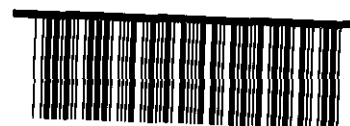


The Expanded Metal Company Limited  
Annual report and accounts  
for the year ended 31 December 2000

Registered Number 438206



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The Expanded Metal Company Limited  
Annual report and accounts  
for the year ended 31 December 2000  
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# The Expanded Metal Company Limited

## Directors' report for the year ended 31 December 2000

The directors present their report and the audited financial statements of the company for the year ended 31 December 2000.

### Principal activities

The Expanded Metal Company Limited is principally engaged in the manufacture and supply, in the UK and Ireland, of products, components and services to the building and industrial markets.

### Review of the business and future developments

The company traded satisfactorily during the year. This is expected to continue in 2001.

### Results and dividends

The company's profit and loss account is set out on page 5. A dividend of £4,500,000 was paid during the year (1999: £4,500,000).

### Directors

The directors who held office during the year are given below:

J D K Hewitt

T Rayner

M Taylor

R H Wilson (appointed 3 April 2000)

### Directors' interests

Mr T Rayner, Mr M Taylor and Mr R H Wilson are directors of the ultimate parent undertaking and their interests in the share capital and share options of that undertaking are shown in its Annual Report.

The interests of the other directors in the share capital of Expamet International PLC at the end of the year are set out below.

	Ordinary shares	
	1 January 2000	31 December 2000
J D K Hewitt	23,302	23,635

### Options over ordinary shares

Name	Date of grant	Earliest excise date	Expiry date	Exercise price	Number at 1 January 2000	Number of options granted in year	Number at 31 December 2000
JDK Hewitt	April 2000	2003	2005	82.5p	25,784	96,000	121,784

# **The Expanded Metal Company Limited**

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company 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 with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 8. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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.

## **European monetary union**

The company operates in and with Eurozone countries and where necessary, the company's systems have been modified to meet these new trading requirements. As the company uses, primarily, standard software packages, the cost of these changes has not been material.

## **Suppliers' payment policy**

The company's policy is to have mutually beneficial relationships with suppliers and to agree terms of payment with the supplier in advance. Payment will normally be made in accordance with those terms. Trade creditor days at 31 December 2000 was 65 days (1999: 66 days).

## **Employee involvement**

The company is committed to the development of employee consultation and thereby to the greater involvement of employees in the company's operations. Consultation is achieved both on a formal basis in conjunction with trade unions and employee committees and through informal briefing sessions and discussions with groups of employees.

The company seeks to give its employees a direct stake in the business and to align their interests with those of external shareholders through owning shares in the ultimate parent undertaking by operating profit share and savings related share options schemes.

## **Employment of disabled persons**

The company recognises its obligations towards disabled people and endeavours to provide as much employment as the demands of the company's operations and ability of the disabled persons permit. Applications for employment from disabled persons are considered on their merits and every effort is made to find them, and any existing employees who become disabled, appropriate work and training where they are needed.

# **The Expanded Metal Company Limited**

## **Auditors**

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

## **By order of the Board**

A handwritten signature in black ink, appearing to be 'M Taylor', written over a horizontal line.

**M Taylor**  
**Secretary**  
25 July 2001

# **The Expanded Metal Company Limited**

## **Auditors' report to the members of The Expanded Metal Company Limited**

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

### **Respective responsibilities of directors and auditors**

The directors are 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 accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom 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 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Newcastle upon Tyne  
25 July 2001

# The Expanded Metal Company Limited

## Profit and loss account for the year ended 31 December 2000

	Note	2000 £'000	1999 £'000
Turnover		43,555	37,052
Cost of sales		(29,274)	(23,712)
Gross profit		14,281	13,340
Distribution costs		(5,030)	(4,673)
Administrative expenses		(3,173)	(3,228)
Profit on ordinary activities before taxation	1	6,078	5,439
Tax on profit on ordinary activities	4	(2,033)	(1,870)
Profit for the financial year		4,045	3,569
Dividends paid	5	(4,500)	(4,500)
Retained loss for the financial year	14	(455)	(931)

All of the company's operations are continuing.

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

# The Expanded Metal Company Limited

## Balance sheet as at 31 December 2000

	Note	2000 £	2000 £	1999 £	1999 £
<b>Fixed assets</b>					
Intangible asset	6		5,475		6,106
Tangible assets	7		9,082		7,456
			14,557		13,562
<b>Current assets</b>					
Stocks	8	4,398		3,643	
Debtors	9	9,611		11,362	
Cash at bank and in hand		1,995		2,391	
		16,004		17,396	
<b>Creditors: amounts falling due within one year</b>	10	(12,822)		(12,896)	
<b>Net current assets</b>			3,182		4,500
<b>Total assets less current liabilities</b>			17,739		18,062
<b>Creditors: amounts falling due after more than one year</b>	11		(2,494)		(2,494)
<b>Provisions for liabilities and charges</b>	12		(1,282)		(1,150)
			13,963		14,418
<b>Capital and reserves</b>					
Called up share capital	13		20		20
Share premium account	14		9,990		9,990
Profit and loss account	14		3,953		4,408
<b>Equity shareholders' funds</b>	15		13,963		14,418

The financial statements on pages 5 to 18 were approved by the board of directors on 25 July 2001 and were signed on its behalf by:

  
T Rayner  
Director



# The Expanded Metal Company Limited

## Statement of total recognised gains and losses for the year ended 31 December 2000

	Note	2000 £'000	1999 £'000
Loss for the financial year		(455)	(931)
Total recognised losses relating to the year		(455)	(931)
Prior year adjustment	10	-	273
Total losses recognised since last annual report		(455)	(658)

# **The Expanded Metal Company Limited**

## **Accounting policies**

### **Basis of preparation of the financial statements**

The accounts are prepared under the historical cost convention and have been prepared in accordance with applicable Accounting Standards.

### **Turnover**

Turnover represents the amounts invoiced by the company, excluding value added tax, for goods supplied and services provided to customers.

### **Depreciation**

Tangible fixed assets are depreciated over their respective estimated lives. Depreciation is provided on all assets based on estimated lives of:

Short leasehold land and buildings	Over the life of the lease
Plant and equipment	3 to 20 years

### **Stock**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of production overheads.

### **Deferred taxation**

Provision is made for deferred taxation on the liability method on all timing differences to the extent that a liability is expected to arise in the foreseeable future.

### **Pension costs**

The expected cost of pensions in respect of the Expamet International PLC defined benefit pension scheme is charged so as to spread the cost of pensions over the average expected service lives of employees in the scheme.

### **Leased assets**

Operating lease rentals are charged to the profit and loss account as they fall due.

### **Foreign currency translation**

Transactions in foreign currencies during the year are translated into sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities expressed in foreign currency are translated into sterling at rates ruling at the year end and translation differences are dealt with in the profit and loss account, except for those assets and liabilities covered by forward currency contracts where the contracted rate is used.

### **Grants**

Labour based grants are released to profit over the period of the relevant projects.

### **Goodwill**

Purchased goodwill is capitalised and amortised over the shorter of its useful economic life or 20 years.

### **Research and development**

Research and development expenditure is charged to profit in the year in which it is incurred.

## **The Expanded Metal Company Limited**

### **Cash flow statement and related party transactions**

At 31 December 2000 the company was a wholly-owned subsidiary of Expamet International PLC and is included in the consolidated financial statements of Expamet International PLC, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Expamet International PLC group or investees of the Expamet International PLC group (note 20).

# The Expanded Metal Company Limited

## Notes to the financial statements for the year ended 31 December 2000

### 1 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	7,713	5,727
Social security costs	600	449
Depreciation of tangible fixed assets – owned	1,460	1,550
Goodwill amortisation	631	593
Operating lease charges:		
- plant and machinery	164	162
- other	908	836
Auditors' remuneration:		
- audit services	14	14
- non-audit services	7	7
Research and development expenditure	67	81

### 2 Employees

The average number employed by the company within each category was:	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Production	292	179
Sales and distribution	64	65
Administration	12	12
	368	256

# The Expanded Metal Company Limited

## 3 Directors' emoluments

Aggregate directors' emoluments, were £132,484 (1999: £116,094).

The number of directors to whom retirement benefits are accruing under the Expamet Group defined benefit scheme is 4 (1999: 3).

None of the directors exercised Expamet International PLC share options during the year (1999: none).

## 4 Tax on profit on ordinary activities

Taxation on the profit for the year:	2000	1999
	£'000	£'000
Corporation tax at 30% (1999: 30.25%)		
- current year	1,953	2,007
- prior year	(29)	(24)
Deferred taxation		
- current year	59	(101)
- prior year	50	(12)
	2,033	1,870

## 5 Dividend

	2000	1999
	£'000	£'000
Dividend paid on ordinary shares	4,500	4,500

# The Expanded Metal Company Limited

## 6 Intangible assets

	<b>Goodwill</b>
	<b>£'000</b>
<b>Cost</b>	
At 1 January and 31 December 2000	12,009
<b>Aggregate amortisation</b>	
At 1 January 2000	5,903
Charge for the year	631
<b>At 31 December 2000</b>	<b>6,534</b>
<b>Net book amount</b>	
<b>At 31 December 2000</b>	<b>5,475</b>
At 31 December 1999	6,106

The goodwill arising on the acquisition of the trade and assets of a fellow subsidiary company of Expanet International PLC is being amortised on a straight line basis over 20 years and that in respect of the acquisition of Friedlander Metallverarbeitungs Werk GmbH on a straight line basis over five years. These periods are the periods over which the directors estimate that the value of the underlying businesses acquired are expected to exceed the value of underlying assets.

# The Expanded Metal Company Limited

## 7 Tangible fixed assets

	Short leasehold land and buildings	Plant and equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2000	973	23,670	24,643
Additions	82	3,010	3,092
Disposals	(7)	(534)	(541)
<b>At 31 December 2000</b>	<b>1,048</b>	<b>26,146</b>	<b>27,194</b>
<b>Aggregate depreciation</b>			
At 1 January 2000	369	16,818	17,187
Charge for the year	65	1,395	1,460
Disposals	(7)	(528)	(535)
<b>At 31 December 2000</b>	<b>427</b>	<b>17,685</b>	<b>18,112</b>
<b>Net book amount</b>			
<b>At 31 December 2000</b>	<b>621</b>	<b>8,461</b>	<b>9,082</b>
At 31 December 1999	604	6,852	7,456

## 8 Stocks

	2000	1999
	£'000	£'000
Raw materials and consumables	2,405	2,329
Work in progress	46	41
Finished goods and goods for resale	1,947	1,273
	<b>4,398</b>	<b>3,643</b>

Included under raw materials and consumables is consignment stock of £174,000 (1999: £106,000), whereby agreement has been reached with suppliers that legal title transfers only at the time raw materials are used in the ordinary course of business.

# The Expanded Metal Company Limited

## 9 Debtors

	2000	1999
	£'000	£'000
Trade debtors	6,682	4,898
Amounts owed by group undertakings	2,613	6,223
Prepayments and accrued income	316	241
	9,611	11,362

Amounts owed by group undertakings are unsecured interest free and have no fixed date of repayment.

## 10 Creditors – Amounts falling due within one year

	2000	1999
	£'000	£'000
Trade creditors	5,032	4,312
Amounts owed to group undertakings	3,811	5,013
Corporation tax	1,955	2,007
Other taxation and social security	499	276
Accruals and deferred income	1,406	1,175
Other creditors	119	113
	12,822	12,896

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

### 1999 Prior year adjustment:

A provision of £273,000 had been made prior to 1998 for potential dilapidation costs on roofing within the Industrial division. However, the provision was general in nature and it is unlikely that there will be an outflow of cash in the foreseeable future. Consequently, under Financial Reporting Standard (FRS) 12, the provision was reversed as a prior year adjustment as it did not meet the standard's recognition criteria. The effects of the adjustment are to reduce prior year accruals and deferred income by £273,000 and increase the prior year profit and loss account reserve by £273,000. There is no profit and loss effect on the current or prior year as the provision was historic and there had been no movements in either year.



# The Expanded Metal Company Limited

## 11 Creditors – Amounts falling due after more than one year

	2000	1999
	£'000	£'000
Amounts owed to group undertaking	2,494	2,494

There is no fixed repayment term for the amount owed to a group undertaking. The group undertaking has indicated that it will not seek repayment within 12 months of the balance sheet date.

## 12 Provisions for liabilities and charges

	Onerous lease provision	Deferred taxation	Total
	£'000	£'000	£'000
At 1 January 2000	78	1,072	1,150
Charged to the profit and loss account	23	109	132
At 31 December 2000	101	1,181	1,282

Deferred taxation provided in the accounts comprises:	2000	1999
	£'000	£'000
Accelerated capital allowances	879	701
Arising on assets revalued in group undertakings	302	371
	1,181	1,072

There is no unprovided amount for deferred taxation (1999: £nil).

### Onerous lease provision

The company has a vacant leasehold property. Full provision has been made for the remaining period of the lease commitment.

# The Expanded Metal Company Limited

## 13 Called up equity share capital

	2000	1999
	£'000	£'000
Authorised, allotted and fully paid		
20,000 ordinary shares of £1 each	20	20

## 14 Reserves

	Profit and loss account	Share premium account	Total
	£'000	£'000	£'000
At 1 January 2000	4,408	9,990	14,398
Retained loss for the financial year	(455)	-	(455)
At 31 December 2000	3,953	9,990	13,943

## 15 Reconciliation of movements in equity shareholder's funds

	2000	1999
	£'000	£'000
Profit for the year	4,045	3,569
Dividends	(4,500)	(4,500)
Net reduction in shareholder's funds	(455)	(931)
Shareholder's funds as at 1 January	14,418	15,349
Shareholder's funds as at 31 December	13,963	14,418

# The Expanded Metal Company Limited

## 16 Operating lease commitments

	2000		1999	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Within one year	-	20	-	72
Between one and five years	-	179	-	58
In five years or more	848	-	836	-
	848	199	836	130

## 17 Pension commitments

The majority of company employees are members of the Expamet group defined benefit pension scheme which is available for all eligible UK employees. The scheme is financed through separate trustee-administered funds.

The pension costs relating to the scheme are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. Information on the results of the latest actuarial valuation is contained in the financial statements of Expamet International PLC.

## 18 Capital commitments

The company had capital commitments of £382,000 at the year end (1999: £54,000).

## 19 Contingent liabilities

The bank has automatic set-off rights between balances held by the company and other UK Expamet group companies.

## 20 Post Balance Sheet Events

Subsequent to the year end the entire share capital of Expamet International PLC was purchased by Clifton House Acquisition Limited.

On 28 June 2001 Expamet International PLC was delisted and re-registered as Expamet International Limited.

# **The Expanded Metal Company Limited**

## **21 Ultimate parent undertaking**

At the year end the ultimate parent undertaking and controlling party was Expanet International PLC, which was the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Expanet International PLC consolidated financial statements can be obtained from the Company Secretary at Clifton House, 83/89 Uxbridge Road, Ealing, London W5 5TA. Following the purchase of the entire share capital post year end, the ultimate parent undertaking and controlling party is Clifton House Acquisition Limited.