

Expamet International Limited  
Annual report  
for the year ended 31 December 2003

Registered Number 152305



Expamet International Limited  
Annual report  
for the year ended 31 December 2003  
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# **Expamet International Limited**

## **Directors' report for the year ended 31 December 2003**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2003.

### **Principal activity**

The principal activity of the company is the management of its trading subsidiaries.

### **Review of business and future developments**

Expamet International Limited is an investment holding company.

The company was required to contribute a total of £241,000 to the defined benefit pension scheme operated by the group following its discontinuance in 2002. The full amount of the contributions has been recognised in the profit and loss account for the preceding year.

### **Results and dividends**

The company's profit for the financial year is £6,442,000 (2002: £17,730,000). A dividend of £13,000,000 was paid during the year (2002: £14,000,000).

### **Directors and their interests**

The directors who held office during the year are given below:

R H Wilson

M Taylor

The interests of M Taylor and R H Wilson, who are also directors of the ultimate parent company, Clifton House Acquisition Limited, are shown in the annual report of that company.

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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.

# Expamet International Limited

## Auditors

Elective resolutions have been passed to dispense with obligations to appoint auditors annually.

By order of the Board



M. Taylor  
Secretary

25 March 2004

# **Expamet International Limited**

## **Independent auditors' report to the members of Expamet International Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **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 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

### **Basis of audit 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 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 of the state of the company's affairs at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors  
Newcastle upon Tyne

25 March 2004

# Expamet International Limited

## Profit and loss account for the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Turnover		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Administrative expenses before exceptional item		(928)	(1,143)
Exceptional administrative expenses	3	-	(241)
Administrative expenses		(928)	(1,384)
Other operating income		1,413	1,439
<b>Operating profit</b>		485	55
Income from fixed asset investments		12,000	17,400
<b>Profit on ordinary activities before interest and taxation</b>		12,485	17,455
Interest receivable and similar income		173	221
Amount written off investments	6	(5,991)	-
Interest payable and similar charges		(106)	(101)
<b>Profit on ordinary activities before taxation</b>	1	6,561	17,575
Tax on profit on ordinary activities	4	(119)	155
<b>Profit for the financial year</b>		6,442	17,730
Dividends		(13,000)	(14,000)
<b>(Loss)/retained profit for the financial year</b>	12	(6,558)	3,730

All results refer entirely to continuing operations.

The company has no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains or losses has been presented.

There are no material differences between the profit on ordinary activities before taxation and the loss for the financial year stated above their historical cost equivalents.

# Expamet International Limited

## Balance sheet as at 31 December 2003

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Tangible assets	5	54	23
Investments	6	35,393	40,091
		<b>35,447</b>	<b>40,114</b>
<b>Current assets</b>			
Debtors – Amounts due after more than one year	7	12,349	12,620
Debtors – Amounts due within one year	7	635	221
Short term deposits		1,108	2,057
Cash at bank and in hand		28	1,619
		<b>14,120</b>	<b>16,517</b>
<b>Creditors - Amounts falling due within one year</b>			
Other creditors	8	(10,286)	(5,855)
Loans and other borrowings	9	(1,674)	(6,609)
<b>Net current assets</b>		<b>2,160</b>	<b>4,053</b>
<b>Total assets less current liabilities</b>		<b>37,607</b>	<b>44,167</b>
<b>Provisions for liabilities and charges</b>	10	<b>(10)</b>	<b>(12)</b>
<b>Net assets</b>		<b>37,597</b>	<b>44,155</b>
<b>Capital and reserves</b>			
Called up equity share capital	11	16,036	16,036
Share premium account	12	623	623
Capital redemption reserve	12	142	142
Other reserve	12	4,238	4,238
Profit and loss account	12	16,558	23,116
<b>Total equity shareholder's funds</b>	13	<b>37,597</b>	<b>44,155</b>

The financial statements on pages 4 to 14 were approved by the board of directors on 25 March 2004 and were signed on its behalf by:

  
M. Taylor  
Director

# **Expamet International Limited**

## **Accounting policies**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies, which have been applied consistently, are set out below.

### **Consolidated accounts**

These financial statements present information about the company as an individual undertaking and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of its ultimate parent, Clifton House Acquisition Limited, a company registered in England and Wales.

### **Foreign currency**

Assets and liabilities expressed in foreign currency are translated into sterling at rates ruling at the year end and translation differences are dealt with in the profit and loss account, except for those assets and liabilities covered by forward currency contracts where the contracted rate is used

### **Depreciation**

Depreciation is calculated so as to write off the cost of tangible fixed assets over their expected useful lives. Plant and equipment is depreciated over a period between 3 and 20 years.

### **Financial instruments**

Gains and losses on forward currency contracts, used to hedge future transactions, are taken to the profit and loss account on maturity to match the underlying transaction.

To qualify as a hedge, a financial instrument must be related to actual foreign currency assets or liabilities or to a probable commitment. If an instrument ceases to be accounted for as a hedge, for example because the underlying hedge position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

### **Leased assets**

Operating lease rentals are charged to the profit and loss account as they fall due.

### **Pensions**

The company participates in the Expamet International Limited Group Pension Plan. This is a money purchase type plan and costs are charged as incurred.

### **Cash flow statement and related party disclosures**

The company is a wholly owned subsidiary of Clifton House Acquisition Limited and is included in the consolidated financial statements of Clifton House Acquisition Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Clifton House Acquisition Limited group or investees of the Clifton House Acquisition Limited group.



## **Expamet International Limited**

### **Deferred taxation**

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

# Expamet International Limited

## Notes to the financial statements for the year ended 31 December 2003

### 1 Profit on ordinary activities before taxation

	2003 £'000	2002 £'000
Depreciation of tangible fixed assets	11	16
Operating lease charges		
- plant and machinery	-	4
- other	42	42
Auditors' remuneration		
- audit services	25	28
- non-audit services	25	129

### 2 Staff costs and directors' emoluments

	2003 £'000	2002 £'000
Staff costs:		
Wages and salaries	184	159
Social security costs	22	17
Pension costs	6	7
	212	183

The average number of persons employed by the company during the year was as follows:

	2003 Number	2002 Number
Administration	3	3

Aggregate directors' emoluments were £Nil (2002: £Nil).

# Expamet International Limited

## 3 Exceptional item

With effect from 21 March 2002 the defined benefit pension scheme operated by the Group in the UK (the "scheme") was discontinued. As a result of these changes, the company was required to contribute to the scheme £241,000 which was charged to the profit and loss account in the year ended 31 December 2002. The winding up of the scheme commenced with effect from 13 August 2002.

## 4 Tax on profit on ordinary activities

### (a) Analysis of tax charge for the period

	2003 £'000	2002 £'000
<b>Current tax</b>		
United Kingdom corporation tax at 30% (2002: 30%)	136	79
Adjustments in respect of previous periods	(15)	(231)
Total current tax	121	(152)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2)	(3)
	119	(155)

### (b) Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £'000	2002 £'000
(Loss)/profit on ordinary activities before tax excluding income from fixed asset investments	(5,439)	175
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(1,632)	53
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,770	24
Capital allowances for period in excess of depreciation	(2)	1
Other short term timing differences	-	1
Adjustments to tax charge in respect of previous periods	(15)	(231)
Current tax (credit)/charge for period	121	(152)

### (c) Factors that may affect future tax charges

There are no factors that are expected to significantly affect the taxation charge in future years.

# Expamet International Limited

## 5 Tangible fixed assets

	Plant and equipment	Total
	£'000	£'000
<b>Cost</b>		
At 1 January 2003	222	222
Additions	42	42
<b>At 31 December 2003</b>	<b>264</b>	<b>264</b>
<b>Depreciation</b>		
At 1 January 2003	199	199
Charge for the year	11	11
<b>At 31 December 2003</b>	<b>210</b>	<b>210</b>
<b>Net book amount</b>		
<b>At 31 December 2003</b>	<b>54</b>	<b>54</b>
At 31 December 2002	23	23

## 6 Fixed asset investments

	£'000
At 1 January 2002	40,091
Acquisitions	1,293
Amounts written off fixed asset investments	(5,991)
<b>At 31 December 2003</b>	<b>35,393</b>

On 12 March 2003 the Company acquired the entire share capital of Sorst Streckmetall GmbH for a consideration of £1,293,000 from Olaer Industries GmbH. Olaer Industries GmbH was a 100% owned subsidiary of Olaer Industries S.A. Olaer Industries S.A. is a 99% owned subsidiary of Fawcett Christie International Limited, which is a 100% owned subsidiary of Expamet International Limited.

The directors have assessed the carrying value of the company's investment in I.G. Limited, following that company's disposal of its Doors division, and have provided an amount of £5,991,000 representing the permanent diminution in the value of the investment.

# Expamet International Limited

## 7 Debtors

	2003	2002
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	397	121
Other debtors	8	58
Corporation tax (including overseas tax)	213	23
Prepayments and accrued income	17	19
	<b>635</b>	<b>221</b>
<b>Amounts falling due after more than one year</b>		
Amounts owed by group undertakings	12,349	12,620
	<b>12,984</b>	<b>12,841</b>

## 8 Creditors - Amounts falling due within one year – other creditors

	2003	2002
	£'000	£'000
Trade creditors	52	118
Amounts owed to group undertakings	9,928	5,465
Other taxation and social security costs	219	22
Accruals	87	250
	<b>10,286</b>	<b>5,855</b>

## 9 Creditors - Amounts falling due within one year - loans and other borrowings

	2003	2002
	£'000	£'000
Bank loans	1,005	1,907
Bank overdrafts	669	4,702
	<b>1,674</b>	<b>6,609</b>
<b>Maturity of debt</b>		
In one year or less, or on demand	1,674	6,609
	<b>1,674</b>	<b>6,609</b>

At 31 December 2003 bank loans and overdrafts totalling £1,674,000 (2002: £6,609,000) were secured by fixed charges over certain bank deposits and the fixed assets of a subsidiary undertaking. Interest on the bank loan is variable.

# Expamet International Limited

## 10 Provisions for liabilities and charges

	2003 £'000	2002 £'000
Deferred taxation	-	(2)
Other provisions	10	14
	10	12

Deferred taxation provided in the financial statements comprises:

	2003 £'000	2002 £'000
Accelerated capital allowances	-	(2)

### Other provisions

	Post retirement benefits £'000	Total £'000
At 1 January 2003	14	14
Charged to profit and loss account	5	5
Utilised in the year	(9)	(9)
At 31 December 2003	10	10

## 11 Called up equity share capital

	2003 £'000	2002 £'000
<b>Authorised</b>		
85,600,000 Ordinary shares of £0.25 each	21,400	21,400
<b>Allotted and fully paid</b>		
64,144,071 Ordinary shares of £0.25 each (2002: 64,144,071)	16,036	16,036

# Expamet International Limited

## 12 Reserves

	Share premium account	Capital redemption reserve	Other reserve	Profit and loss account
	£'000	£'000	£'000	£'000
At 1 January 2003	623	142	4,238	23,116
Loss for the financial year	-	-	-	(6,558)
<b>At 31 December 2003</b>	<b>623</b>	<b>142</b>	<b>4,238</b>	<b>16,558</b>

The share premium account was cancelled with effect from 15 February 1996 and the entire balance transferred to other reserves. The effect of the Undertaking given to the High Court on the cancellation of the share premium account is that the Group's distributable reserves at 31 December 1995, adjusted for any unrealised profits on the fixed assets in the Company on that date which may subsequently be realised, are not available for the purpose of paying dividends to shareholders until such time as the Company's creditors at the effective date of the cancellation of the share premium account have been satisfied. At 31 December 2003, £51,000 of the Company's distributable reserves are not subject to this Undertaking. The balance on the share premium account at 31 December 2003 has arisen since 31 December 1995.

## 13 Reconciliation of movement in shareholder's funds

	2003	2002
	£'000	£'000
Profit for the year	6,442	17,330
Dividends	(13,000)	(14,000)
Net (reduction)/increase in shareholder's funds	(6,558)	3,730
Opening shareholder's funds	44,155	40,425
<b>Closing shareholder's funds</b>	<b>37,597</b>	<b>44,155</b>

## 14 Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases expiring as follows:

	2003	2002
	£'000	£'000
Between two and five years	42	42

## **Expamet International Limited**

### **15 Ultimate parent undertaking and controlling party**

At the year end the ultimate parent undertaking and controlling party was Clifton House Acquisition Limited, registered office Clifton House, 83/89 Uxbridge Road, Ealing, London W5 5TA.