

Howdon Limited

**Director's report and financial
statements**

Registered number 33840

31 December 2000



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COMPANIES HOUSE**

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28/09/01**

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Director's report

The director presents his annual report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The principal activities of the company are the smelting and refining of antimony for the ceramics, plastics, glass and other industries.

Business review

The company operated under a breakeven tolling agreement for seven months of the year after which the production facilities were closed.

The company now acts as landlord for the tenants on the site and is currently actively seeking additional tenants to occupy the vacated premises.

Dividends

An interim dividend of £6.50 per share (1999 £nil) was deducted and paid. The director does not recommend the payment of a final dividend. (1999 £nil).

Policy on the payment of creditors

It is the policy of the company that each of the businesses in the group should agree appropriate terms and conditions for its transactions with suppliers (by means ranging from standard written terms to individually negotiated contracts) and that payment should be made in accordance with those terms and conditions, provided that the supplier has also complied with them.

Director and his interests

The company secretary is Miss RS Fell.

The director who held office during the year was:

SL Daniels

The director did not have a beneficial interest in the company's shares. Disclosable interests in the parent company shares (Cookson Group plc) for the director who was director at the end of the year were as follows:

	Ordinary shares of 50p each		Options on ordinary shares (Executive Share Option Scheme and Cookson Group Share Savings Scheme)				Lapsed during year
	31 December 2000	31 December 1999	31 December 2000	31 December 1999	Granted during year	Exercised during year	
SL Daniels	30,120	23,561	1,450,805	1,247,065	237,032	33,292	-

The Cookson Group Share Savings Scheme is open to all employees. Participants save monthly fixed sums and in due course have the option to acquire Cookson Group plc shares at a fixed price up to the value of their savings.

Director's report *(continued)*

Director's responsibilities

Company law requires the director to prepare financial statements 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 financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Health and safety at work

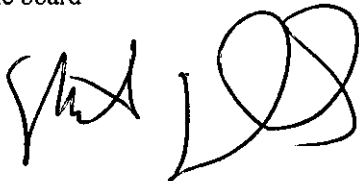
The company continues to operate its declared health and safety at work policy and complies with legislation under the COSHH regulations. A complete evaluation of health and safety matters has also been undertaken in order to increase employees' awareness and responsibilities in this respect and is continually updated in line with current legislation.

EMU

As the company no longer export goods and imports raw materials the joining of the EMU or otherwise will not have a material effect on the company.

By order of the board

SL Daniels
Director



The Adelphi
1-11 John Adam Street
London
WC2N 6HJ

10/7/ 2001



KPMG Audit Plc

Festival Way
Stoke-on-Trent
Staffordshire ST1 5TA

Report of the auditors to the members of Howdon Limited

We have audited the financial statements on pages 4 to 13.

Respective responsibilities of director and auditors

The director is responsible for preparing the Annual Report. As described on page 2 this includes responsibility for preparing the financial statements 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 director's 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 director's remuneration and transactions with the group is not disclosed.

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 director 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 affairs of the company as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

*Chartered Accountants
Registered Auditor*

25 July

2001

Profit and loss account
for the year ended 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Turnover	3		
Continuing operations		58	12
Discontinued operations		1,623	2,408
	2	1,681	2,420
Change in stocks of finished goods and work in progress		-	(100)
Depreciation and other amounts written off tangible and intangible fixed assets		(84)	(103)
Other operating charges		(2,944)	(2,142)
Other operating income		16	-
Operating (loss)/profit	3		
Continuing operations		(43)	(563)
Discontinued operations		(1,288)	638
		(1,331)	75
Other interest receivable and similar income	6	18	37
Interest payable and similar charges	7	-	(10)
(Loss)/profit on ordinary activities before taxation	2-7	(1,313)	102
Tax on profit on ordinary activities	8	21	(101)
(Loss)/profit for the financial year		(1,292)	1
Dividends on equity shares	9	(13,000)	-
Retained (loss)/profit for the financial year		(14,292)	1

A statement of movements on reserves is given in note 15.

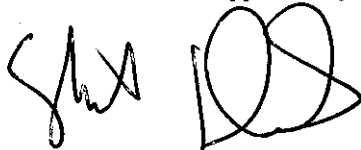
There have been no other gains or losses other than the result for the financial year reported above.

Balance sheet
at 31 December 2000

	Note	2000		1999	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	10		2,180		2,259
Current assets					
Debtors	11	207		309	
Cash at bank and in hand		237		661	
		<u>444</u>		<u>970</u>	
Creditors: amounts falling due within one year	12	(278)		(252)	
Net current assets		<u>166</u>		<u>718</u>	
Debtors due after more than one year	11	1,874		15,556	
		<u>2,040</u>		<u>16,274</u>	
Total assets less current liabilities		<u>4,220</u>		<u>18,533</u>	
Provisions for liabilities and charges	13	-		(21)	
Net assets		<u>4,220</u>		<u>18,512</u>	
Capital and reserves					
Called up share capital	14	2,000		2,000	
Revaluation reserve	15	1,374		1,374	
Undistributable reserves	15	119		119	
Profit and loss account	15	727		15,019	
Equity shareholders' funds		<u>4,220</u>		<u>18,512</u>	

These financial statements were approved by the director on 10/7/2001:

SL Daniels
Director



Note of historical cost profits and losses
for the year ended 31 December 2000

	2000 £000	1999 £000
Reported (loss)/profit on ordinary activities before taxation	(1,313)	102
Difference between a historical cost depreciation charge and the actual depreciation charged for the year calculated on the revalued amount	23	23
	<hr/>	<hr/>
Historical cost (loss)/profit on ordinary activities before taxation	(1,290)	125
	<hr/>	<hr/>
Historical cost (loss)/profit for the year retained after taxation	(1,269)	24
	<hr/>	<hr/>

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2000

	2000 £000	1999 £000
Retained (loss)/profit for the financial year	(14,292)	1
Opening shareholders' funds	18,512	18,511
	<hr/>	<hr/>
Closing shareholders' funds	4,220	18,512
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of land and buildings.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Cookson Group plc and its cash flows are included within the consolidated cash flow statement of that company.

Related party transactions

The company has, in accordance with Financial Reporting Standard No 8, taken advantage of the exemption from reporting the transactions between the company and other group undertakings since 90% or more of the voting rights are controlled by the group and the consolidated financial statements in which the company is included are publicly available.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	20 to 40 years
Plant and equipment	-	3 to 25 years

No depreciation is provided on freehold land.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes (continued)

1 Accounting policies (continued)

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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

2 Analysis of turnover by geographical market

	2000 £000	1999 £000
United Kingdom	1,681	2,420

3 Analysis of continuing and discontinued operations

	Con- tinuing £000	2000 Dis- continued £000	Total £000	Con- tinuing £000	1999 Dis- Continued £000	Total £000
Turnover	58	1,623	1,681	12	2,408	2,420
Change in stocks of finished goods and work in progress	-	-	-	-	(100)	(100)
Depreciation and other amounts written off tangible and intangible fixed assets	(19)	(65)	(84)	(64)	(39)	(103)
Other operating charges	(82)	(2,862)	(2,944)	(511)	(1,631)	(2,142)
Other operating income	-	16	16	-	-	-
Operating (loss)/profit	(43)	(1,288)	(1,331)	(563)	638	75

Notes (continued)

4 Profit on ordinary activities before taxation

	2000 £000	1999 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit fees	16	11
Depreciation and other amounts written off tangible fixed assets:		
Owned	84	103
Research and development expenditure	-	120
Recharge of site costs from Johnson Matthey Plc	1,408	1,863
	<u> </u>	<u> </u>

5 Remuneration of directors, staff number and costs

The company paid no directors' emoluments during the year (1999: £nil).

The company paid no direct employees during the year (1999: £nil).

6 Other interest receivable and similar income

	2000 £000	1999 £000
Bank interest	18	37
	<u> </u>	<u> </u>

7 Other interest payable and similar charges

	2000 £000	1999 £000
Other interest charges	-	10
	<u> </u>	<u> </u>

Notes (continued)

8 Taxation

	2000 £000	1999 £000
UK corporation tax	-	32
Adjustment relating to an earlier year	-	71
Deferred tax (see note 13)	(21)	(2)
	<u>(21)</u>	<u>101</u>

9 Dividends and other appropriations

	2000 £000	1999 £000
Interim dividend paid	13,000	-
	<u>13,000</u>	<u>-</u>

10 Tangible fixed assets

	Freehold land and buildings £000	Plant and equipment £000	Total £000
<i>Cost or valuation</i>			
At beginning of year	2,612	1,501	4,113
Additions	-	5	5
	<u>2,612</u>	<u>1,506</u>	<u>4,118</u>
At end of year	2,612	1,506	4,118
<i>Depreciation and diminution in value</i>			
At beginning of year	571	1,283	1,854
Charge for year	14	70	84
	<u>585</u>	<u>1,353</u>	<u>1,938</u>
At end of year	585	1,353	1,938
<i>Net book value</i>			
At 31 December 2000	<u>2,027</u>	<u>153</u>	<u>2,180</u>
At 31 December 1999	<u>2,041</u>	<u>218</u>	<u>2,259</u>

Notes (continued)

10 Tangible fixed assets (continued)

Included within the net book value of freehold land and buildings is an amount relating to freehold land of £665,000 (1999: £665,000) which has not been depreciated during the year.

Particulars relating to revalued assets are given below:

	2000 £000	1999 £000
Land and buildings		
At 1989 open market value	2,578	2,578
Aggregate depreciation thereon	(662)	(590)
Net book value	1,916	1,988
Historical cost of revalued assets	1,977	1,977
Aggregate depreciation based on historical cost	(1,242)	(1,193)
Historical cost net book value	735	784

All other tangible fixed assets are included at cost.

11 Debtors

	2000 £000	1999 £000
Due within one year		
Trade debtors	9	205
Prepayments and accrued income	198	104
	207	309
Due after more than one year		
Amounts owed by group undertakings	1,874	15,556

Notes (continued)

12 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Trade creditors	164	127
Amounts owed to group undertakings	-	-
Corporation tax	76	76
Other taxes and social security	-	1
Accruals and deferred income	38	48
	<u>278</u>	<u>252</u>

13 Provisions for liabilities and charges

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2000		1999	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Difference between accumulated depreciation and amortisation and capital allowances	-	352	21	619

14 Called up share capital

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

Notes (continued)

15 Reserves

	Revaluation reserve £000	Undistributable Reserves £000	Profit and loss account £000
At beginning of year	1,374	119	15,019
Retained (loss) for the year	-	-	(14,292)
At end of year	<u>1,374</u>	<u>119</u>	<u>727</u>

16 Contingent liabilities

The company is party to bank overdraft set-off arrangements with the parent and fellow subsidiary undertakings.

17 Commitments

There were no capital commitments at the end of the financial year (1999: £nil).

18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The only group in which the results of the company are consolidated is that of the ultimate holding company, Cookson Group plc. The consolidated financial statements of this group are available to the public and may be obtained from:

Cookson Group plc
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 1-11 John Adam Street
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