

Texturing Technology Limited

Annual report for the year ended 1 April 2000

Registered no: 2684488



Texturing Technology Limited

Annual report for the year ended 1 April 2000

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Texturing Technology Limited

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Directors and advisers

Directors

R R P Court - Chairman
J D Court
B J Hewitt
F P Royle
J C Descamps
P R Rees Resigned 15 May 2000
J MacLachlan Appointed 15 May 2000

Secretary and registered office

Ms A Scandrett
15 Great Marlborough Street
London
W1V 2BS

Auditors

PricewaterhouseCoopers
1 Kingsway
Cardiff
CF10 3PW

Bankers

Barclays Bank PLC
Swansea Business Centre
Kingsway Branch
PO Box 350
Swansea
SA1 1AW

Solicitors

Morgan Cole
Bradley Court
Park Place
Cardiff
CF1 3DP

Directors' report for the year ended 1 April 2000

The directors present their report and the audited financial statements for the year ended 1 April 2000.

Principal activities

The principal activity of the company is the texturing and chroming of industrial components.

Review of business

The profit and loss account for the year is set out on page 5.

The directors consider that the trading result for the year was satisfactory and in line with expectations. It is expected that the level of business will continue in the forthcoming year.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend in respect of the year ended 1 April 2000. The profit for the year of £665,000 (1999:£685,000) has been transferred to revenue reserves.

Directors

The directors of the company who served for the whole of the year ended 1 April 2000 are set out below:

R R P Court
J D Court
B J Hewitt
F P Royle
J C Descamps
P R Rees

On 15 May 2000 P R Rees resigned as a director and J MacLachlan was appointed as a director.

Directors' interests in shares of the company

None of the directors of the company had any interest in the shares of the company at 1 April 2000 according to the register required to be kept by section 325 of the Companies Act 1985. There has been no change in this respect since 3 April 1999.

**Directors' report
for the year ended 1 April 2000**

Directors' responsibilities statement

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 1 April 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board



Secretary
London

Report of the auditors to the members of Texturing Technology Limited

We have audited the financial statements on pages 5 to 14, which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this included responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

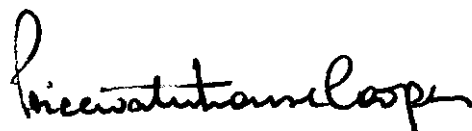
Basis of audit opinion

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 at 1 April 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors
Cardiff

26 November 2000

**Profit and loss account
for the year ended 1 April 2000**

	Notes	Continuing Activities 2000 £'000	Continuing Activities 1999 £'000
Turnover	1	4,124	4,172
Cost of sales		(1,764)	(1,860)
Gross profit		2,360	2,312
Distribution costs		(730)	(687)
Administrative expenses		(724)	(668)
Other operating income		9	12
Operating profit		915	969
Interest receivable and similar income		101	166
Interest payable and similar charges	4	(1)	(80)
Profit on ordinary activities before taxation	5	1,015	1,055
Taxation on ordinary activities	6	(350)	(370)
Retained profit for the year	13	665	685

The company has no recognised gains and losses other than the profits reported above and, therefore, no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation, and the retained profit for the year stated above, and their historical cost equivalents.

Texturing Technology Limited

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Balance sheet at 1 April 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	7	<u>3,842</u>	<u>4,329</u>
Current assets			
Stocks	8	52	69
Debtors	9	1,643	1,143
Cash at bank and in hand		<u>2,559</u>	<u>1,907</u>
		<u>4,254</u>	<u>3,119</u>
Creditors: amounts falling due within one year	10	<u>(1,469)</u>	<u>(1,486)</u>
Net current assets		<u>2,785</u>	<u>1,633</u>
Total assets less current liabilities		<u>6,627</u>	<u>5,962</u>
Provisions for liabilities and charges	11	-	-
Net assets		<u><u>6,627</u></u>	<u><u>5,962</u></u>
Capital and reserves			
Called up share capital	12	2,000	2,000
Profit and loss account	13	<u>4,627</u>	<u>3,962</u>
Equity shareholders' funds	14	<u><u>6,627</u></u>	<u><u>5,962</u></u>

The financial statements on pages 5 to 14 were approved by the board of directors on 26 November 2000 and were signed on its behalf by:



Director:

Director:



Texturing Technology Limited

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Cash flow statement for the year ended 1 April 2000

	Notes	2000 £'000	1999 £'000
Net cash inflow from continuing operating activities		<u>1,000</u>	<u>1,387</u>
Returns on investments and servicing of finance			
Interest received		101	166
Interest paid		(1)	(80)
		<u>100</u>	<u>86</u>
Taxation			
UK corporation tax paid		(345)	(220)
		<u>(345)</u>	<u>(220)</u>
Capital expenditure and financial investment			
Sale of tangible fixed assets		6	-
Purchase of tangible fixed assets		(109)	(30)
Financing			
Repayment of loan		-	(1,350)
Increase/(decrease) in cash in the year	15	<u>652</u>	<u>(127)</u>

Reconciliation of operating profit to net cash inflow from operating activities

	2000 £'000	1999 £'000
Operating profit - continuing activities	915	969
Depreciation charge	596	567
Decrease/(increase) in stocks	17	(26)
(Increase)/decrease in debtors	(500)	(220)
(Decrease)/increase in creditors	(22)	97
Profit on disposal of tangible fixed assets	(6)	-
Net cash inflow from continuing operating activities	<u>1,000</u>	<u>1,387</u>

**Notes to the financial statements
for the year ended 1 April 2000****1 Principal accounting policies**

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:-

	%
Leasehold buildings	4
Plant and machinery	10 - 33
Fixtures and fittings	12 - 33
Motor vehicles	33

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life. Other grants are credited to the profit and loss account in the year in which they become receivable.

Stocks

Stocks are valued at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs where applicable. Provision is made for obsolete, slow moving and defective stocks.

Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rates ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date.

**Notes to the financial statements
for the year ended 1 April 2000****1 Principal accounting policies (continued)****Turnover**

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied and is all derived from one class of business in the United Kingdom.

Pension arrangements

The company administers a defined contribution scheme on behalf of its employees. Contributions to the scheme, which are fixed at 3% of gross salary, are charged to the profit and loss account in the year in which they are incurred.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

2 Directors' emoluments

The directors' services to the company are of a non-executive nature. Under the terms of the joint venture agreement agreed between the parent companies, the directors are not entitled to any remuneration arising from their services to the company.

3 Employee information

The average weekly number of persons employed by the company, excluding directors, during the year was:

	2000	1999
	Number	Number
By function		
Administration	6	8
Production	37	43
	<u>43</u>	<u>51</u>
	2000	1999
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	807	895
Social security costs	71	80
Pensions costs	19	23
	<u>897</u>	<u>998</u>

**Notes to the financial statements
for the year ended 1 April 2000**

4 Interest payable and similar charges

	2000 £'000	1999 £'000
On bank loans and overdrafts		
Repayable within five years, not by instalments	<u>1</u>	<u>80</u>

5 Profit on ordinary activities before taxation

	2000 £'000	1999 £'000
Profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of fixed assets	6	-
Government grants	1	13
And after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	596	567
Auditors' remuneration for audit	7	7
Auditors' remuneration for non-audit services	-	1
Foreign exchange loss	-	1
Operating lease charges - plant and machinery	<u>4</u>	<u>3</u>

6 Taxation

	2000 £'000	1999 £'000
United Kingdom corporation tax charge at 30% (1999: 31%):		
Current	379	370
Adjustment in respect of prior years	<u>(29)</u>	<u>-</u>
	<u>350</u>	<u>370</u>

**Notes to the financial statements
for the year ended 1 April 2000**

7 Tangible fixed assets

	Short Leasehold land and buildings £'000	Plant and machinery £'000	Motor Vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 4 April 1999	1,259	5,748	38	31	7,076
Additions	10	96	-	3	109
At 1 April 2000	<u>1,269</u>	<u>5,844</u>	<u>38</u>	<u>34</u>	<u>7,185</u>
Depreciation					
At 4 April 1999	476	2,209	37	25	2,747
Charge for the year	41	550	1	4	596
At 1 April 2000	<u>517</u>	<u>2,759</u>	<u>38</u>	<u>29</u>	<u>3,343</u>
Net book value at 1 April 2000	<u>752</u>	<u>3,085</u>	<u>-</u>	<u>5</u>	<u>3,842</u>
at 3 April 1999	<u>783</u>	<u>3,539</u>	<u>1</u>	<u>6</u>	<u>4,329</u>

8 Stocks

	2000 £'000	1999 £'000
Raw materials and consumables	<u>52</u>	<u>69</u>

9 Debtors

	2000 £'000	1999 £'000
Amounts falling due within one year		
Trade debtors	52	64
Amounts due from associated undertakings	1,589	1,074
Other debtors	1	1
Prepayments and accrued income	<u>1</u>	<u>4</u>
	<u>1,643</u>	<u>1,143</u>

**Notes to the financial statements
for the year ended 1 April 2000**

10 Creditors: amounts falling due within one year

	2000	1999
	£'000	£'000
Trade creditors	248	260
Amounts owed to associated undertakings	532	544
Corporation tax	400	395
Other taxation and social security payable	144	131
Accruals and deferred income	145	156
	<u>1,469</u>	<u>1,486</u>

11 Provisions for liabilities and charges

Deferred tax

There has been no movement on the deferred tax account during the year.

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential liability, are as follows:

	Amount provided		Amount unprovided	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	-	595	649
Other timing differences	-	-	-	(43)
	<u>-</u>	<u>-</u>	<u>595</u>	<u>606</u>

12 Called-up share capital

	2000	1999
	£'000	£'000
Authorised		
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

Notes to the financial statements for the year ended 1 April 2000

13 Reserves

	Profit and loss account £'000
At 3 April 1999	3,962
Retained profit for the year	665
At 1 April 2000	4,627

14 Movement in equity shareholders' funds

	2000 £'000	1999 £'000
Retained profit for the year	665	685
Opening equity shareholders' funds	5,962	5,277
Closing equity shareholders' funds	6,627	5,962

15 Reconciliation of net cash flow to movement in net funds/(debt)

	2000 £	1999 £'000
Increase/(decrease) in cash in the year	652	(127)
Cash to repurchase loan	-	1,350
Change in net funds resulting from cash flows	652	1,223
Other non cash items	-	-
Movement in net funds in the year	652	1,223
Net funds/(debt) at 3 April 1999	1,907	684
Net funds/(debt) at 1 April 2000	2,559	1,907

16 Analysis of net funds/(debt)

	At 3 April 1999 £'000	Cash Flow £'000	At 1 April 2000 £'000
Cash at bank and in hand	1,907	652	2,559
Total	1,907	652	2,559

**Notes to the financial statements
for the year ended 1 April 2000**

17 Capital commitments

	2000 £	1999 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>Nil</u>	<u>Nil</u>

18 Financial commitments and contingent liabilities

At 1 April 2000 the company had annual commitments under non-cancellable operating leases in respect of plant and machinery as follows:

	2000 £'000	1999 £'000
Expiring within one year	-	-
Expiring between two and five years inclusive	3	3
Expiring in over five years	<u>-</u>	<u>-</u>
	<u>3</u>	<u>3</u>

19 Related party transactions

On 6 October 1999 British Steel plc merged with Koninklijke Hoogovens NV to become Corus Group plc.

Corus Group plc and Chrome Deposit Limited each own 50% of the equity share capital of the company. Chrome Deposit Limited is in turn a 100% subsidiary company of Court Holdings (Europe) Limited.

In the course of normal trading the company enters into transactions with Corus Group plc for the texturing and chroming of industrial components. The total of such sales in the year amounted to £3,789,465 (1999: £3,840,512) and the total amounts due from Corus Group plc at 1 April 2000 in respect of such transactions was £1,588,695 (1999: £1,074,320). No amounts were written off in the period in respect of debts due from Corus Group plc.

Texturing Technology Limited operates part of its activities from property owned by Corus Group plc. The amounts payable to Corus Group plc for the use of this property during the year was £52,100 (1999: £52,100) and the amounts owed to Corus Group plc at 1 April 2000 was £59,100.

Under the terms of a service agreement entered into by the company, management charges are paid to Corus Group plc and Court Holdings (Europe) Limited based on a fixed percentage of turnover. The management charge payable to both Corus Group plc and Court Holdings (Europe) Limited during the year was £123,733 (1999: £125,171) and the amounts owed to each company at 1 April 2000 under these arrangements was £262,071 (1999: £263,510).

In addition, as part of its normal trading, the company is recharged costs incurred on its behalf by Corus Group plc and Court Holdings (Europe) Limited. All such transactions are entered into on an arm's length basis.