

MITEK INDUSTRIES LIMITED

(Registered Number 944342)

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 December 2000



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Directors' Report

The Directors present their report and accounts for the year ended 31st December 2000

Results and Dividends

The Directors are pleased to report a significant improvement in the trading results of the company. The retained profit for the year amounts to £1,448,139 (1999 - £739,167)

The Directors do not propose to pay a dividend.

Principal Activities and Review of the Business

The principal activities of the company are the manufacture of metal connector plates and the supply of building software, design services, builder products and machinery for the manufacture of trussed rafters for the construction industry.

In April 2000 the company acquired the entire issued share capital of B&Z Software Technology Limited for a consideration of £1.9 million.

B&Z Software Technology Limited is the holding company of RCS Construction Software Limited.

Future Developments

The Directors intend to build on the progress made during 2000 by increasing turnover and profitability in the forthcoming year.

Events since the Balance Sheet Date

On 12th June 2001, Rexam announced its intention to dispose of the entire share capital of MiTek Inc to Berkshire Hathaway Inc.

Research and Development

MiTek continues to seek out new products to enhance its existing comprehensive range. Software development is ongoing, in order to ensure that our customers have the most advanced software available.

Directors and Directors' Interests

The Directors of the company during the year ended 31 December 2000 were :

H.D. Du Preez
A.J.Fillingham
S.J.Griffiths
E.M.Toombs
L.Wasserstein

Directors and Directors' Interests (continued)

None of the Directors have a beneficial interest in the ordinary share capital of Rexam plc, the ultimate parent undertaking.

The options granted to the Directors under the Executive Share Option Scheme and the Savings Related Share Option Scheme in the ordinary share capital of Rexam plc were as follows:

	<u>Executive Scheme</u>		<u>Savings Related Scheme</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
H.D. Du Preez	-	-	-	-
A.J. Fillingham	-	-	2,911	3,422
S.J. Griffiths	10,000	10,000	9,012	9,012
E.M. Toombs	-	-	-	-
L. Wasserstein	10,000	10,000	-	-

Creditor Payment Policy and Practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2000, the company had an average of 34 days purchases outstanding in trade creditors.

Auditors

The company has elected under the elective regime of s.386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually. As a result, Ernst & Young will continue to be appointed for the ensuing year.

Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By Order of the Board

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A.J. Cook
Company Secretary

Statement of Directors' responsibilities in respect of the Accounts

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 the profit or loss of the company 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;
- 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure 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.

Auditors Report:

Report of the auditors to the shareholders of MiTek Industries Limited

We have audited the accounts on pages 5 to 17, which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

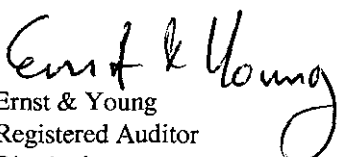
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates 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 accounts 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 affairs of the company as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditor
Birmingham

Dated

27 June 2001

Profit & Loss Account

For the year ended 31 December 2000

	Notes	2000 £	1999 £
Turnover	2	12,491,685	11,274,218
Cost of Sales		<u>(7,194,196)</u>	<u>(6,755,620)</u>
Gross Profit		5,297,489	4,518,598
Selling and Distribution Expenses		(2,393,143)	(2,170,354)
Administrative Expenses		(1,640,530)	(1,611,524)
Other Operating Income		<u>262,223</u>	<u>286,856</u>
Operating Profit	3	1,526,039	1,023,576
Profit / (Loss) on Disposal of Fixed Assets		22,832	(107,119)
Interest Receivable	4	22,586	11,532
Interest Payable	5	<u>(123,318)</u>	<u>(188,822)</u>
Profit on ordinary activities before taxation		1,448,139	739,167
Tax on Profit on Ordinary Activities	8	-	-
Retained Profit for the year		<u>1,448,139</u>	<u>739,167</u>

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,448,139 for the year ended 31 December 2000 and of £739,167 for the year ended 31 December 1999.

Reconciliation of Movement of Shareholders' Funds and Movement on Reserves

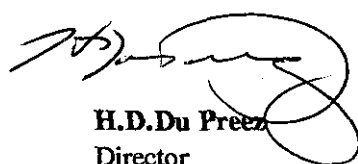
	Share Capital £	Profit & Loss Account £	Shareholders Funds £
At 1 January 1999	37,160	(835,406)	(798,246)
Share Issue	2,600,000	-	2,600,000
Profit for the Year	-	739,167	739,167
At 1 January 2000	<u>2,637,160</u>	<u>(96,239)</u>	<u>2,540,921</u>
Profit for the Year	-	1,448,139	1,448,139
At 31 December 2000	<u>2,637,160</u>	<u>1,351,900</u>	<u>3,989,060</u>

Balance Sheet

At 31 December 2000

	Notes	2000 £	1999 £
Fixed Assets			
Tangible Assets	9	1,489,580	1,534,413
Investments	10	1,880,799	-
		<u>3,370,379</u>	<u>1,534,413</u>
Current Assets			
Stocks	11	662,512	589,757
Debtors	12	3,746,785	4,700,303
Cash at Bank and in Hand		2,000	51,824
		<u>4,411,297</u>	<u>5,341,884</u>
Creditors			
Amounts falling due within one year	13	(3,717,616)	(4,255,376)
Net Current Assets		<u>693,681</u>	<u>1,086,508</u>
Total Assets Less Current Liabilities		<u>4,064,060</u>	<u>2,620,921</u>
Accruals and Deferred Income	14	(75,000)	(80,000)
Provisions for Liabilities and Charges	15	-	-
Net Assets		<u>3,989,060</u>	<u>2,540,921</u>
Capital and Reserves			
Called up Share Capital	16	2,637,160	2,637,160
Profit and Loss Account		1,351,900	(96,239)
Equity Shareholders' Funds		<u>3,989,060</u>	<u>2,540,921</u>

Approved By the Board of Directors on 27TH JUNE 2001



H.D. Du Preez
Director

Notes to the Accounts

At 31 December 2000

1 Accounting Policies

Basis of Preparation

The accounts have been prepared under the historical cost convention in accordance with applicable accounting standards. The results of the company are included in the accounts of Rexam plc. The company is consequently exempt from the obligation to prepare and deliver group accounts, under s.228 of the Companies Act 1985.

Turnover

Turnover comprises the invoiced value of sales, exclusive of VAT. It excludes revenue from the sale of engineering design work which is included in other operating income.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value, based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows :

	<u>Years</u>
Leasehold Improvements	10 - 20 years
Plant and Equipment	2 - 10 years
Motor Vehicles	3 - 4 years

Stocks

Stocks are valued at the lower of cost and net realisable value after making allowance for any obsolescence or slow moving items.

In the case of finished goods or work in progress, cost comprises materials, direct labour and an appropriate proportion of manufacturing overheads.

Research and Development

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

Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Notes to the Accounts

At 31 December 2000

1 Accounting Policies (continued)

Pensions

The company operates a defined benefit scheme on behalf of its employees. The pension fund is administered by Trustees and is accounted for separately from the company finances. The company contributions are paid in accordance with actuarial advice and are charged so as to spread the cost of pensions over the average expected remaining service lives of current employees.

Further details are given in Note 18 to the Accounts.

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 retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Government Grants

Government grants in respect of capital expenditure are credited to a deferred income account and then released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Cash Flow Statement

A Cash Flow Statement has not been prepared in accordance with FRS1 (Revised 1996) as the company is a wholly owned subsidiary undertaking of Rexam plc.

A Group Cash Flow statement has been presented in the accounts of Rexam plc.

Notes to the Accounts

At 31 December 2000

2 Turnover

Turnover is attributable to the company's continuing activities. An analysis of turnover by geographical market is given below :

	2000 £	1999 £
United Kingdom	6,888,346	6,108,023
Other European Countries	5,580,333	5,148,637
Rest Of the World	23,006	17,558
	<u>12,491,685</u>	<u>11,274,218</u>

3 Operating Profit

is stated after charging / (crediting):

	2000 £	1999 £
Depreciation of Fixed Assets	429,395	420,083
Operating Lease Rentals:		
Hire of Plant and Equipment	6,600	5,335
Land And Buildings	287,652	215,165
Auditors' remuneration		
- Audit Fees	18,398	16,396
Foreign Exchange Losses	64,353	169,103
Government Grants (Note 14)	(5,000)	(5,000)
	<u> </u>	<u> </u>

4 Interest Receivable

	2000 £	1999 £
Commercial Contracts	<u>22,586</u>	<u>11,532</u>

5 Interest Payable

	2000 £	1999 £
Bank Interest Payable	68,782	85,868
Interest Payable to Group Undertakings	54,536	102,954
	<u>123,318</u>	<u>188,822</u>

Notes to the Accounts

At 31 December 2000

6 Directors' Emoluments

The emoluments, excluding pension contributions, of directors of the company are detailed as follows :

	<u>2000</u>	<u>1999</u>
	£	£
Emoluments	<u>299,132</u>	<u>226,699</u>
	No.	No.
Members Of Defined Benefit Pension Schemes	<u>4</u>	<u>4</u>

The amounts in respect of the highest paid director are as follows :

	£	£
Emoluments	<u>89,363</u>	<u>60,437</u>
Accrued Pension Benefits	<u>8,935</u>	<u>6,255</u>

7 Staff Costs

	<u>2000</u>	<u>1999</u>
	£	£
Wages & Salaries	1,888,349	1,723,424
Social Security Costs	178,216	152,109
Other Pension Costs	<u>125,458</u>	<u>110,812</u>
	<u>2,192,023</u>	<u>1,986,345</u>

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

	No.	No.
Management	4	4
Sales, Design, Software & Administration	43	39
Production & Distribution	<u>35</u>	<u>35</u>
	<u>82</u>	<u>78</u>

Notes to the Accounts
At 31 December 2000
8 Taxation on Profit on Ordinary Activities

	2000	1999
	£	£
United Kingdom Corporation Tax		
Current	-	-

No liability has arisen due to the availability of losses brought forward.

9 Tangible Fixed Assets

	Leasehold Improvements	Plant, Equipment and Vehicles	Total
	£	£	£
Cost			
As at 1 January 2000	770,364	2,701,099	3,471,463
Additions	-	394,664	394,664
Disposals	-	(163,166)	(163,166)
As at 31 December 2000	770,364	2,932,597	3,702,961
Depreciation			
As at 1 January 2000	221,277	1,715,773	1,937,050
Provided during the year	65,554	363,841	429,395
Disposals	-	(153,064)	(153,064)
As at 31 December 2000	286,831	1,926,550	2,213,381
Net Book Value			
As at 31 December 2000	483,533	1,006,047	1,489,580
As at 31 December 1999	549,087	985,326	1,534,413

Notes to the Accounts**At 31 December 2000****10 Investments**

Cost :	£
Shares in subsidiary undertakings	
At 1 January 2000	-
Additions	<u>1,880,799</u>
At 31 December 2000	<u><u>1,880,799</u></u>

The additions made during the year, relate to the following :

- (a) The entire issued share capital of B&Z Software Technology Limited was acquired for £1,872,920.

B&Z Software Technology Limited is the holding company of RCS Construction Software Limited

- (b) MiTek Industries Polska was incorporated in Poland at a cost of £7,879.

The subsidiary undertakings' details are as follows :

Name	Country of Registration	Percentage of Ordinary Shares Held	Nature of Business
B&Z Software Technology Ltd	England and Wales	100%	Holding Company
RCS Construction Software Ltd	England and Wales	100%	Software Development
MiTek Industries Polska	Poland	100%	Supply of connector plates, building software and services

The company has not prepared consolidated financial statements as it is a wholly owned subsidiary of Rexam plc.

Consequently these accounts present information about the company and not the group.

Notes to the Accounts

At 31 December 2000

11 Stocks

	<u>2000</u>	<u>1999</u>
	£	£
Raw Materials	225,889	165,762
Finished Goods	<u>436,623</u>	<u>423,995</u>
	<u>662,512</u>	<u>589,757</u>

The replacement value of stocks is not materially different from the amounts stated above.

12 Debtors

	<u>2000</u>	<u>1999</u>
	£	£
Trade Debtors	2,048,305	1,766,733
Amounts owed by Group Undertakings	1,541,767	2,741,697
Other Debtors	43,267	97,272
Prepayments and Accrued Income	<u>113,446</u>	<u>94,601</u>
	<u>3,746,785</u>	<u>4,700,303</u>

13 Creditors Amounts falling due within one year

	<u>2000</u>	<u>1999</u>
	£	£
Bank Overdraft (Unsecured)	1,553,085	841,441
Trade Creditors	898,574	1,151,500
Amounts owed to Group Undertakings	215,362	1,421,959
Corporation Tax	-	-
Other Taxes and Social Security Costs	84,893	75,495
Accruals and Deferred Income	963,251	761,182
Reorganisation	<u>2,451</u>	<u>3,799</u>
	<u>3,717,616</u>	<u>4,255,376</u>

Notes to the Accounts

At 31 December 2000

14 Accruals and Deferred Income

	2000	1999
	£	£
Government Grant		
As at 1 January	80,000	85,000
Released during the Year	(5,000)	(5,000)
As at 31 December	<u>75,000</u>	<u>80,000</u>

15 Provisions for Liabilities and Charges

Deferred Taxation

The full potential deferred tax liability, calculated under the liability method, at the rate of 30% (1999 : 30%), is :

	Provided		Unprovided	
	2000	1999	2000	1999
	£	£	£	£
Accelerated capital allowances	14,000	-	51,000	57,000
Other timing differences	(14,000)	-	(23,000)	(26,000)
Tax Losses carried forward	-	-	-	(31,000)
	<u>-</u>	<u>-</u>	<u>28,000</u>	<u>-</u>

16 Share Capital

	Authorised		Allotted, Called up and Fully Paid	
	2000	1999	2000	1999
	£	£	£	£
Ordinary Shares of £1 each	<u>2,650,000</u>	<u>2,650,000</u>	<u>2,637,160</u>	<u>2,637,160</u>

Notes to the Accounts

At 31 December 2000

17 Capital Commitments

	<u>2000</u>	<u>1999</u>
	£	£
Expenditure contracted for but not provided for	<u>28,766</u>	<u>57,000</u>

18 Pensions

The company operates a defined benefit scheme, the assets of which are held independently of the Company's finances.

Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The last actuarial valuation was carried out at 1 May 1998.

The principal actuarial assumptions used for accounting purposes were:

Investment Return	8.0%
Salary Growth	6.0%
Price Inflation	4.0%
LPI Pension increases	3.5%
Dividend Growth	4.5%

The pension charge for the period was £125,458 (1999 - £110,812) which includes the amortisation of surpluses that are being recognised over the remaining service lives of employees.

The most recent actuarial valuation showed that the actuarial value of the scheme's assets was £2,162,000 and was sufficient to cover 104.6 % of the benefits that has accrued to members, after allowing for expected future increase in earnings.

The contributions of the company and employees were amended to 6.0% and 4.0% of earnings respectively.

Notes to the Accounts

At 31 December 2000

19 Operating Lease Commitments

At 31 December 2000, the company has annual commitments under non-cancellable operating leases as set out below :

	Land and Buildings 2000	Other 2000	Land and Buildings 1999	Other 1999
	£	£	£	£
Operating Leases which expire:				
Within One Year	4,085	-	2,160	1,361
In the Second to Fifth Year	-	6,600	-	9,389
Over Five Years	<u>283,567</u>	<u>-</u>	<u>287,000</u>	<u>-</u>
	<u>287,652</u>	<u>6,600</u>	<u>289,160</u>	<u>10,750</u>

The leases of Land and Buildings are subject to rent review

20 Related Party Transactions

The Company takes advantage of the provisions of FRS 8, as a wholly owned subsidiary not disclose transactions between Group Companies.

Notes to the Accounts

At 31 December 2000

21 Parent Undertaking and Controlling Party

The Immediate Parent Undertaking is MiTek Inc. a company incorporated in the USA and whose address is :
14515 North Outer Forty
Suite 300,
Chesterfield
Missouri, 63017
USA

The Ultimate Parent Undertaking is Rexam plc, which is registered in England & Wales. It has included the Company in its Group accounts.

Copies of the Rexam plc Group accounts can be obtained from the Company Secretary, Rexam plc, 4 Millbank, London SW1P 3XR

22 Events since the Balance Sheet Date

On 12th June 2001, Rexam announced its intention to dispose of the entire share capital of MiTek Inc to Berkshire Hathaway Inc.