

Cookson Plastics (Europe) Limited

**Directors' report and financial
statements**

Registered number 254260

31 December 2001



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Principal activities

Until 1 December 2001 the principal activity of the company was the manufacture of plastic material handling products. With effect from that date the business and assets of the company were sold to a third party, and the company ceased to trade. As there are no plans to acquire a replacement trade the directors have not prepared the accounts on a going concern basis. The effect of adopting this basis of preparation is explained in note 1.

Business review

The results for the year are shown in the profit and loss account.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

A Sunter	(resigned 16 January 2001)
DK Spilsbury	(resigned 26 November 2001)
T Gibbs	(appointed 16 January 2001, resigned 26 November 2001)
BR Elliston	(appointed 26 November 2001)
RMH Malthouse	(appointed 26 November 2001)

No director has any beneficial interest in the company's shares.

Directors report *(continued)*

Directors and directors' interests *(continued)*

The directors who held office at the end of the financial year had the following interests in the ordinary shares of Cookson Group plc as recorded in the register of directors' share interests:

	Interests in 50p Ordinary shares	
	2001	2000
BR Elliston	49,734	11,737
RMH Malthouse	40,488	38,125

Options to purchase 50p Ordinary shares

	At 1 January 2001	Granted	Exercised	Lapsed	At 31 December 2001
BR Elliston	461,269	197,448	-	(16,428)	642,289
RMH Malthouse	482,024	198,668	-	(11,101)	669,591

By order of the board

Robert S. Fell

R S Fell
Secretary

The Adelphi
1-11 John Adam Street
London
WC2N 6HJ

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 the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on this basis.

The directors are responsible for keeping proper accounting records which 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc
6 Lower Brook Street
IPSWICH
Suffolk
IP4 1AP

Report of the independent auditors to the members of Cookson Plastics (Europe) Limited.

We have audited the financial statements on pages 5 to 12 which, as described in note 1, have not been prepared on a going concern basis.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the company is not disclosed.

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 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 as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'D. G. Audit Plc', written over the printed name of the auditor.

Chartered Accountants
Registered Auditor

30 September 2002

Profit and loss account

for the year ended 31 December 2001

	Note	2001 £000	2000 £000
Turnover		1,520	3,149
Staff costs	4	(515)	(673)
Depreciation and other amounts written off tangible fixed assets	8	(275)	(315)
Other operating charges		(1,440)	(2,708)
Operating loss		(710)	(547)
Loss on disposal of discontinued operations	5	(1,689)	-
Other interest receivable and similar income	6	21	27
Interest payable and similar charges	7	(476)	(571)
Loss on ordinary activities before taxation	2	(2,854)	(1,091)
Tax on loss on ordinary activities		-	-
Loss for the financial year		(2,854)	(1,091)
Retained loss brought forward		(5,101)	(4,010)
Retained loss carried forward		(7,955)	(5,101)

The results for the year are equivalent to the total recognised gains and losses for the year. Accordingly, a separate statement of recognised gains and losses has not been prepared.

The company disposed of its business with effect from 1 December 2001, accordingly all of the results reported are attributable to discontinued activities.

Balance sheet

at 31 December 2001

	Note	2001 £000	2000 £000
Current assets			
Tangible assets	8	-	2,750
Stocks	9	-	354
Debtors	10	30	414
Cash at bank and in hand		93	844
		<hr/>	<hr/>
Creditors: amounts falling due within one year	11	123 (8,054)	4,362 (9,439)
		<hr/>	<hr/>
Net current liabilities		(7,931)	(5,077)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	24	24
Profit and loss account		(7,955)	(5,101)
		<hr/>	<hr/>
Deficit on equity shareholders' funds	13	(7,931)	(5,077)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 19 September 2002 and were signed on its behalf by:



BR Elliston
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Fundamental Accounting Policy

Following the disposal of the company's business with effect from 1 December 2001, the directors do not intend to acquire a replacement trade, and accordingly they have not prepared the financial statements on a going concern basis. Adjustments have been made to reclassify fixed assets and long term liabilities as current, write down all assets to their recoverable amount and provide for any additional liabilities arising from the cessation of trade.

Basis of preparation

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

The company is exempt from the requirement of Financial Reporting Standard No 1 (revised) to prepare a cashflow statement as it is a wholly owned subsidiary undertaking of Cookson Group plc, and its cashflows are included within the consolidated cashflow statement of that company.

The company is exempt from the requirement of Financial Reporting Standard No 8 to disclose transactions with group companies on the grounds that it is a wholly-owned subsidiary undertaking.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	5 - 20 years
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Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pension costs

Eligible employees of the company are members of pension and life assurance plans operated by Cookson Group plc. The cost of the benefits payable under the pension arrangements are met partly by employees' contributions and the balance by contributions paid to Cookson Group plc. Contributions to pension funds are charged against profits as payments are made.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Notes (continued)

Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

2 Loss on ordinary activities before taxation

	2001 £000	2000 £000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration - audit fees	3	7
- other services	2	12
Depreciation and other amounts written off tangible fixed assets	275	315
Rentals under operating leases	70	89
	<hr/>	<hr/>

3 Remuneration of directors

	2001 £000	2000 £000
Directors' emoluments:		
Remuneration as executives	87	147
Payments in lieu of notice	16	-
	<hr/>	<hr/>
	103	147
	<hr/>	<hr/>

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2001	2000
Production and sales	16	21
Office and administration	3	3
	<hr/>	<hr/>
	19	24
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2001	2000
	£000	£000
Wages and salaries	445	573
Social security costs	36	63
Other pension costs	34	37
	<hr/>	<hr/>
	515	673
	<hr/>	<hr/>

5 Loss on disposal of discontinued operations

	2001	2000
	£'000	£'000
Fixed assets	1,574	-
Other assets and liabilities	(16)	-
Legal, redundancy and other closure costs	131	-
	<hr/>	<hr/>
	1,689	-
	<hr/>	<hr/>

6 Other interest receivable and similar income

	2001	2000
	£000	£000
On deposits	21	27
	<hr/>	<hr/>

Notes (continued)

7 Interest payable and similar charges

	2001	2000
	£000	£000
Payable to group undertakings	476	571

8 Tangible assets

	Plant & Machinery
	2001
	£000
<i>Cost</i>	
At beginning of year	3,902
Additions	80
Disposals	(3,982)
At end of year	-
<i>Depreciation and diminution in value</i>	
At beginning of year	1,152
Charge for year	275
Disposals	(1,427)
At end of year	-
<i>Net book value</i>	
At 31 December 2001	-
At 31 December 2000	2,750

9 Stocks

	2001	2000
	£000	£000
Raw materials and consumables	-	189
Finished goods and goods for resale	-	165
	-	354

Notes (continued)

10 Debtors: amounts falling due within one year

	2001	2000
	£000	£000
Trade debtors	-	220
Other debtors	30	15
Prepayments and accrued income	-	81
Amounts owed by group undertakings	-	98
	<u>30</u>	<u>414</u>

11 Creditors: amounts falling due within one year

	2001	2000
	£000	£000
Trade creditors	-	76
Amounts owed to group undertakings	7,807	9,111
Other creditors	72	-
Accruals and deferred income	175	252
	<u>8,054</u>	<u>9,439</u>

12 Called up share capital

	2001	2000
	£000	£000
<i>Authorised</i>		
30,000 ordinary shares of £1 each	30	30
	<u>30</u>	<u>30</u>
<i>Allotted, called up and fully paid</i>		
24,000 ordinary shares of £1 each	24	24
	<u>24</u>	<u>24</u>

Notes (continued)

13 Reconciliation of movements in shareholders' funds

	2001 £000	2000 £000
Loss for the financial year	(2,854)	(1,091)
Opening shareholders' funds	(5,077)	(3,986)
	<hr/>	<hr/>
Closing shareholders' funds	(7,931)	(5,077)
	<hr/>	<hr/>

14 Provisions for liabilities and charges

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2001 Provided £000	Unprovided £000	2000 Provided £000	Unprovided £000
Difference between accumulated depreciation and capital allowances	-	-	-	50
	<hr/>	<hr/>	<hr/>	<hr/>

15 Contingent liabilities

The company is contingently liable for any product liability claims arising under warranties given in the normal course of business on sales of its products.

16 Pension costs

The company participates in the UK defined benefit pension scheme operated by its ultimate parent company ('UK Scheme'). As the company is unable to identify its share of the underlying assets and liabilities of the UK Scheme, it therefore accounts for its membership of the UK Scheme as it would for a defined contribution scheme.

Costs charged in the year in respect of its contributions to the UK Scheme were £34,000 (2000: £37,000).

Particulars of the latest actuarial valuation of the UK Scheme, which was carried out by independent qualified actuaries, are included in the accounts of the ultimate parent company, Cookson Group plc. Those accounts also provide the relevant disclosures about the UK Scheme required by Financial Reporting Standard 17, 'Retirement Benefits'.

17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Cookson Group plc registered in England and Wales.

The only group in which the results of the company are consolidated is that headed by Cookson Group plc. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Cardiff, CF4 3UZ.