

Heraeus Quartztech Limited
Annual report and accounts
for the year ended 31 December 2000

Registered Number 734915



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for the year ended 31 December 2000
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Heraeus Quartztech Limited

Directors and advisers

Directors

Mr W Stang, Chairman
Mr J O'Dowd, Managing Director
Mr H J Weigl
Mr D J Bright
Mr A C Carr
Mr R A Collyer

Registered Office

1 Craven Court
Canada Road
Byfleet
Weybridge
Surrey
KT14 7JL

Secretary

Mr A C Carr

Auditors

PricewaterhouseCoopers
Kintyre House
209 West George Street
Glasgow
G2 2LW

Registered Number

734915

Solicitors

Bowles & Co
18 Church Street
Epsom
Surrey KT17 4QD

Hewiston, Becke and Shaw

Shakespeare House
42 Newmarket Road
Cambridge
CB5 8EP

Bankers

Barclays Bank Plc
227 West George Street
Glasgow
G2 2ND

Commerzbank AG

Commerzbank
PO Box 286
23 Austin Friars
London
EC2P 2JD

Heraeus Quartztech Limited

Directors' report for the year ended 31 December 2000

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

Principal activities

The company's activities during the year were the manufacture and sale of silica glass components.

Review of year

Turnover increased by 4% during the year and the directors are of the opinion that the company's progress is satisfactory.

A dividend of £1,500,000 was paid during the year (1999: £4,110,912). The deficit for the year was £318,576 which has been deducted from reserves.

Directors and their interests

The present members of the board are shown on page 1. During the year ended 31 December 2000 the following served as directors:

Mr W Stang – Chairman	(appointed 1 October 2000)
Mr J O'Dowd – Managing Director	(appointed 1 October 2000)
Mr H J Weigl	
Mr D J Bright	
Mr A C Carr	(appointed 1 October 2000)
Mr R A Collyer	
Mr A Pitzen – Managing Director	(resigned 30 September 2000)

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 year.

The directors confirm that suitable accounting policies have been used and applied consistently. 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.

Heraeus Quartztech 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 read 'A C Carr', written in a cursive style.

A C Carr
Company secretary

10 December 2001

Heraeus Quartztech Limited

Auditors' report to the members of Heraeus Quartztech Limited

We have audited the financial statements on pages 5 to 16.

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 United Kingdom Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Glasgow
10 December 2001

Heraeus Quartztech Limited

Profit and loss account for the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover	2	14,947,338	14,394,498
Cost of sales		(12,328,682)	(11,918,865)
Gross profit		2,618,656	2,475,633
Distribution and selling costs		(546,327)	(734,677)
Administrative expenses		(520,364)	(577,518)
Operating profit	3	1,551,965	1,163,438
Reorganisation costs in continuing operations	6	104,133	(1,000,035)
Profit on ordinary activities before interest and taxation		1,656,098	163,403
Interest receivable	7	76,515	39,521
Interest payable	8	(156,851)	(197,667)
Profit on ordinary activities before taxation		1,575,762	5,257
Tax on profit on ordinary activities	9	(394,338)	(8,059)
Profit/(loss) on ordinary activities after taxation		1,181,424	(2,802)
Dividends	10	(1,500,000)	(4,110,912)
Loss for the financial year	18	(318,576)	(4,113,714)

The company has no recognised gains and losses other than those included in the profit and loss account above.

During the year the company made no acquisitions or disposals of any of its business activities and the above results relate to continuing operations.

Heraeus Quartztech Limited

Balance sheet as at 31 December 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	11	2,302,962	3,114,128
Current assets			
Stocks	12	1,955,038	2,182,555
Debtors	13	2,949,943	3,358,857
Cash at bank and in hand		950,604	1,536,807
		5,855,585	7,078,219
Creditors: amounts falling due within one year	14	(1,644,203)	(3,232,008)
Net current assets		4,211,382	3,846,211
Total assets less current liabilities		6,514,344	6,960,339
Creditors : amounts falling due after more than one year	15	(3,654,742)	(3,788,307)
Provisions for liabilities and charges	16	(6,146)	-
Net assets		2,853,456	3,172,032
Capital and reserves			
Called up share capital	17	200,000	200,000
Profit and loss account	18	2,653,456	2,972,032
Equity shareholders' funds	19	2,853,456	3,172,032

The financial statements on pages 5 to 16 were approved by the board of directors on 10 December 2001 and were signed on its behalf by:



D J Bright
Director

Heraeus Quartztech Limited

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

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.

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Heraeus Holding GmbH, and is included in the consolidated financial statements of Heraeus Holding GmbH, 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 number 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard number 8 from disclosing related party transactions with entities that are part of the Heraeus Holding GmbH group or investees of the Heraeus Holding GmbH group.

Turnover

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

Fixed assets and depreciation

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

Freehold buildings	-	2%
Long leasehold land and buildings	-	4%
Plant and machinery	-	10% - 12.5%
Motor vehicles	-	25%
Furniture, fixtures and fittings	-	10% - 20%

Deferred income

Reimbursement of expenditure on fixed assets is deferred and credited to the profit and loss account over the estimated useful economic lives of the related assets in line with the depreciation of those assets.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful lives of the assets to which they relate.

Heraeus Quartztech Limited

Leases

Annual rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension (money purchase) scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Employees have the right to make additional voluntary contributions. The amount charged against profit represents the contributions payable to the scheme in respect of the accounting year.

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the company, cost is taken as production cost which includes an appropriate proportion of attributable overheads. Raw materials and bought in components have been valued at the lower of cost and net realisable value.

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.

2 Analysis of turnover by geographical area

	2000	1999
	£	£
UK	13,599,999	13,128,101
Rest of Europe	1,312,019	1,266,397
Rest of World	35,320	-
	14,947,338	14,394,498

3 Operating profit

	2000	1999
	£	£
Operating profit is stated after charging:		
Auditors' remuneration:		
Audit	16,000	16,000
Other services	13,353	14,266
Depreciation	419,097	476,075
Rentals payable under operating leases for land and buildings	68,620	68,620
Hire of assets	36,038	51,519
After crediting		
Governments grants	47,048	47,048
Deferred income	86,500	86,500

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4 Directors' emoluments

	2000	1999
	£	£
Directors' emoluments		
As directors	128,678	201,111
Compensation for loss of office	-	51,150
Company contributions to money purchase pension schemes	6,829	9,035
	135,507	261,296

The emoluments of the highest paid director were £64,590 (1999: £113,696), and company pension contributions of £4,273 (1999: £3,247) were made to a money purchase scheme on his behalf.

Retirement benefits are accruing to three directors under money purchase schemes (1999: 3).

5 Employee information

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2000	1999
	Number	Number
Management and administration	5	4
Selling	10	14
Production	64	67
	79	85

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The aggregate payroll costs of these persons were as follows:

	2000	1999
	£	£
Wages and salaries	1,700,312	1,803,868
Social security costs	153,430	183,763
Other pension costs	63,388	85,200
	1,917,130	2,072,831

6 Exceptional items

Provision of £1,000,035 was made in 1999 in respect of the restructuring of the company's manufacturing and administrative activities. In completing this programme, a balance of £104,133 was found to be surplus to requirements and has been credited to the profit and loss account in the year ended 31 December 2000.

7 Interest receivable

	2000	1999
	£	£
Interest receivable on loans to group undertakings	76,054	-
Bank interest	461	39,521
	76,515	39,521

8 Interest payable

	2000	1999
	£	£
On bank overdraft	-	155
On loans with group undertaking	155,875	197,512
On bank loan	976	-
	156,851	197,667

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9 Tax on profit on ordinary activities

	2000	1999
	£	£
UK corporation tax at 30% (1999 : 30%)	391,785	158,894
Deferred taxation	6,146	(146,000)
Adjustment relating to an earlier year:		
Corporation tax	(3,593)	(4,835)
	394,338	8,059

10 Dividends

	2000	1999
	£	£
Ordinary dividend paid: £7.50 per share (1999: £20.55 per share)	1,500,000	4,110,912

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11 Tangible assets

	Freehold land and buildings	Long leasehold land and buildings	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£	£
Cost					
At 1 January 2000	698,108	531,441	1,695,528	2,577,663	5,502,740
Additions	-	-	168,778	93,286	262,064
Disposals	-	(531,441)	-	(783,635)	(1,315,076)
At 31 December 2000	698,108	-	1,864,306	1,887,314	4,449,728
Accumulated depreciation					
At 1 January 2000	66,402	131,639	844,364	1,346,207	2,388,612
Charge for the year	16,368	6,424	150,365	245,940	419,097
Disposals	-	(138,063)	-	(522,880)	(660,943)
At 31 December 2000	82,770	-	994,729	1,069,267	2,146,766
Net book amount					
At 31 December 2000	615,338	-	869,577	818,047	2,302,962
At 31 December 1999	631,706	399,802	851,164	1,231,456	3,114,128

The gross book value of freehold land and buildings includes £603,108 (1999: £603,108) of depreciable assets.

12 Stocks

	2000	1999
	£	£
Raw materials and consumables	1,493,812	1,560,405
Work in progress	142,880	189,151
Finished goods and goods for resale	318,346	432,999
	1,955,038	2,182,555

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13 Debtors

	2000	1999
	£	£
Trade debtors	2,306,441	2,688,508
Amounts owed by parent and fellow subsidiary undertakings	134,640	216,301
ACT recoverable	341,341	341,341
Other debtors	62,392	2,688
Prepayments and accrued income	105,129	110,019
	2,949,943	3,358,857

14 Creditors – Amounts falling due within one year

	2000	1999
	£	£
Trade creditors	242,410	330,732
Amounts owed to parent and fellow subsidiary undertakings	652,353	1,506,214
Other creditors	10,000	10,259
Corporation tax	166,280	51,775
Other taxes and social security	249,849	415,771
Accruals and deferred income	323,311	917,257
	1,644,203	3,232,008

15 Creditors – Amounts falling due after more than one year

	2000	1999
	£	£
Loans from ultimate holding company	3,250,000	3,250,000
Deferred income	404,742	538,307
	3,654,742	3,788,307

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16 Provisions for liabilities and charges

	Deferred taxation	
	2000	1999
	£	£
At 1 January 2000	-	146,000
Charged/(credited) to the profit and loss account	6,146	(146,000)
At 31 December 2000	6,146	-

The amounts provided for deferred taxation are set out below:

	2000	1999
	£	£
Accelerated capital allowances	6,146	92,000
Short term timing differences	-	(92,000)
	6,146	-

The company has a deferred tax asset of £170,487 (1999: £77,000) which has not been recognised in relation to other timing differences in accordance with generally accepted accounting practice.

17 Called up share capital

	2000	1999
	£	£
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each	195,000	195,000
Deferred shares of £1 each	5,000	5,000
	200,000	200,000

Heraeus Quartztech Limited

18 Profit and loss account

	2000 £	1999 £
At 1 January	2,972,032	7,085,746
Loss for the year	(318,576)	(4,113,714)
At 31 December	2,653,456	2,972,032

19 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the year	1,181,424	(2,802)
Dividends	(1,500,000)	(4,110,912)
Net reduction in shareholders' funds	(318,576)	(4,113,714)
Shareholders' funds at 1 January	3,172,032	7,285,746
Shareholders' funds at 31 December	2,853,456	3,172,032

20 Commitments

There were no capital or other commitments at the end of the current or prior year for which no provision has been made.

Annual commitments under non-cancellable operating leases are as follows:

	2000 £	1999 £
	Land and buildings	Land and buildings
Operating leases which expire:		
Over five years	68,620	68,620

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21 Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £63,388 (1999: £85,200).

22 Ultimate holding company

The company is a subsidiary undertaking of Heraeus Holding GmbH incorporated in Germany. Copies of the consolidated accounts are available from 1 Craven Court, Canada Road, Byfleet, Weybridge, Surrey KT14 7JL. No other group accounts include the results of the company.