

**FOSECO (GB) LIMITED**  
**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**REGISTERED NO: 11222**

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## **FOSECO (GB) LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and accounts for the year ended 31 December 2007

#### **Results and dividends**

The profit after tax for the year is £125,000 (2006 - £Nil) The directors do not propose the payment of a dividend

#### **Principal activities and review of the business**

The Company is a wholly owned subsidiary of Unicorn Industries Limited The ultimate holding company at 31 December 2007 was Foseco plc

The principal activities of the Foseco plc group are the development, manufacture and supply of consumable products and services to the higher quality segments of the foundry and steel-making industries worldwide

The Company's principal activity is holding the investment in certain subsidiary undertakings of the Foseco plc group and holding the leases in certain group properties A list of principal subsidiary undertakings and their activities appears in Note 10 to the accounts The Company did not earn any net rental income during the year (2006 - £Nil) During the year the Company released an accrual of £125,000 no longer required

The Foseco plc group manages its operations on a divisional basis For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of development, performance or position of the business The performance of the Foseco plc group as a whole, which includes the Company, is discussed in the Foseco plc Annual Report, which does not form part of this report

#### **Principal risks and uncertainties**

The Company's directors consider the risks for the Company to be the same as the risks to the Foseco plc group that are discussed in the Foseco plc Annual Report, which does not form part of this report

#### **Research and development**

The Company does not perform research and development Fellow subsidiary undertakings of the Foseco plc group perform research and development activities for the group The research and development activities are discussed in the Foseco plc Annual Report, which does not form part of this report

#### **Future developments**

It is the intention of the directors that the principal activity of the Company as a holding company will continue for the foreseeable future

## **FOSECO (GB) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Directors**

The directors of the Company during 2007 were as follows

P D Dean	Resigned 4 April 2008
D G Hussey	Resigned 4 April 2008

On 4 April 2008, S M Roberts and G Millar were appointed as Directors

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

There were no qualifying third party indemnity provisions (as defined by s309B of the Companies Act 1985) in force at any time during the year

#### **Directors' statement as to disclosure of information to auditors**

Having made enquiries of fellow directors and the Company's auditors, each of the directors who was a director at the date of approving this report confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

#### **Auditors**

Following the acquisition of Foseco plc by Cookson Group plc, Ernst and Young LLP will be resigning as auditors of the company and KPMG Audit Plc will be appointed

## **FOSECO (GB) LIMITED**

### **DIRECTORS' REPORT** (continued)

#### **Events after the balance sheet date**

On 11 October 2007, Cookson Group plc made an offer to purchase the entire issued and to be issued share capital of Foseco plc. On 10 March 2008, Foseco plc shareholders approved the Scheme of Arrangement at a Court Meeting, and approved the proposed takeover of the Company by Cookson Group plc at an extraordinary general meeting. On 11 March 2008, Cookson Group plc shareholders also approved the proposed takeover. The takeover of Foseco plc by Cookson Group plc was completed on 4 April 2008, and as a consequence the Group was de-listed from the London Stock Exchange.

On 4 April 2008, the ultimate parent undertaking of the Group became Cookson Group plc, registered in the United Kingdom at 165 Fleet Street, London EC4A 2AE.

By order of the board

*Sharon Roberts*

S M Roberts  
Secretary  
Coleshill Road  
Tamworth  
Staffordshire B78 3TL

11 April 2008

## **FOSECO (GB) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgments and estimates that are reasonable and prudent,
- 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 that disclose with reasonable accuracy at any time the financial position of the Company and to 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.

## • INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOSECO (GB) LIMITED

We have audited the Company's financial statements for the year ended 31 December 2007, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered auditor  
Birmingham

15 April 2008

**FOSECO (GB) LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007**

<b>Notes</b>	<b>2007 £'000</b>	<b>2006 £'000</b>
Release of accrual	125	-
Profit on ordinary activities before tax	<u>125</u>	<u>-</u>
4 Tax	-	-
9 <b>Profit on ordinary activities after tax</b>	<u>125</u>	<u>-</u>

The Company has no recognised gains or losses other than the £ 125,000 profit for the year

The results shown above relate to continuing activities


A reconciliation of movements in shareholders' funds is set out in note 9 to the financial statements

**FOSECO (GB) LIMITED**

**BALANCE SHEET AT 31 DECEMBER 2007**

Notes	2007 £'000	2006 £'000
<b>Fixed assets:</b>		
5 Investments	1,405	1,405
<b>Current assets:</b>		
6 Debtors	19,839	19,893
7 Creditors: amounts falling due within one year	(129)	(282)
<b>Net current assets</b>	<u>19,710</u>	<u>19,611</u>
<b>Total assets less current liabilities</b>	<u>21,115</u>	<u>21,016</u>
<b>Creditors: amounts falling due after more than one year:</b>		
Amounts owed to group undertakings	(4,215)	(4,241)
<b>Net assets</b>	<u>16,900</u>	<u>16,775</u>
<b>Capital and reserves:</b>		
8 Called-up equity share capital	900	900
9 Share premium account	15,874	15,874
9 Profit and loss account	126	1
<b>Total shareholders' funds</b>	<u>16,900</u>	<u>16,775</u>

Approved by the board of directors on 11 April 2008  
and signed on their behalf by

  
 Director

## **FOSECO (GB) LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **1. Accounting policies**

##### **Group accounts**

These accounts present information about the Company as an individual undertaking and not about its group. The Company does not have to prepare group accounts, as it is a subsidiary of a European parent that prepares group accounts.

The Company's ultimate parent undertaking at 31 December 2007 was Foseco plc. The Company's accounts are incorporated into the consolidated accounts of Foseco plc, which are prepared in accordance with UK legislation and include a consolidated cash flow statement. The Company is therefore exempt from the requirements of Financial Reporting Standard No 1 (Revised) - 'Cash Flow Statements'.

The Annual Report of Foseco plc may be obtained from Coleshill Road, Tamworth, Staffordshire, B78 3TL. This is the parent undertaking of the smallest and largest group into which the Company's results are consolidated and for which group accounts are prepared and are publicly available.

The immediate parent is Unicorn Industries Limited which does not produce group accounts.

##### **Accounting convention**

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

##### **Revenue**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### *Investment income*

Investment income is recognised when the right to receive payment is established.

##### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are stated at cost less any provision for diminution in value.

## **FOSECO (GB) LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **1. Accounting policies (continued)**

##### **Tax**

Corporation tax payable is provided on taxable profits at the current rate

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures, only to the extent that, at the balance sheet date, dividends have been accrued as receivable,
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

##### **Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. All differences are taken to the profit and loss account

##### **Going Concern**

The financial statements have been prepared on a going concern basis

## FOSECO (GB) LIMITED

### NOTES TO THE ACCOUNTS (continued)

#### 2. Auditors' remuneration

Auditors' remuneration for both years has been borne by another group undertaking

#### 3. Directors and employees

- a) No persons who held office as director during 2007 and 2006 received any emoluments in respect of their services to the Company
- b) The average number of employees during the year was Nil (2006 Nil)

#### 4. Tax

Based on the result for the year, there is no current tax charge (2006 £nil)

	2007 £'000	2006 £'000
Tax reconciliation		
UK corporation tax @ 30% of profit before tax	37	-
Non-deductible and non-taxable items	332	287
Group relief not paid	<u>(369)</u>	<u>(287)</u>
Current tax on profit on ordinary activities before tax	<u>-</u>	<u>-</u>

No deferred tax liability is expected to arise in the foreseeable future and accordingly no provision is required or quantified (2006 £Nil)

#### Note

The Company is a member of a group for the purposes of relief under s 402 of the Income and Corporation Taxes Act 1988. Owing to the availability of group relief at nil cost, no provision for corporation tax has been made in the accounts of the Company

# FOSECO (GB) LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 5. Investments

	Subsidiary undertakings £'000	Fellow group undertakings £'000	Total £'000
Shares			
At cost			
At 1 January and 31 December 2007	<u>762</u>	<u>-</u>	<u>762</u>
Loans			
At 1 January and 31 December 2007	<u>-</u>	<u>643</u>	<u>643</u>
Net book value			
At 31 December 2007	<u>762</u>	<u>643</u>	<u>1,405</u>
At 31 December 2006	<u>762</u>	<u>643</u>	<u>1,405</u>

Details of the subsidiary undertakings are set out in Note 10

In the opinion of the directors, the aggregate value of the investments in the subsidiary undertakings is not less than the net book value at 31 December 2007

### 6. Debtors

	2007 £'000	2006 £'000
Trade debtors	-	28
Amount due from fellow subsidiaries	4,928	4,954
Amount due from parent undertaking	<u>14,911</u>	<u>14,911</u>
	<u>19,839</u>	<u>19,893</u>

### 7. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	-	24
Accruals and deferred income	<u>129</u>	<u>258</u>
	<u>129</u>	<u>282</u>

# FOSECO (GB) LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 8. Called-up share capital

	2007 £'000	2006 £'000
Authorised		
960,292 ordinary shares of £1 each	960	960
Allotted, issued and fully paid		
900,292 ordinary shares of £1 each	900	900

### 9. Reconciliation of movement in shareholders funds

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2006	900	15,874	1	16,775
Profit for the year	-	-	-	-
At 31 December 2006	900	15,874	1	16,775
Profit for the year	-	-	125	125
At 31 December 2007	900	15,874	126	16,900

### 10. Subsidiary undertakings

The ultimate holding company is Foseco plc. The principal activities of the Company's subsidiary undertakings are the development, manufacture and supply of metallurgical chemicals to the higher quality segments of the foundry and steel industries worldwide. The Company's principal activity is holding the investment in certain subsidiary undertakings and holding the leases in certain group properties.

The Company or its subsidiary undertakings own all of the issued ordinary share capital of the principal subsidiary undertakings as follows:

Subsidiary	Country of operation and registration or incorporation	Activity
Foseco Holding International Limited *	England	Holding company
Foseco (FS) Limited	England	Agency and management company
Foseco MRL Limited *	England	Holding company
Tamworth UK Limited	England	Dormant

\* Shares held by Foseco (GB) Limited

## **FOSECO (GB) LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **11. Related party transactions**

The Company is a subsidiary undertaking and 90% or more of its voting rights are controlled within the group. The Foseco plc group accounts are publicly available. The Company is therefore exempt from the requirements of FRS8 to disclose material related party transactions insofar as the transactions occur within the group. There were no material transactions with related parties outside of the group during the year.

#### **12. Events after the balance sheet date**

On 11 October 2007, Cookson Group plc made an offer to purchase the entire issued and to be issued share capital of Foseco plc. On 10 March 2008, Foseco plc shareholders approved the Scheme of Arrangement at a Court Meeting, and approved the proposed takeover of the Company by Cookson Group plc at an extraordinary general meeting. On 11 March 2008, Cookson Group plc shareholders also approved the proposed takeover. The takeover of Foseco plc by Cookson Group plc was completed on 4 April 2008, and as a consequence the Group was de-listed from the London Stock Exchange.

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