

Texturing Technology Limited

**Annual report
for the year ended 29 December 2001**

Registered no: 2684488



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Texturing Technology Limited

Annual report for the year ended 29 December 2001

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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
D J Major

Secretary and registered office

Ms A Scandrett
15 Great Marlborough Street
London
W1V 2BS

Auditors

PricewaterhouseCoopers
1 Kingsway
Cardiff
CF10 3PW

Bankers

Lloyds TSB Bank plc
Black Horse House
Phoenix Way
Swansea Enterprise Park
Swansea
SA7 9EQ

Solicitors

Morgan Cole
Bradley Court
Park Place
Cardiff
CF1 3DP

Directors' report for the year ended 29 December 2001

The directors present their report and the audited financial statements for the year ended 29 December 2001.

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 29 December 2001. The profit for the year of £47,000 (2000: £445,000) has been transferred to revenue reserves.

Directors

The directors of the company who served for the whole of the year ended 29 December 2001 are set out below:

R R P Court	
J D Court	
B J Hewitt	
F P Royle	
J C Descamps	(resigned on 22 April 2002)
J MacLachlan	
D J Major	(appointed on 22 April 2002)

Directors' interests in shares of the company

None of the directors of the company had any interest in the shares of the company at 29 December 2001 according to the register required to be kept by section 325 of the Companies Act 1985.

**Directors' report
for the year ended 29 December 2001**

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 29 December 2001. 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
Date: 22 April 2002

Independent auditors' report to the members of Texturing Technology Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 1985. 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. The other information comprises only the directors' report.

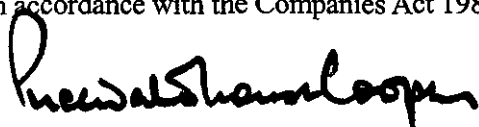
Basis of audit opinion

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 29 December 2001 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

Date: 22 April 2002

**Profit and loss account
for the year ended 29 December 2001**

	Notes	12 months ended 29 December 2001 £'000	Restated 9 months ended 30 December 2000 £'000
Turnover	1	3,209	2,745
Cost of sales		<u>(1,596)</u>	<u>(1,238)</u>
Gross profit		1,613	1,507
Distribution costs		(691)	(538)
Administrative expenses		(787)	(605)
Other operating income		<u>7</u>	<u>2</u>
Operating profit		142	366
Interest receivable and similar income		32	108
Interest payable and similar charges	4	<u>(83)</u>	<u>(1)</u>
Profit on ordinary activities before taxation	5	91	473
Taxation on ordinary activities	6	<u>(44)</u>	<u>(140)</u>
Retained profit for the year	15	<u>47</u>	<u>333</u>

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.

Continuing operations

All items dealt with in arriving at the operating profit for the years ended 29 December 2001 and 30 December 2000, respectively, relate to continuing operations.

Texturing Technology Limited

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Balance sheet as at 29 December 2001

	Notes	29 December 2001 £'000	Restated 30 December 2000 £'000
Fixed assets			
Tangible assets	7	<u>9,850</u>	<u>5,865</u>
Current assets			
Stocks	8	31	61
Debtors	9	871	1,043
Cash at bank and in hand		<u>141</u>	<u>2,369</u>
		1,043	3,473
Creditors: amounts falling due within one year	10	<u>(1,347)</u>	<u>(2,266)</u>
Net current (liabilities)/assets		<u>(304)</u>	<u>1,207</u>
Total assets less current liabilities		9,546	7,072
Creditors: amounts falling due after more than one month	11	(1,947)	-
Provisions for liabilities and charges	12	(799)	(712)
Accruals and deferred income	13	<u>(393)</u>	<u>-</u>
Net assets		<u>6,407</u>	<u>6,360</u>
Capital and reserves			
Called up share capital	14	2,000	2,000
Profit and loss account	15	<u>4,407</u>	<u>4,360</u>
Equity shareholders' funds	16	<u>6,407</u>	<u>6,360</u>

The financial statements on pages 5 to 17 were approved by the board of directors on 22 April 2002 and were signed on its behalf by:

Director:



Director:



**Cash flow statement
for the year ended 29 December 2001**

	Notes	12 months ended 29 December 2001 £'000	9 months ended 30 December 2000 £'000
Net cash outflow from continuing operating activities		<u>(7)</u>	<u>2,336</u>
Returns on investments and servicing of finance			
Interest received		32	108
Interest paid		<u>(83)</u>	<u>(1)</u>
		<u>(51)</u>	<u>107</u>
Taxation			
UK corporation tax paid		-	(161)
		<u>-</u>	<u>(161)</u>
Capital expenditure			
Sale of tangible fixed assets		-	-
Purchase of tangible fixed assets		<u>(4,517)</u>	<u>(2,472)</u>
		<u>(4,517)</u>	<u>(2,472)</u>
Financing			
Bank loan received		1,947	-
Grant received		<u>400</u>	<u>-</u>
		<u>2,347</u>	<u>-</u>
Decrease in cash in the year	17	<u>(2,228)</u>	<u>(190)</u>

Reconciliation of operating profit to net cash inflow from operating activities

	12 months ended 29 December 2001 £'000	9 months ended 30 December 2000 £'000
Operating profit – continuing activities	142	366
Depreciation charge	532	449
Amortisation of government grants	(7)	-
Decrease/(increase) in stocks	30	(9)
Decrease in debtors	172	600
(Decrease)/increase in creditors	<u>(876)</u>	<u>930</u>
Net cash outflow from continuing operating activities	<u>(7)</u>	<u>2,336</u>

**Notes to the financial statements
for the year ended 29 December 2001****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.

Change in accounting policy and presentation

Changes in accounting policy and presentation have been made in order to comply with the following Financial Reporting Standards (FRS) issued by the Accounting Standards Board (ASB) in the financial year.

- (i) FRS 18 "Accounting Policies" has been complied with in the preparation of these accounts but has not led to any changes in accounting policy.
- (ii) FRS 19 "Deferred Tax" has been adopted in the preparation of these accounts. The Standard requires deferred taxation to be provided in full on all material timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes where future payment or receipt is more likely than not to occur. Previously, provision was made for deferred taxation on all material timing differences to the extent that it was probable that a liability or asset would crystallise. In adopting FRS 19, the company has chosen not to discount deferred tax assets and liabilities. The comparative figures for the previous accounting period have been restated to reflect the impact of FRS 19.

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.

**Notes to the financial statements
for the year ended 29 December 2001****1 Principal accounting policies (continued)****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 period 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.

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 4% (9 months ended 30 December 2000 : 4%) of gross salary, are charged to the profit and loss account in the year in which they are incurred.

Deferred taxation

Deferred taxation is provided in full on all material timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes where future payment or receipt is more likely than not to occur. Deferred tax assets and liabilities have not been discounted.

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.

Notes to the financial statements for the year ended 29 December 2001

3 Employee information

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

	12 months ended 29 December 2001 Number	9 months ended 30 December 2000 Number
By function		
Administration	6	6
Production	<u>48</u>	<u>36</u>
	<u>54</u>	<u>42</u>
	12 months ended 29 December 2001 £'000	9 months ended 30 December 2000 £'000
Staff costs (for the above persons)		
Wages and salaries	971	641
Social security costs	75	52
Pensions costs	<u>26</u>	<u>18</u>
	<u>1,072</u>	<u>711</u>

4 Interest payable and similar charges

	12 months ended 29 December 2001 £'000	9 months ended 30 December 2000 £'000
On bank loans and overdrafts		
Repayable within five years, not by instalments	<u>83</u>	<u>1</u>

Notes to the financial statements for the year ended 29 December 2001

5 Profit on ordinary activities before taxation

	12 months ended 29 December 2001 £'000	9 months ended 30 December 2000 £'000
Profit on ordinary activities before taxation is stated after crediting:		
Government grants	7	1
And after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	532	449
Auditors' remuneration for audit	7	7
Auditors' remuneration for non-audit services	2	21
Operating lease charges - plant and machinery	9	7

6 Taxation

	12 months ended 29 December 2001 £'000	Restated 9 months ended 30 December 2000 £'000
(a) Analysis of charge in the year		
Current tax:		
United Kingdom corporation tax charge at 30% (2000: 20%):		
Current	-	28
Adjustment in respect of prior years	(43)	-
Current tax (credit)/charge (note 6(b))	(43)	28
Deferred		
Origination and reversal of timing differences	43	112
Prior year deferred tax charge	44	-
Deferred tax charge	87	112
Tax on profit on ordinary activities	44	140

Notes to the financial statements for the year ended 29 December 2001

(b) Factors affecting the tax (credit)/charge for the year

The current tax charge reconciles with the standard rate of UK corporation tax as follows:-

	12 months ended 29 December 2001 £'000	Restated 9 months ended 30 December 2000 £'000
Tax result at standard rate of 30% (2000: 20%)	27	95
Temporary differences between taxable and accounting profit:		
Accelerated capital allowances	(480)	(113)
Other	118	-
Losses	321	-
Prior year credit	(43)	-
Permanent differences	16	8
Rate differences	(2)	38
Current tax credit (note 6(a))	(43)	28

7 Tangible fixed assets

	Short leasehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 31 December 2000	1,269	5,859	34	2,457	9,619
Additions	1,170	3,326	21	-	4,517
Transfer from assets in course of construction	236	2,221	-	(2,457)	-
At 29 December 2001	2,675	11,406	55	-	14,136
Depreciation					
At 31 December 2000	548	3,174	32	-	3,754
Charge for the year	41	486	5	-	532
At 29 December 2001	589	3,660	37	-	4,286
Net book value					
At 29 December 2001	2,086	7,746	18	-	9,850
At 30 December 2000	721	2,685	2	2,457	5,865

**Notes to the financial statements
for the year ended 29 December 2001**

8 Stocks

	2001 £'000	2000 £'000
Raw materials and consumables	<u>31</u>	<u>61</u>

9 Debtors

	2001 £'000	2000 £'000
Amounts falling due within one year		
Trade debtors	54	60
Amounts due from associated undertakings	774	729
Other debtors	1	1
Prepayments and accrued income	8	12
VAT recoverable	<u>34</u>	<u>241</u>
	<u>871</u>	<u>1,043</u>

10 Creditors: amounts falling due within one year

	2001 £'000	2000 £'000
Trade creditors	382	465
Amounts owed to associated undertakings	519	577
Corporation tax	26	104
Consortium relief payable	199	164
Other taxation and social security payable	39	30
Accruals and deferred income	<u>182</u>	<u>926</u>
	<u>1,347</u>	<u>2,266</u>

11 Creditors: amounts falling due after more than one year

	2001 £'000	2000 £'000
Bank loans	<u>1,947</u>	<u>-</u>

The bank loan is secured on the assets of the company and incurs interest at a rate of LIBOR plus 0.80% per annum. Interest and capital repayment of the loan is in 60 instalments commencing in April 2003.

Notes to the financial statements for the year ended 29 December 2001

12 Provisions for liabilities and charges

Deferred tax

	2001 £'000	Restated 2000 £'000
At beginning of year	712	-
Prior year adjustment	-	600
Charge in the profit and loss account	<u>87</u>	<u>112</u>
At the year end	<u>799</u>	<u>712</u>

The deferred taxation provision is made up as follows:

	2001 £'000	Restated 2000 £'000
Accelerated capital allowances	1,238	712
Other timing differences	(118)	-
Losses	<u>(321)</u>	<u>-</u>
	<u>799</u>	<u>712</u>

13 Accruals and deferred income

	Government grant £'000
At 31 December 2000	-
Received	400
Released to the profit and loss account	<u>(7)</u>
At 29 December 2001	<u>393</u>

14 Called-up share capital

	2001 £'000	2000 £'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 29 December 2001**

15 Reserves

	Profit and Loss account £'000
At 31 December 2000	5,072
Prior year adjustment in respect of FRS 19	(712)
At 31 December 2000 as restated	4,360
Retained profit for the year	47
At 29 December 2001	<u>4,407</u>

16 Movement in equity shareholders' funds

	2001 £'000	2000 £'000
Opening equity shareholders' funds as previously stated	6,360	6,627
Accounting policy change	-	(600)
Opening shareholders' funds as restated	6,360	6,027
Profit for the financial year as previously reported	47	445
Prior year adjustment	-	(112)
Closing equity shareholders' funds	<u>6,407</u>	<u>6,360</u>

The company's policy for deferred taxation was changed during the year ended 29 December 2001 to comply with Financial Reporting Standard 19: Deferred Tax. The comparative figures in the balance sheet and related notes have been restated to reflect this new policy.

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

	2001 £'000	2000 £'000
Decrease in cash in the year	(2,228)	(190)
Cash outflow from change in debt	(1,947)	-
Change in net debt	<u>(4,175)</u>	<u>(190)</u>
Other non cash items	-	-
Movement in net funds in the year	(4,175)	(190)
Net funds at 31 December 2000	2,369	2,559
Net funds/(debt) at 29 December 2001	<u>(1,806)</u>	<u>2,369</u>

**Notes to the financial statements
for the year ended 29 December 2001**

18 Analysis of changes in net funds/(debt)

	2000 £'000	Cash Flow £'000	2001 £'000
Net cash			
Cash at bank and in hand	<u>2,369</u>	<u>(2,228)</u>	<u>141</u>
Debt			
Debt due after one year	<u>-</u>	<u>(1,947)</u>	<u>(1,947)</u>
Net (debt)/ funds	<u>2,369</u>	<u>(4,175)</u>	<u>(1,806)</u>

19 Capital commitments

	2001 £'000	2000 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>-</u>	<u>69</u>

20 Financial commitments and contingent liabilities

At 29 December 2001 the company had annual commitments under non-cancellable operating leases in respect of plant and machinery as follows:

	2001 £'000	2000 £'000
Expiring within one year	-	-
Expiring between two and five years inclusive	9	9
Expiring in over five years	<u>-</u>	<u>-</u>
	<u>9</u>	<u>9</u>

Notes to the financial statements for the year ended 29 December 2001

21 Related party transactions

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 £2,912,348 (9 months ended 30 December 2000: £2,505,635) and the total amounts due from Corus Group plc at 29 December 2001 in respect of such transactions was £773,728 (30 December 2000: £729,454). 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 £40,000 (9 months ended 30 December 2000: £39,000) and the amounts owed to Corus Group plc at 30 December 2001 was £49,831 (30 December 2000: £68,100).

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 £178,924 (9 months ended 30 December 2000: £164,700) and the amounts owed to Corus Group plc at 29 December 2001 under these arrangements was £227,800 (30 December 2000: £220,696) and the amounts owed to Court Holdings (Europe) Limited at 29 December 2001 was £227,800 (30 December 2000: £344,429).

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. The total recharge from Corus Group plc in the year amounted to £62,683 (9 months ended 30 December 2000: £Nil). The amount due to Corus Group plc at 29 December 2001 in respect of these transactions was £62,683 (30 December 2000 : £nil). All such transactions are entered into on an arm's length basis.