

Bridon International Ltd

Directors' Report and Financial Statements
For the year ended 31 March 2000

Registered number: 416671



Directors' report

For the year ended 31 March 2000

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 March 2000.

Principal activities

The company's principal activity is the manufacture and distribution of wire, wire rope and associated products, associated design and research.

Results and dividends

The profit for the year after taxation amounted to £6,961,000 and has been transferred to the profit and loss account reserve.

Research and development

Research and development work is undertaken against a programme designed to ensure that the company remains in the forefront of developments in high technology and high strength products to meet the increasingly challenging needs of the industries it serves. Emphasis is also placed on the continual improvement of the quality of the company's products and the efficiency of its production processes.

Directors and their interests

The directors during the year were as follows:

JA Biles
MJR Porter
N Bamford
SJ Rutherford

No directors had any interests in the shares of the company at 31 March 2000 or 1 April 1999.

Mr JA Biles is also a director of the ultimate parent company, and his interests in the shares of that company are disclosed in that company's financial statements.

Other directors held the following options over shares of the ultimate parent company:

	31 March 2000	31 March 1999
MJR Porter	6,866	131,866
N Bamford	162,147	208,447
SJ Rutherford	<u>125,000</u>	<u>138,529</u>

Directors' report (continued)

Directors and their interests

At 31 March 2000 Mr N Bamford and his family had a beneficial interest in 38,800 (1999: 4,500) shares of the ultimate parent company.

At 31 March 2000, Mr SJ Rutherford had a beneficial interest in 2,000 (1999: 2,000) shares of the ultimate parent company.

Employees

The company has developed voluntary practices and procedures for employee involvement appropriate to their own circumstances and needs. The company encourages this approach to provide information and consultation and believes this promotes a better understanding of the issues facing the individual business in which the employee works.

It is company policy to achieve and maintain a high standard of health and safety by all practical means and the active involvement of employees in matters of health and safety is encouraged.

It is the policy of the company to give full and fair consideration to applications made by disabled persons for job vacancies, where particular job requirements are within their ability and where possible arrangements are made for the continuing employment of employees who have become disabled.

Payments to suppliers

The company agrees terms and conditions for its business transactions with suppliers. Payment is made on those terms subject to the terms and conditions being met by the supplier. Trade creditors of the company at 31 March 2000 expressed in relation to the total amounts invoiced by suppliers for services during the year were equivalent to 77 days.

Year 2000

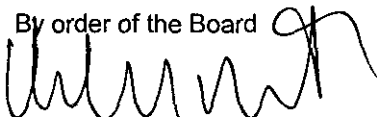
The company's plans to address the Year 2000 issue were fully implemented within the estimated cost which ensured that all the business critical systems were unaffected by the Year 2000 issue.

Auditors

A resolution is to be proposed at the annual general meeting for the re-appointment of Arthur Andersen as auditors of the company.

15-19 New Fetter Lane
London
EC4A 1LY

By order of the Board



MJR Porter
Secretary

20 June 2000

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 of the company for that year. 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 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.

To the members of Bridon International Ltd:

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention, modified to include the revaluation of certain freehold properties, and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of 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.

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 affairs of the company as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditors

1 City Square
Leeds
LS1 2AL

20 June 2000

Profit and loss account

For the year ended 31 March 2000

	Notes	2000 £'000	1999 £'000
Turnover	1	97,180	109,252
Cost of sales		(71,257)	(76,998)
Gross profit		25,923	32,254
Distribution costs		(11,399)	(12,555)
Administrative expenses		(7,426)	(5,972)
Operating profit		7,098	13,727
Net interest payable	2	(68)	(63)
Profit on ordinary activities before taxation	3	7,030	13,664
Tax (charge)/credit on profit on ordinary activities	5	(69)	513
Retained profit for the financial year	15	6,961	14,177

All results relate to continuing operations.

There are no recognised gains or losses other than the retained profit for the financial year.

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

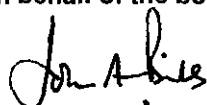
Balance sheet

31 March 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	6	38,613	36,898
Investments	7	297	297
		<u>38,910</u>	<u>37,195</u>
Current assets			
Stocks	8	18,105	22,270
Debtors	9	72,846	37,169
Cash and short term deposits		10,207	26,133
		<u>101,158</u>	<u>85,572</u>
Creditors: amounts falling due within one year	10	<u>(80,093)</u>	<u>(69,166)</u>
Net current assets		<u>21,065</u>	<u>16,406</u>
Total assets less current liabilities		<u>59,975</u>	<u>53,601</u>
Creditors: amounts falling due after more than one year	11	-	(34)
Provisions for liabilities and charges	13	<u>(826)</u>	<u>(1,379)</u>
Net assets		<u>59,149</u>	<u>52,188</u>
Capital and reserves			
Called-up share capital	14	26,000	26,000
Revaluation reserve	15	12,339	12,658
Profit and loss account	15	<u>20,810</u>	<u>13,530</u>
Equity shareholders' funds		<u>59,149</u>	<u>52,188</u>

Signed on behalf of the board

JA Biles



Director

20 June 2000

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

Reconciliation of movements in shareholders' funds

For the year ended 31 March 2000

	2000 £'000	1999 £'000
Profit for the financial year	6,961	14,177
Opening shareholders' funds	52,188	38,011
Closing shareholders' funds	59,149	52,188

Note on historical cost profit and losses

For the year ended 31 March 2000

	2000 £'000	1999 £'000
Profit on ordinary activities before taxation	7,030	13,664
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	319	306
Historical cost profit on ordinary activities before taxation	7,349	13,970
Historical cost profit for the year retained after taxation and dividends	7,280	14,483

Statement of accounting policies

31 March 2000

Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards using the historical cost convention, modified to include the revaluation of certain freehold properties. The company has adopted Financial Reporting Standards "FRS 15 Tangible Fixed Assets" and "FRS 16 Current Taxation". With these exceptions, the financial statements have been prepared using the accounting policies set out in the 1999 financial statements.

Group financial statements

The company has not prepared group financial statements as it is exempt from the requirement to do so by Section 228 of the Companies Act 1985 as it is a subsidiary undertaking of FKI plc, a company incorporated in Great Britain and registered in England and Wales, and is included in the consolidated financial statements of that company.

Cash flow statement

No cash flow statement is included because the company is a wholly owned subsidiary undertaking of FKI plc, a company registered in England and Wales.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings	over 50 years
Long leasehold property	over 50 years
Short leasehold property	over the lease term
Plant and machinery	
– heavy production	over 15 years
– other	over 10 years
Office equipment	over 5 to 10 years
Motor vehicles	over 3 to 5 years

Leased assets

Assets obtained under hire purchase contracts and leases which result in the transfer to the group of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments and are depreciated over their expected useful lives or over the primary lease period, whichever is the shorter, in accordance with the above policy. The capital elements of future lease obligations are recorded as liabilities whilst the finance element of the rental payments are charged to the profit and loss account over the period of the lease or hire purchase contract so as to produce a constant rate of charge on the outstanding balance of the net obligation in each year.

Operating leases are charged to the profit and loss account on a straight-line basis.

Statement of accounting policies (continued)

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Stocks and work in progress

Stocks are stated at the lower of cost, on a first-in-first-out basis, and net realisable value after making due allowance for any obsolete or slow moving items.

In the case of finished goods and work in progress cost comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads based on normal levels of activity.

Long-term contracts

Long-term contracts are stated at costs incurred, which comprise the cost of direct materials and labour plus appropriate overhead expenses, net of amounts transferred to cost of sales and after deducting foreseeable losses and payments on account not matched with turnover. Full provision is made in respect of foreseeable losses on uncompleted contracts.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date.

Deferred taxation

Provision is made for deferred taxation, using the liability method, to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes, except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the group exclusive of value added taxes, sales taxes and intra-group transactions. In respect of long-term contract work, turnover represents the cumulative sales value of such contracts and is recognised at specific points during a contract when individual elements of work done with separately ascertainable values and costs can be identified. The amount by which recorded turnover is in excess of payments on account is recorded in debtors "amounts recoverable on contracts". Attributable profit is recognised on long-term contracts only when the outcome of the contract can be reasonably foreseen.

Pensions

The company participates in the UK defined benefit scheme of FKI plc, the assets of which are held in trustee administered funds. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Notes to the financial statements

31 March 2000

1 Turnover

Geographical analysis by destination.

	2000 £'000	1999 £'000
United Kingdom	44,833	54,469
Continental Europe	22,999	20,564
Americas	10,710	12,199
Rest of the world	18,638	22,020
	<u>97,180</u>	<u>109,252</u>

2 Net interest payable

	2000 £'000	1999 £'000
Interest payable on:		
bank overdrafts and loans	57	45
intra-group loans	2	8
finance leases	14	35
	<u>73</u>	<u>88</u>
Interest received	(5)	(25)
	<u>68</u>	<u>63</u>

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2000 £'000	1999 £'000
Depreciation of tangible fixed assets	4,459	4,862
Operating leases – hire of plant and machinery	608	629
Other operating lease rentals – property	101	174
Research and development	71	47
Auditors' remuneration	141	113
	<u>5,380</u>	<u>6,025</u>

Non-audit fees paid to Arthur Andersen in the UK amounted to £nil (1999: £nil).

Notes to the financial statements (continued)

4 Employees

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

	2000 Number	1999 Number
Production	862	920
Sales and distribution	118	130
Management and administration	108	116
	<u>1,088</u>	<u>1,166</u>

Staff costs during the year amounted to:

	2000 £'000	1999 £'000
Wages and salaries	21,214	22,598
Social security costs	1,592	1,726
Other pension costs	1,682	1,773
	<u>24,488</u>	<u>26,097</u>

Directors' remuneration comprised:

	2000 £'000	1999 £'000
Emoluments	<u>99</u>	<u>132</u>
Compensation for loss of office	<u>-</u>	<u>169</u>

Pensions

The number of directors who were members of FKI Group Pension Scheme was as follows:

	2000 Number	1999 Number
Defined benefit pension scheme	<u>1</u>	<u>2</u>

Notes to the financial statements (continued)

5 Tax on profit on ordinary activities

	2000 £'000	1999 £'000
Tax charge based on profit on ordinary activities for the year:		
Corporation tax at 30% (1999: 31%)	622	5,513
ACT written back	-	(4,857)
Deferred taxation	-	(1,011)
	<u>622</u>	<u>(355)</u>
Adjustments in respect of prior years		
- current taxation	-	1,258
- deferred taxation	(553)	(1,416)
	<u>69</u>	<u>(513)</u>

6 Tangible fixed assets

	Freehold property £'000	Long leasehold property £'000	Short leasehold property £'000	Plant, equipment and vehicles £'000	Total £'000
Cost or valuation					
1 April 1999	16,440	3,323	30	63,101	82,894
Additions	343	1	-	7,388	7,732
Net intra-group transfers	(1,500)	-	(2)	(323)	(1,825)
Disposals	-	-	-	(286)	(286)
31 March 2000	<u>15,283</u>	<u>3,324</u>	<u>28</u>	<u>69,880</u>	<u>88,515</u>
Depreciation					
1 April 1999	939	301	4	44,752	45,996
Charge for the year	374	131	9	3,945	4,459
Net intra-group transfers	-	-	(2)	(301)	(303)
Disposals	-	-	-	(250)	(250)
31 March 2000	<u>1,313</u>	<u>432</u>	<u>11</u>	<u>48,146</u>	<u>49,902</u>
Net book value					
31 March 2000	<u>13,970</u>	<u>2,892</u>	<u>17</u>	<u>21,734</u>	<u>38,613</u>
31 March 1999	<u>15,501</u>	<u>3,022</u>	<u>26</u>	<u>18,349</u>	<u>36,898</u>

Properties were revalued as at 1 August 1997 by Fuller Peiser, Property Consultants on an open market existing use basis.

Notes to the financial statements (continued)

6 Tangible fixed assets (continued)

The net book value of freehold land and buildings (included above at valuation) determined according to the historical cost accounting rules, is as follows:

	2000 £'000	1999 £'000
Cost	5,494	6,651
Accumulated depreciation	(4,194)	(4,139)
Net book value	<u>1,300</u>	<u>2,512</u>

Freehold land and buildings includes £4,886,000 (1999: £4,771,000) in respect of land which is not depreciated.

The net book value of tangible fixed assets includes £nil (1999: £330,000) in respect of assets held under finance leases and hire purchase contracts.

7 Investments

	2000 £'000	1999 £'000
Investments in subsidiary undertakings	297	297
Investments in associated undertakings	1,271	1,271
Provision for impairment in investments in associated undertakings	(1,271)	(1,271)
	<u>297</u>	<u>297</u>

The investments in subsidiary undertakings consist solely of shares in dormant companies.

Under Section 231(5) of the Companies Act 1985, only principal operating and associated companies are required to be shown.

8 Stocks

	2000 £'000	1999 £'000
Raw materials and consumables	3,007	2,862
Work in progress	2,727	2,376
Finished goods and goods for resale	11,249	12,410
Long-term contract work in progress	1,122	4,622
	<u>18,105</u>	<u>22,270</u>

Notes to the financial statements (continued)

9 Debtors

	2000 £'000	1999 £'000
Trade debtors	19,602	20,089
Amounts owed by fellow subsidiary undertakings	46,687	9,879
Other debtors	1,354	1,725
Prepayments and accrued income	346	619
Corporation tax recoverable	4,857	4,857
	<u>72,846</u>	<u>37,169</u>

10 Creditors: Amounts falling due within one year

	2000 £'000	1999 £'000
Bank loans and overdrafts	-	9,159
Obligations under finance leases (note 12)	34	101
Trade creditors	16,150	15,505
Amounts owed to parent undertaking and fellow subsidiary undertakings	54,512	32,958
Corporation tax	5,710	7,044
Other taxes and social security costs	486	493
Other creditors	1,473	2,403
Accruals and deferred income	1,728	1,503
	<u>80,093</u>	<u>69,166</u>

11 Creditors: Amounts falling due after more than one year

	2000 £'000	1999 £'000
Obligations under finance leases (note 12)	<u>-</u>	<u>34</u>

12 Obligations under finance leases

Obligations under finance leases are payable as follows:

	2000 £'000	1999 £'000
Within one year	34	101
Between one and five years	<u>-</u>	<u>34</u>
	<u>34</u>	<u>135</u>

Notes to the financial statements (continued)

13 Provisions for liabilities and charges

Deferred taxation provided in the financial statements, and the potential tax liability, including amounts for which provision has been made, are as follows:

	2000		1999	
	Amount provided £'000	Full potential liability £'000	Amount provided £'000	Full potential liability £'000
Accelerated capital allowances	906	906	1,470	1,470
Short term timing differences	(80)	(80)	(91)	(91)
	<u>826</u>	<u>826</u>	<u>1,379</u>	<u>1,379</u>

No provision for deferred taxation was made in relation to the revaluation of freehold land and buildings included in the revaluation reserve. It is considered that any liability will not crystallise in the foreseeable future.

The movement on the provision for deferred taxation was as follows

	£'000
1 April 1999	1,379
Credited to profit and loss account	(553)
31 March 2000	<u>826</u>

14 Called-up share capital

	2000 £'000	1999 £'000
Authorised		
26,000,000 Ordinary shares of £1 each	<u>26,000</u>	<u>26,000</u>
Allotted, called-up and fully paid		
26,000,000 Ordinary shares of £1 each	<u>26,000</u>	<u>26,000</u>

Notes to the financial statements (continued)

15 Reserves

	Revaluation Reserve £'000	Profit and loss account £'000
1 April 1999	12,658	13,530
Retained profit for the year	-	6,961
Transfer	(319)	319
31 March 2000	12,339	20,810

16 Capital commitments

At 31 March 2000, the directors had authorised capital expenditure as follows:

	2000 £'000	1999 £'000
Contracted but not provided for in the financial statements	972	1,430

17 Obligations under leasing commitments

At 31 March 2000 the company had annual commitments under non-cancellable operating leases which expire as follows:

	2000		1999	
	Land and buildings £'000	Plant and equipment £'000	Land and buildings £'000	Plant and equipment £'000
Leases expiring:				
Within one year	-	115	-	110
Between one and five years	65	665	-	684
After five years	35	92	80	91
	100	872	80	885

Notes to the financial statements (continued)

18 Pension funding

Until 14 May 1999, the company participated in a number of pension schemes.

The major scheme was called the Bridon Group Pension Scheme and was of the defined benefit type with its assets held in separate trustee administered funds.

With effect from 14 May 1999, The Bridon Group Pension Scheme was merged with the FKI Group Pension Scheme. Contributions to this scheme are charged to the profit and loss account in order to spread the cost of the pensions over the members' working lives with the company, and are determined using the projected unit method.

Details of the funding status of the FKI Group Pension Scheme are set out in the financial statements of FKI plc.

The pension charge for the year was £1,682,000 (1999: £1,773,000).

19 Related party transactions

The company is exempt from the requirement of FRS 8 to include details of transactions with related parties who are fellow group undertakings.

20 Ultimate parent company

The company's ultimate parent company is FKI plc which is registered in England and Wales. The only group into which the results of the company are consolidated is that headed by FKI plc. Copies of these accounts are available to the public from the Company Secretary, FKI plc, 15-19 New Fetter Lane, London EC4A 1LY.