

Registered number
758145

Cookson Financial Limited

Report and Accounts

31 December 2002



Cookson Financial Limited

Directors' Report

The Directors present their report and accounts for the year ended 31 December 2002.

Principal activities and review of the business

The principal activity of the Company is that of a holding company for Vesuvius Group Limited, the parent company for certain overseas operating companies of the Vesuvius group.

Results and dividends

The profit for the financial year amounted to £2,284,476 (2001: £86,788). As discussed in more detail in note 7, the Directors declared dividends arising for 2002 on the 8.5% non-convertible irredeemable cumulative preference shares of £2,575,500 (2001: £2,575,500). Payments in respect of dividends amounting to £9,014,250 were made in the year. (2001: £nil). The remaining £11,755,000 of dividend arrears will be paid when sufficient distributable profits are available to make such payment in full. The Directors do not recommend the payment of an ordinary dividend (2001: £nil). The retained loss for the financial year after dividends was £291,024 (2001: £2,488,712).

During the year the Company adopted FRS 19 'Deferred Tax', further details are provided in note 6. There was no impact on the current or prior year financial statements from the introduction of FRS 19.

Directors

SL Howard is a director of Cookson Group plc, the ultimate parent of the Company, and accordingly, his interests in the share capital of Cookson Group plc are shown in the report and accounts of that Company. The interests of the remaining directors of the Company in the share capital of Cookson Group plc are stated below. The shareholdings at 31 December 2002 relate to ordinary shares of 1p each, whilst those at 1 January 2002 relate to ordinary shares of 50p each.

	Options to purchase 1p ordinary shares					Interests in ordinary shares		
	At 1 January 2002	Adjusted for 2002 Rights Issue ⁽¹⁾	Granted	Exercised	Lapsed	At 31 December 2002	1p 2002	50p 2001
BR Elliston	642,289	15,408	601,648	-	(30,262)	1,229,083	100,610	49,734
RMH Malthouse	669,591	16,064	634,551	-	(17,371)	1,302,835	153,524	40,488

(1) Under the rules of the Cookson Group plc share option schemes and following Inland Revenue approval, adjustments were made to the option price and to the number of ordinary shares under option for all options outstanding as at the date of the Cookson Group plc rights issue in August 2002.

Directors' responsibilities

Company law requires the Directors to prepare accounts 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 accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining 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 accounts 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.

Cookson Financial Limited

Directors' Report

Auditors

The Company has passed elective resolutions in accordance with section 379A of the Companies Act and is therefore exempt from the obligation to hold an Annual General Meeting and to reappoint the auditors annually and KPMG Audit Plc will therefore continue in office.

This report was approved by the board on 25 June 2008.

Rebecca S. Fell

Miss RS Fell
Company Secretary

Cookson Financial Limited

Auditors' Report

Independent auditors' report to the members of Cookson Financial Limited

We have audited the financial statements on pages 4 to 11.

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 auditor's 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 are responsible for preparing the Directors' report and, as described on page 1, the accounts 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. We also report to you if, in our opinion, the Directors' report is not consistent with the accounts, 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 accounts. It also includes an assessment of the significant estimate and judgements made by the Directors in the preparation of the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

London
EC4Y 8BB



Cookson Financial Limited

Profit and Loss Account

For the year ended 31 December 2002

	Notes	2002	2001
		£	£
Operating loss	2	-	-
Income from investments	3	2,200,000	-
Interest receivable and similar income	4	80,048	346,511
Interest payable and similar charges	5	-	(259,723)
Profit on ordinary activities before taxation		<u>2,280,048</u>	<u>86,788</u>
Tax on profit on ordinary activities	6	4,428	-
Profit for the financial year		<u>2,284,476</u>	<u>86,788</u>
Dividends:			
Declared preference dividends on non-equity shares	7	(2,575,500)	(2,575,500)
Retained loss for the financial year	12	<u>(291,024)</u>	<u>(2,488,712)</u>

Statement of total recognised gains and losses

The Company has no gains or losses other than the above losses for the two financial years.

Cookson Financial Limited

Balance Sheet

As at 31 December 2002

	Notes	2002		2001	
		£	£	£	£
Fixed Assets					
Investments	8		30,315,031		30,315,031
			<u>30,315,031</u>		<u>30,315,031</u>
Current assets					
Debtors	9	-		2,000,000	
Cash at bank and in hand		369,517		5,099,291	
		<u>369,517</u>		<u>7,099,291</u>	
Creditors: amounts falling due within one year	10	-		(6,438,750)	
Net current assets			<u>369,517</u>		<u>660,541</u>
Total assets less current liabilities			<u>30,684,548</u>		<u>30,975,572</u>
Equity Capital and Reserves					
Called up share capital	11		30,532,500		30,532,500
Profit and loss account	12		152,048		443,072
			<u>30,684,548</u>		<u>30,975,572</u>
of which:					
Equity	13		(11,370,452)		(11,079,428)
Non-equity			42,055,000		42,055,000
			<u>30,684,548</u>		<u>30,975,572</u>



Director

Approved by the board on 25 June 2003.

Cookson Financial Limited

Notes to the Accounts

For the year ended 31 December 2002

1 Accounting policies

Accounting convention

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

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements since the Company is itself a wholly owned subsidiary of Cookson Group plc. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company is exempt from the requirement of FRS 1 (Revised) to prepare a cash flow statement as its cash flows are included within the consolidated cash flow statement of Cookson Group plc.

The Company had adopted FRS 19, Deferred Tax, in the year which requires full provision to be made for deferred tax assets and liabilities. The impact of adopting FRS 19 on the current and prior year is disclosed in note 6.

Foreign currencies

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

Investments

Investments in subsidiary undertakings ('subsidiaries') and associated undertakings ('associates') are stated at costs, less any provisions for diminution in value that are expected to be permanent.

Related party transactions

As the Company is a wholly owned subsidiary of Cookson Group plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Cookson Group plc group.

2 Operating loss

Other than the Directors the Company had no employees during the year. The Directors received no remuneration in respect of their services to the Company during the year. The auditor remuneration is borne by the parent company.

Cookson Financial Limited

Notes to the Accounts

For the year ended 31 December 2002

3 Income from investments

	2002 £	2001 £
Dividends received from subsidiary undertaking	<u>2,200,000</u>	<u>-</u>

4 Interest receivable

	2002 £	2001 £
Bank interest received	80,048	-
Interest receivable from parent undertaking	<u>-</u>	<u>346,511</u>
	<u>80,048</u>	<u>346,511</u>

5 Interest payable and similar charges

	2002 £	2001 £
Bank interest paid	<u>-</u>	<u>259,723</u>

Cookson Financial Limited

Notes to the Accounts

For the year ended 31 December 2002

6 Taxation

	2002 £	2001 £
Analysis of charge in period		
UK corporation tax at 30% (2001: 30%)	-	-
Prior year tax (credit) / charge	(4,428)	-
Tax on profit on ordinary activities	(4,428)	-
<i>Factors affecting the tax charge for the current period</i>	2002	2001
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,280,048	86,788
Current tax charge at 30% (2001: 30%)	684,014	26,036
<i>Effects of:</i>		
Dividend income not taxable	(660,000)	-
Loss relief from group companies for no payment	(24,014)	(26,036)
Prior year tax credit	(4,428)	-
Total current tax (see above)	(4,428)	-

No tax charge arises on the results for the year due to the availability of tax losses.

There was no impact on the current or prior year financial statements from the introduction of FRS 19.

7 Non-equity dividends

	2002 £	2001 £
Declared for current year	2,575,500	2,575,500

No dividend was paid or proposed in respect of the 8.5% non-convertible irredeemable cumulative preference shares from the date of issue to 31 December 1997, the Company having no distributable reserves to do so. Payment of £14,000,000 of these arrears was made in 1998 following the receipt of dividends. The accumulated arrears in respect of such dividends were £11,755,000 at 31 December 2002 and 31 December 2001. These arrears will be paid when sufficient distributable profits are available.

Cookson Financial Limited

Notes to the Accounts

For the year ended 31 December 2002

8 Investments

	Investments in subsidiary undertakings £
Cost	
At 1 January 2002 and 31 December 2002	<u>30,315,031</u>

The Company's fixed asset investment represents the cost of investment in its wholly owned subsidiary undertaking, Vesuvius Group Limited, a company registered in England and Wales. The principal activity of Vesuvius Group Limited is that of holding company for certain overseas operating companies of the Vesuvius Group.

9 Debtors

	2002 £	2001 £
Amounts owed by subsidiary undertaking	<u>-</u>	<u>2,000,000</u>

10 Creditors: amounts falling due within one year

	2002 £	2001 £
Amounts owed to a fellow group undertaking	<u>-</u>	<u>6,438,750</u>

Cookson Financial Limited

Notes to the Accounts

For the year ended 31 December 2002

11 Share capital

	2002 £	2001 £
Authorised:		
Ordinary shares of £1 each	250,000	250,000
8.5% non-convertible irredeemable cumulative preference shares of £1 each	32,000,000	32,000,000
	<u>32,250,000</u>	<u>32,250,000</u>

	2002 £	2001 £
Allotted, called up and fully paid: 232,500 ordinary shares of £1 each	232,500	232,500
30,300,000 8.5% non-convertible irredeemable cumulative preference shares of £1 each	30,300,000	30,300,000
	<u>30,532,500</u>	<u>30,532,500</u>

12 Profit and loss account

	2002 £	2001 £
At 1 January	443,072	2,931,784
Loss for the financial year	(291,024)	(2,488,712)
At 31 December	<u>152,048</u>	<u>443,072</u>

13 Reconciliation of movement in equity shareholders' funds

	2002 £	2001 £
At 1 January	(11,079,428)	(8,590,716)
Profit for the financial year	2,284,476	86,788
Preference dividends on non-equity shares arising in the year	(2,575,500)	(2,575,500)
At 31 December	<u>(11,370,452)</u>	<u>(11,079,428)</u>

Cookson Financial Limited

Notes to the Accounts

For the year ended 31 December 2002

14 Commitments and contingencies

Amongst others Cookson Financial Limited, as a guarantor, is party to a £291m multicurrency credit agreement, between Cookson Group plc as Borrower and a number of banks ('Lenders'). As part of this agreement Cookson Financial Limited jointly and severally guaranteed and agreed to pay from time to time on demand any and every sums of money which Cookson Group plc is at any time liable to pay to the Lenders. As at 31 December 2002 £28.1m was drawn by Cookson Group plc under the credit agreement facility secured on the various assets of Cookson Financial Limited.

In addition, Cookson Financial Limited also agreed jointly and severally as a primary obligation to indemnify the Lenders from time to time on demand from and against any loss incurred by the Lenders as a result of any of the obligations of Cookson Group plc.

15 Ultimate holding company

The Company's ultimate holding company is Cookson Group plc, which is registered in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Cookson Group plc. The accounts of Cookson Group plc are available to the public and may be obtained from The Adelphi, 1-11 John Adam Street, London, WC2N 6HJ.

No other group accounts include the results of the Company.