays all insurance, maintenance and repairs of these properties.

The projected minimum annual rentals under the foregoing leases are as follows :

	<u>Property</u>		<u>Plant and Machinery</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
Operating leases which expire :				
- within one year	8	31	24	30
- within 2-5 years	67	51	73	86
	<u>75</u>	<u>82</u>	<u>97</u>	<u>116</u>
	===	===	===	===

H.J. ENTHOVEN LIMITED

NOTES (continued)

20. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (continued)

d) Pension arrangements:

During the year, the Company operated a defined benefit pension scheme for its UK employees. The scheme is based on final pensionable pay and the assets of the scheme are held separately from those of the Company, its parent and subsidiaries, being invested in independently administered, pooled funds.

The pension cost and related prepayment are assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuation was at 6 April 1994 using the projected unit method. In this valuation it was assumed that the investment returns would be 8.5% per annum, that salary increases would average 7% per annum and that present and future pensions would increase at the rate of 4% per annum. The valuation showed that the value of the scheme's assets was £25,764,000 and that the actuarial value of those assets represented 106% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The Company is currently paying a reduced employer's contribution which should have the effect of eliminating this surplus, although it is expected that some surplus will exist at least until 1998.

Pension costs have been accounted for in accordance with SSAP24, Accounting for Pension Costs. The actuarial surplus at 6 April 1994 was £1,405,000 and this has been debited to a prepayment account. As described above, this surplus is being reduced by lower employer's contributions. The prepayment is being reduced and the profit and loss account charged with the regular pension costs.

The pension charge for the period was £708,000 (1994: £565,000) made up of contributions of £427,000 (1994: £344,000) and a reduction of the actuarial surplus of £281,000 (1994: £221,000).

Total prepayments of £903,000 (1994: £1,184,000) are included in debtors (note 13) being the excess of the amount funded over the accumulated pension cost at 31 December 1995.

There were no outstanding contributions at either the beginning or end of the financial period.

H.J. ENTHOVEN LIMITED

NOTES (continued)

21. ULTIMATE HOLDING COMPANY

The smallest group in which the results of the Company have been consolidated is that headed by Quexco Ltd, a company registered in England and Wales. Copies of the Group accounts for Quexco Ltd are available from:

The Company Secretary
Quexco Limited
Darley Dale Smelter
MATLOCK
Derbyshire DE4 2LP

The largest group in which the results have been consolidated is Quexco Incorporated, (the ultimate parent company at 31 Decemeber 1995), incorporated and registered in the State of Delaware, U.S.A.

22. POST BALANCE SHEET EVENT

On 14 March 1996, the Company along with its Parent Company and other subsidiary undertakings, entered into a guarantee and debenture to secure replacement credit facilities of £21.9 million, DM 30 million and FF 22.0 million, plus a revolving credit facility of £32.5 million. These facilities refinanced the existing facilities, partially financed new aquisitions made by the parent company and replaced the existing guarantee and debenture dated 22 March 1994, which had existed throughout 1995.