

Registered number  
758145

**Cookson Financial Limited**

**Report and Accounts**

**31 December 2004**



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COMPANIES HOUSE

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## **Cookson Financial Limited**

### **Directors' Report**

The directors present their report and accounts for the year ended 31 December 2004.

#### **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 £2,636,567 (2003: £14,345,324). The Directors declared dividends on non-equity shares of £2,575,500 and paid dividends of £2,575,500 (2003: £2,575,500). The Directors do not recommend the payment of an ordinary dividend (2003: £nil). The retained profit for the financial year after dividends was £61,067 (2003: £11,769,824).

#### **Directors**

During the year, no Director had any beneficial interest in the shares of the Company. The Directors who served during the year and their interest in the ordinary shares of Cookson Group plc, the ultimate holding company, are stated below.

	Options to purchase 1p ordinary shares				Interests in 1p ordinary shares		
	At 1	Granted	Exercised	Lapsed	At 31	At 31	At 31
	January 2004				December 2004	December 2004	December 2003
BR Elliston	1,288,772	185,766	-	30,792	1,443,746	63,810	65,078
RMH Malthouse	1,380,587	264,781	-	29,415	1,615,953	153,524	153,524

#### **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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 (continued)**

**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.

This report was approved by the board on 25 October 2005

Rachel S. Fell

Miss RS Fell  
Company Secretary

## Auditors' Report

### Independent auditors' report to the members of Cookson Financial Limited

We have audited the financial statements on pages 4 to 10.

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 accounts 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 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 2004 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

25 OCTOBER 2005

# Cookson Financial Limited

## Profit and Loss Account For the year ended 31 December 2004

	Notes	<u>2004</u>	<u>2003</u>
		£	£
Income from investments	3	2,600,000	14,330,500
Interest receivable and similar income	4	36,567	14,561
<b>Profit on ordinary activities before taxation</b>		<u>2,636,567</u>	<u>14,345,061</u>
Tax on profit on ordinary activities	5	-	263
<b>Profit for the financial year</b>		<u>2,636,567</u>	<u>14,345,324</u>
Dividends:			
Declared preference dividends on non-equity shares	6	(2,575,500)	(2,575,500)
<b>Retained profit for the financial year</b>	9	<u>61,067</u>	<u>11,769,824</u>

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

All activities relate to continuing operations.

# Cookson Financial Limited

## Balance Sheet As at 31 December 2004

	Notes	2004		2003	
		£	£	£	£
<b>Fixed Assets</b>					
Investments	7		30,315,031		30,315,031
			<u>30,315,031</u>		<u>30,315,031</u>
<b>Current assets</b>					
Cash at bank and in hand		<u>445,408</u>		<u>384,341</u>	
<b>Net current assets</b>			445,408		384,341
<b>Net assets</b>			<u>30,760,439</u>		<u>30,699,372</u>
<b>Capital and Reserves</b>					
Called up share capital	8		30,532,500		30,532,500
Profit and loss account	9		<u>227,939</u>		<u>166,872</u>
<b>Shareholders' funds</b>			<u>30,760,439</u>		<u>30,699,372</u>
of which:					
Equity	10		460,439		399,372
Non-equity	11		<u>30,300,000</u>		<u>30,300,000</u>
			<u>30,760,439</u>		<u>30,699,372</u>



BR Elliston  
Director

Approved by the board on 25 October 2005

# Cookson Financial Limited

## Notes to the Accounts

For the year ended 31 December 2004

### 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.

#### *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 which have arisen but not reversed by the balance sheet date which could give rise to an obligation in the future.

#### *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 profit

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's remuneration is borne by the parent company.

### 3 Income from investments

	2004 £	2003 £
Dividends received from subsidiary undertaking	<u>2,600,000</u>	<u>14,330,500</u>

# Cookson Financial Limited

## Notes to the Accounts (continued) For the year ended 31 December 2004

### 4 Interest receivable and similar income

	2004 £	2003 £
Bank interest received	<u>36,567</u>	<u>14,561</u>

### 5 Taxation

	2004 £	2003 £
Analysis of charge in period		
UK corporation tax at 30% (2003: 30%)	-	-
Prior year tax (credit) / charge	-	(263)
Tax on profit on ordinary activities	<u>-</u>	<u>(263)</u>

#### *Factors affecting the tax charge for the current period*

	2004 £	2003 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	<u>2,636,567</u>	<u>14,345,061</u>
Current tax charge at 30% (2003 : 30%)	790,970	4,303,518
<i>Effects of:</i>		
Dividend income not taxable	(780,000)	(4,299,150)
Loss relief from group companies for no payment	(10,970)	(4,368)
Prior year tax credit	-	(263)
Total current tax (see above)	<u>-</u>	<u>(263)</u>

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

### 6 Non-equity dividends

	2004 £	2003 £
Declared for current year	<u>2,575,500</u>	<u>2,575,500</u>



# Cookson Financial Limited

## Notes to the Accounts (continued) For the year ended 31 December 2004

### 7 Investments

	Investments in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2004 and 31 December 2004	<u>30,315,031</u>

The Company holds a 100% investment in Vesuvius Group Limited

### 8 Share capital

	2004 £	2003 £
<b>Authorised:</b>		
250,000 Ordinary shares of £1 each	250,000	250,000
32,000,000 8.5% non-convertible irredeemable cumulative preference shares of £1 each	<u>32,000,000</u>	<u>32,000,000</u>
	<u>32,250,000</u>	<u>32,250,000</u>
<b>Allotted, called up and fully paid:</b>		
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	<u>30,300,000</u>	<u>30,300,000</u>
	<u>30,532,500</u>	<u>30,532,500</u>

Preference shareholders have no voting rights and are due to have their investment fully reimbursed upon winding up plus any arrears in respect of the fixed cumulative preferential dividend thereon.

# Cookson Financial Limited

## Notes to the Accounts (continued) For the year ended 31 December 2004

### 9 Profit and loss account

	2004 £	2003 £
At 1 January	166,872	152,048
Retained profit for the financial year	61,067	11,769,824
Preference dividend previously undeclared	-	(11,755,000)
At 31 December	<u>227,939</u>	<u>166,872</u>

### 10 Reconciliation of movement in equity shareholders' funds

	2004 £	2003 £
At 1 January	399,372	(11,370,452)
Profit for the financial year	2,636,567	14,345,324
Preference dividends on non-equity shares arising in the year	<u>(2,575,500)</u>	<u>(2,575,500)</u>
At 31 December	<u>460,439</u>	<u>399,372</u>

### 11 Reconciliation of movement in non-equity shareholders' funds

	2004 £	2003 £
At 1 January	30,300,000	42,055,000
Settlement of cumulative preference dividend	-	(11,755,000)
At 31 December	<u>30,300,000</u>	<u>30,300,000</u>

## **Cookson Financial Limited**

### **Notes to the Accounts (continued) For the year ended 31 December 2004**

#### **12 Commitments and contingencies**

Amongst others, Cookson Financial Limited, as a guarantor, was party to an Amendment and Restatement Agreement relating to a £450m multicurrency credit agreement dated 5 December 2003, between Cookson Group plc as Borrower and a number of banks ('Lenders'). During 2003 the credit facility was reduced to £188m and comprised of a £108m multicurrency revolving loan facility ('Facility A') and a £80m forward start sterling term loan facility ('Facility B'), the latter being available to refinance the Borrower's existing Convertible Bond. During 2004, £40m of Facility B was cancelled reducing the total of the credit facility to £148m. 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 2004 £nil was drawn under Facility A (2003: £nil) and £40m was drawn under Facility B (2003: £nil) by Cookson Group plc under the credit 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.

On 1 March 2005 the Group signed a new £200.0m multicurrency revolving credit facility to replace the £148.0m facility which was due to mature in 2006. The new facility is for a term of three years, with options to extend for a further two years. The facility is unsecured with all security and guarantees under the previous facility being fully released.

#### **13 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 265 Strand, London, WC2R 1DB.

No other group accounts include the results of the Company.