

NGK Berylco UK Limited

Directors' report and financial statements

For the year ended 31 December 2000

Registered number 2085285



Directors' report and financial statements

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Directors' report

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

Principal activity

The principal activity of the company remains dealing in copper beryllium alloy products.

Business review

Both the level of the business and the year end financial position are considered satisfactory. The directors do not envisage significant changes in the level of activity in the foreseeable future.

Proposed dividend and movements in reserves

No dividend has been proposed this year (1999: £1,100.00). The profit for the year transferred to reserves is £857,000. [1999: £(546,000)].

Significant changes in fixed assets

Information relating to changes in fixed assets is given in note 6 to the accounts.

Directors and directors' interests

The directors who served during the year and their interests in the ordinary shares of £1 each of the company are as follows:

	Interest at end of the year	Interest at beginning of the year
Dieter Schmidt	-	-
Stewart Emslie	-	-
Noamarn Mizuno	1	1
Masaru Miyakawa	-	-

No director who served during the year has any interest in the ordinary shares of the company.

Political and charitable contributions

The company made charitable contributions during the year of £550 (1999: £250).

Introduction of the Euro

In the directors' opinion, the impact of preparing for the introduction of the Euro on the accounts is unlikely to be significant.

Directors' report *(continued)*

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG will therefore continue in office.

By order of the board



Larry Reising
Secretary

19.04.2001
Houston Park
Montford Street
Salford

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which 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. In preparing those financial statements, the directors are 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 directors are 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 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.



St James' Square
Manchester M2 6DS

Report of the auditors to the members of NGK Berylco UK 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 directors' report and as, described on page 3, 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 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 with the company is not disclosed.

Basis of 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 as at 31 December 2000 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Handwritten signature

KPMG

*Chartered Accountants
Registered Auditors*

24 April 2001



Profit and loss account
for the year ended 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Turnover	2	7,201	5,270
Cost of sales		(5,479)	(4,101)
Gross profit		1,722	1,169
Distribution costs		(411)	(331)
Administrative expenses		(123)	(102)
Operating profit		1,188	736
Other interest receivable and similar income		36	59
Profit on ordinary activities before taxation	3	1,224	795
Tax on profit on ordinary activities	5	(367)	(244)
Profit on ordinary activities after taxation		857	551
Proposed dividend		-	(1,100)
Retained profit/(loss) for the financial year		857	(549)
Retained profit brought forward		1,553	2,102
Retained profit carried forward		2,410	1,553

The notes on pages 8 to 16 form part of these financial statements.

There are no recognised gains or losses other than the profit for the period and all profits and losses have been accounted for on an historical cost basis.

The turnover and profit for the year arises wholly from continuing operations.

Balance sheet

at 31 December 2000

	Note	2000 £000	1999 £000
Fixed assets			
Tangible assets	6	115	79
Current assets			
Stocks	7	1,491	1,336
Debtors	8	1,427	1,250
Cash at bank and in hand		1,182	1,574
		<u>4,100</u>	<u>4,160</u>
Creditors: amounts falling due within one year	9	(1,291)	(2,186)
Net current assets		<u>2,809</u>	<u>1,974</u>
Total assets less current liabilities		<u>2,924</u>	<u>2,053</u>
Creditors: amounts due falling after one year	10	(14)	-
Net assets		<u>2,910</u>	<u>2,053</u>
Equity capital and reserves			
Called up share capital	12	500	500
Profit and loss account		2,410	1,553
		<u>2,910</u>	<u>2,053</u>

These financial statements were approved by the board of directors on 19.4.01 and were signed on its behalf by:



S Emslie
Director

The notes on pages 8 to 16 form part of these financial statements.

Cash flow statement

for the year ended 31 December 2000

	Note	2000 £000	1999 £000
Net cash inflow from operating activities	15	1,006	52
Return on investments and servicing of finance		38	58
Taxation			
UK corporation tax paid		(289)	(316)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(58)		(2)
Sale of tangible fixed assets	13		-
		(45)	(2)
Equity dividends paid		(1,100)	-
Financing			
Capital element of hire purchase payments		(2)	
(Decrease)/Increase in cash in the period		(392)	(208)
Reconciliation of net cash flow to movement in net funds (see note 16)			
Decrease in cash in the period		(392)	-
Change in net funds relating to cash flow			(392)
New hire purchase contracts			(16)
Movement in net funds in the period			(408)
Net funds at 1.1.2000			1,574
Net funds at 31.12.2000			1,166

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.

Fixed assets and depreciation

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

Plant and machinery	-	4 to 10 years
Office equipment	-	3 to 4 years
Motor vehicles	-	4 years

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.

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.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value.

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.

2 Turnover

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

Analysis of turnover by geographical area:

	2000 £000	1999 £000
United Kingdom	5,817	4,195
Overseas	1,384	1,075
	<u>7,201</u>	<u>5,270</u>

3 Profit on ordinary activities before taxation

	2000 £000	1999 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration:		
Audit	8	7
Other services	1	1
Depreciation of owned tangible fixed assets	26	28
(Profit)/loss on the sale of fixed assets	4	-
Staff costs (see note 4)	337	276

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (excluding directors who perform their duties wholly outside the UK) during the year, analysed by category, was as follows:

	Number of employees	
	2000	1999
Administration	2	2
Sales	3	3
Warehouse	5	4
	<hr/>	<hr/>
	10	9
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2000	1999
	£000	£000
Wages and salaries	284	230
Other pension costs (see note 18)	23	23
Social security costs	30	23
	<hr/>	<hr/>
	337	276
	<hr/>	<hr/>

Directors remuneration, including the estimated money value of benefits in kind, was as follows:

	2000	1999
	£000	£000
Directors emoluments:		
As directors	63	72
Pension contributions	13	11
	<hr/>	<hr/>
	76	83
	<hr/>	<hr/>

During the year the company made contributions to a defined contribution pension scheme on behalf of one of the directors.(1999:1)

Notes (continued)

5 Taxation

	2000 £000	1999 £000
UK corporation tax at 30% (1999: 30%)	367	241
Adjustments relating to prior years	-	-
	<u>367</u>	<u>241</u>

6 Tangible fixed assets

	Plant and machinery £000	Motor vehicle £000	Fixtures, fittings and office equipment £000	Total £000
<i>Cost</i>				
At beginning of year	63	41	66	170
Additions	15	43	20	78
Disposals	-	(41)	-	(41)
	<u>78</u>	<u>43</u>	<u>86</u>	<u>207</u>
<i>Depreciation</i>				
At beginning of year	28	24	39	91
Charge for year	6	9	11	26
Disposals	-	(25)	-	(25)
	<u>34</u>	<u>8</u>	<u>50</u>	<u>92</u>
<i>Net book value</i>				
At 31 December 2000	<u>44</u>	<u>35</u>	<u>36</u>	<u>115</u>
At 31 December 1999	<u>35</u>	<u>17</u>	<u>27</u>	<u>79</u>

Notes (continued)

7 Stocks

	2000	1999
	£000	£000
Raw materials and consumables	1,491	1,336

8 Debtors

	2000	1999
	Due	Due
	within	within
	one year	one year
	£000	£000
Trade debtors	1,392	1,226
Prepayments and accrued income	25	23
Amounts due from group undertakings	10	1
	1,427	1,250
Amounts due from group undertakings		
consist of:		
Amounts due from parent and fellow subsidiary undertakings	10	1

Notes (continued)

9 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Obligations under finance leases and hire purchase contracts (see note 10)	2	-
Trade creditors	33	30
Amounts owed to group undertakings	765	1,850
Other creditors including taxation and social security:		
Corporation tax	251	171
Other taxes and social security	33	19
VAT	160	74
	<hr/>	<hr/>
Taxation and social security	444	260
Accruals and deferred income	47	41
	<hr/>	<hr/>
	1,291	2,182
	<hr/>	<hr/>
Amounts due to group undertakings consist of:		
Amounts owed to parent and fellow subsidiary undertakings	765	1,850
	<hr/>	<hr/>

10 Creditors: amounts falling due after one year

	2000 £000	1999 £000
Obligations under finance leases and hire purchase contracts	14	-
	<hr/>	<hr/>
	14	-
	<hr/>	<hr/>
The maturity of obligations under hire purchase contracts is as follows:		
Within one year	2	-
In the second to fifth years	14	-
Over five years	-	-
	<hr/>	<hr/>
	16	-
	<hr/>	<hr/>

Notes (continued)

11 Deferred Tax

No deferred tax provision has been made in the accounts.

The full potential deferred tax liability is:

	2000 £000	1999 £000
Accelerated capital allowances	7	5
Short-term timing differences	(1)	(1)
	<u>6</u>	<u>4</u>

12 Called up share capital

	2000 £000	1999 £000
<i>Authorised</i>		
Ordinary shares of £1,000 each	498	498
Ordinary shares of £1 each	2	2
	<u>500</u>	<u>500</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1,000 each	498	498
Ordinary shares of £1 each	2	2
	<u>500</u>	<u>500</u>

13 Reconciliation of movements in shareholders' funds

	2000 £000	1999 £000
Retained profit/(loss) for the year	857	(546)
Opening shareholders' funds	2,053	2,599
Closing shareholders' funds	<u>2,910</u>	<u>2,053</u>

Notes (continued)

14 Commitments

Annual commitments under operating leases are as follows:

	2000 Land and buildings £000	1999 Land and buildings £000
Operating leases which expire: In the second to fifth years inclusive	31	30

15 Reconciliation of operating profit to net cash inflow from operating activities

	2000 £000	1999 £000
Operating profit	1,188	736
Depreciation charge	26	28
Loss/(Gain) on fixed assets disposal	4	-
(Increase) in stocks	(155)	(505)
(Increase) in debtors	(179)	(295)
Increase in creditors	123	88
Net cash inflow from operating activities	1,006	52

16 Analysis of changes in net funds

	At 1 Jan 2000 £000	Cash flows £000	Other non-cash changes £000	At 31 Dec 2000 £000
Cash in hand, at bank	1,574	(392)	-	1,182
Hire Purchase Repayments	-	2	(18)	(16)
	1,574	(390)	(18)	1,166

17 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £23,400 (1999:£22,600). There were no outstanding or prepaid contributions at the end of the period (1999:£0).

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

The company is a subsidiary undertaking of NGK North America Inc. incorporated in the United States.

The ultimate holding company is NGK Insulators Limited, a company incorporated in Japan.