

RALPH COIDAN LIMITED

Report and Accounts

31 December 2000

 ERNST & YOUNG



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Ralph Coidan Limited

Registered No. 3473721

DIRECTORS

G C Galopin (Chairman)
J D Coidan
S D A Price
Lord Parkinson

SECRETARY

S D A Price

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

National Westminster Bank PLC
PO Box No. 549
1-2 Finsbury Square
London EC2A 1JH

Lloyds TSB Bank plc
27 High Street
Stockton on Tees
Cleveland TS18 1SG

HSBC
13 High Street
Stockton on Tees
Cleveland TS18 1SG

SOLICITORS

Trowers & Hamlins
6 New Square
Lincoln's Inn
London WC2A 3RP

REGISTERED OFFICE

South Street
Portslade
Sussex BN41 2LX

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2000.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £692,757 (1999 – £593,243).

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company are those of carbon and graphite engineers, processors, dealers and manufacturers.

Turnover increased to £5,355,720 from £4,925,667 in 1999 and profits before tax to £1,015,257 from £861,286 in 1999. The directors consider the company's overall state of affairs to be satisfactory.

FUTURE DEVELOPMENTS

The directors continue to increase and develop the company's range of products and to develop market opportunities where they exist. The directors also place great emphasis on the efficiency of the company at all levels of its operation.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 December 2000 were as follows:

G C Galopin (Chairman)
J D Coidan
S D A Price
Sir Michael Grylls (deceased 7 February 2001)
Lord Parkinson (appointed 17 May 2001)

None of the directors has a beneficial interest in the shares of the company in the group of which they are directors.

AUDITORS

Joesph Miller & Co resigned as auditors on 23 June 2000 and Ernst & Young were appointed in their place.

A resolution to reappoint Ernst & Young as the company's auditors will be put to the forthcoming Annual General Meeting. Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

On behalf of the Board

Director



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNT

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS

to the members of Ralph Coidan Limited

We have audited the accounts on pages 5 to 13, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

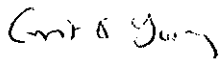
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as 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.


Ernst & Young
Registered Auditor
London

6 June 2001

Ralph Coidan Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2000

	Notes	2000 £	1999 £
TURNOVER	2	5,355,720	4,925,667
Cost of sales		3,795,744	3,221,501
Gross profit		1,559,976	1,704,166
Selling costs		437,312	396,848
Administrative expenses		389,711	474,341
		827,023	871,189
OPERATING PROFIT	3	732,953	832,977
Interest payable	6	29,385	158,208
Interest receivable		311,689	186,517
		282,304	28,309
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,015,257	861,286
Tax on profit on ordinary activities	7	322,500	268,043
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		692,757	593,243
RETAINED PROFIT AT 1 JANUARY 2000		4,765,955	4,172,712
RETAINED PROFIT AT 31 DECEMBER 2000		5,458,712	4,765,955

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses for the year other than those disclosed above. The profit for the year is wholly attributable to the continuing operations of the company.

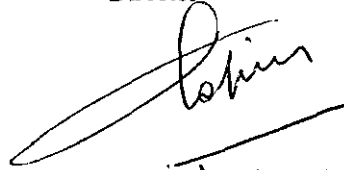
The profit for the year has been calculated on the historical cost basis.

Ralph Coidan Limited

BALANCE SHEET at 31 December 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	8	1,327,424	1,429,986
CURRENT ASSETS			
Stock	9	1,806,613	1,653,323
Debtors	10	5,926,657	5,530,060
Cash at bank		86,717	112,525
		7,819,987	7,295,908
CREDITORS: amounts falling due within one year	11	3,612,662	3,891,402
NET CURRENT ASSETS		4,207,325	3,404,506
TOTAL ASSETS LESS CURRENT LIABILITIES		5,534,749	4,834,492
PROVISION FOR LIABILITIES AND CHARGES	12	75,037	67,537
		5,459,712	4,766,955
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Profit and loss account		5,458,712	4,765,955
SHAREHOLDERS' FUNDS	14	5,459,712	4,766,955

Director


17th May 2001

ERNST & YOUNG

NOTES TO THE ACCOUNTS

at 31 December 2000

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow

The accounts do not include a cash flow statement because the company, as a wholly owned subsidiary, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash Flow Statement".

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets (excluding freehold land) over their estimated useful lives. The rates used are as follows:

Freehold buildings	—	2 ½% on cost
Plant and machinery	—	10% on cost
Office equipment	—	10% on cost
Computer equipment	—	33% on cost
Motor vehicles	—	25% on cost

The rate for motor vehicles has been changed from 25% on written down value to 25% on cost to bring it into line with other group members. There is no material effect on the results

Stocks and work in progress

These are valued at the lower of cost and estimated net realisable value including in the case of work in progress an appropriate proportion of overhead expenditure.

The cost is computed using the average unit cost method.

Foreign currency

Transactions in foreign currencies are translated into sterling at the rates of exchange current at the dates of the transactions. Foreign currency monetary assets and liabilities in the balance sheet are translated to sterling at the rates of exchange ruling at the end of the year. Resulting exchange gains and losses are taken to the profit and loss account.

Deferred taxation

Deferred taxation is provided in respect of the timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future at the rates of tax expected to apply when the timing differences reverse.

Pension costs

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions payable to the schemes are charged to the profit and loss account in the year to which they relate.

Ralph Coidan Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

2. TURNOVER

Turnover and the results before taxation arise solely from the company's principal activities. Turnover analysis by geographical area, was as follows:

	2000 £	1999 £
United Kingdom	3,862,771	3,718,229
Other members of the EU	1,279,158	1,077,355
The rest of the World	213,791	130,083
	<u>5,355,720</u>	<u>4,925,667</u>

3. OPERATING PROFIT

This is stated after charging or crediting:

	2000 £	1999 £
Exchange gains/(losses)	38,421	48,331
Staff costs	1,562,622	1,362,007
Depreciation on tangible fixed assets	134,328	158,423
Loss on disposal of fixed assets	1,096	27,213
Auditors' remuneration – audit services (including expenses)	10,000	9,100
– non audit services (including expenses)	–	29,789
	<u>1,562,622</u>	<u>1,362,007</u>

4. STAFF COSTS

	2000 £	1999 £
Wages and salaries	1,377,254	1,189,880
Social security costs	136,316	110,575
Other pension costs	49,052	61,552
	<u>1,562,622</u>	<u>1,362,007</u>

Ralph Coidan Limited

NOTES TO THE ACCOUNTS at 31 December 2000

4. STAFF COSTS (continued)

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

	2000 £	1999 £
Production	40	38
Other	28	24
	<u>68</u>	<u>62</u>

5. DIRECTORS' EMOLUMENTS

	2000 £	1999 £
Emoluments	98,546	99,529
Contributions to money purchase pension scheme	15,035	14,745
	<u>113,581</u>	<u>114,274</u>

During the year the following number of directors accrued benefits under money purchase pension schemes:

	No.	No.
Emoluments	<u>1</u>	<u>1</u>

6. INTEREST PAYABLE

	2000 £	1999 £
Loans from group undertakings	25,758	157,956
Bank overdrafts	3,627	252
	<u>29,385</u>	<u>158,208</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
Based on the profit for the year:		
Corporation tax at 30% (1999 – 30.24%)	315,000	285,242
Deferred taxation	7,500	(21,747)
Under/(over) provision in previous years	–	4,548
	<u>322,500</u>	<u>268,043</u>

Ralph Coidan Limited

NOTES TO THE ACCOUNTS at 31 December 2000

8. TANGIBLE FIXED ASSETS

	<i>Freehold property</i> £	<i>Plant and machinery</i> £	<i>Office equipment</i> £	<i>Computer equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost:						
At 1 January 2000	893,452	1,645,586	94,337	9,043	51,736	2,694,154
Additions	–	32,500	–	1,014	–	33,514
Disposals	–	–	–	(800)	(20,659)	(21,459)
Transfer to group undertaking	–	1,832	–	–	–	1,832
At 31 December 2000	893,452	1,679,918	94,337	9,257	31,078	2,708,041
Depreciation:						
At 1 January 2000	51,759	1,111,598	47,764	4,280	48,767	1,264,168
Charge for the year	18,140	103,805	8,507	2,543	1,333	134,328
On disposals	–	–	–	(533)	(19,022)	(19,555)
Transfer to group undertaking	–	1,676	–	–	–	1,676
At 31 December 2000	69,899	1,217,079	56,271	6,290	31,078	1,380,617
Net book value:						
At 31 December 2000	823,553	462,839	38,066	2,968	–	1,327,424
Net book value:						
At 31 December 1999	841,693	533,988	46,573	4,763	2,969	1,429,986

The value of freehold land included in Freehold Property amounted to £167,850 at cost (1999 – £167,850).

9. STOCKS

	2000 £	1999 £
Raw materials	892,950	1,019,208
Finished goods	738,016	518,970
Work in progress	175,647	115,145
	<u>1,806,613</u>	<u>1,653,323</u>

Ralph Coidan Limited

NOTES TO THE ACCOUNTS at 31 December 2000

10. DEBTORS

	2000	1999
	£	£
Trade debtors	961,163	872,185
Amounts due from group undertakings	4,920,680	4,605,499
Other debtors	31,855	39,813
Prepayments	12,959	12,563
	<u>5,926,657</u>	<u>5,530,060</u>

Other debtors includes outstanding interest free loans of £25,522 (1999 – £29,745) made to employees during the year to acquire shares in the company's ultimate parent undertaking, Le Carbone Lorraine SA.

This includes loans made to directors as follows:

	At 1 January 2000	Maximum amount outstanding during the year	At 31 December 2000
	£	£	£
J D Coidan	4,991	5,894	4,178

11. CREDITORS: amounts falling due within one year

	2000	1999
	£	£
Trade creditors	362,574	175,291
Amount due to group undertakings	2,871,935	3,253,532
Other taxation and social security	47,376	97,004
Accruals	125,577	163,197
Other creditors	–	477
Bank overdraft	–	46,659
Corporation tax	205,200	155,242
	<u>3,612,662</u>	<u>3,891,402</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	2000	1999
	£	£
Deferred taxation:		
At 1 January 2000	67,537	89,284
Profit and loss account	7,500	(21,747)
At 31 December 2000	<u>75,037</u>	<u>67,537</u>

Ralph Coidan Limited

NOTES TO THE ACCOUNTS at 31 December 2000

12. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

Details of the potential deferred taxation liability and full provision which has been made in these accounts are:

	2000 £	1999 £
Taxation deferred by accelerated capital allowances	80,767	72,847
Other timing differences	(5,730)	(5,310)
At 31 December 2000	<u>75,037</u>	<u>67,537</u>

Deferred tax on land and buildings has not been provided as the liability is not expected to crystallise in the foreseeable future.

13. SHARE CAPITAL

	2000 £	1999 £
Authorised, allotted, issued and fully paid: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
At 1 January 2000	4,766,955	4,173,712
Profit for the year	692,757	593,243
At 31 December 2000	<u>5,459,712</u>	<u>4,766,955</u>

15. PENSION COMMITMENTS

The company operates defined contribution schemes. The assets of the schemes are held separately from those of the company in independently administered funds held by trustees. The pension cost charged represents contributions payable by the company to the fund and amounted to £49,052 (1999 – £61,552). At 31 December 2000 contributions amounting to £nil (1999 – £nil) were payable to the fund and are included in creditors.

16. RELATED PARTY TRANSACTIONS

The accounts do not include disclosure of transactions between the company and entities that are part of Le Carbone Lorraine SA Group. This is because as a subsidiary whose shares are more than 90% controlled within the group, it is exempt from the requirement to disclose such transactions under Financial Reporting Standard 8 "Related Party Disclosures".

There were no other related party transactions during the year.

NOTES TO THE ACCOUNTS
at 31 December 2000

17. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Le Carbone (Holdings) Limited. The ultimate parent undertaking is Le Carbone Lorraine SA incorporated in France for which group accounts are prepared.

The Le Carbone Lorraine Group accounts may be obtained from Immeuble La Fayette, 2-3 place des Vosges, La Defense 5, 92400 Courbevoie.