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# Chalcon Limited (formerly Chalcon Plating Technology Limited)

Annual Report

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◆ *15 months ended 31 March 2001* ◆

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**CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)**

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## **CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)**

### **COMPANY INFORMATION**

Directors	J L Atherton (Managing Director) M K Garner (Chairman) D A Elliott - appointed 3 February 2000, resigned 8 December 2000 A M Reid - appointed 1 July 2000, resigned 8 December 2000
Secretary	Mrs P Beckett
Registered office	PO Box 25 Hospital Street Walsall WS2 8QQ
Registered number	127195
Auditors	RSM Robson Rhodes Chartered Accountants Centre City Tower 7 Hill Street Birmingham B5 4UU
Bankers	National Westminster Bank PLC 33 Park Street Walsall West Midlands WS1 1ER

## **CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)**

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### **REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements for the 15 months ended 31 March 2001.

#### **Principal activity**

The principal activity of the company continues to be that of metal finishers.

#### **Business review and future developments**

The decline in UK manufacture of pressed, diecast and forged parts has continued to have an adverse impact on the whole of the electroplating sector. Successes by the company in securing new business have been offset by decisions by important customers to import finished product from China, India or Eastern Europe. Market prices for electroplating have become increasingly competitive. A comprehensive cost cutting programme has been implemented. Chalcon shares a five acre site with a sister company with design, manufacturing and distributing capabilities. There are plans to reduce Chalcon's dependence on the sub-contract electroplating market.

#### **Dividends**

The directors do not propose a dividend for the period (1999 - £Nil).

#### **Supplier payment policy**

The company's policy is to settle the terms of payment with suppliers when entering into each new transaction, ensuring that suppliers are made aware of the agreed terms of payment and to abide by those agreed terms of payment. Company trade creditors at 31 March 2001 amounted to 95 days (1999 - 89 days) of average supplies for the year.

#### **Euro**

The Company's accounting systems will be capable of accommodating the Euro regardless of which countries participate in the single currency.

#### **Change of name**

On 15 September 2000, the company changed its name by Special Resolution from Chalcon Plating Technology Limited to Chalcon Limited.

## **CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)**

### **REPORT OF THE DIRECTORS** **(continued)**

#### **Directors**

The directors of the company who served during the period are set out on page 1.

None of the directors who held office during the year had any interest in the shares of the company. No right to subscribe for shares in the company was granted to or exercised by the directors in the period.

At 31 March 2001, M K Garner was a director of the intermediate parent company, Woodside Holdings Limited, and accordingly his interests in the shares of that company are disclosed in its financial statements.

None of the other directors serving at the period end had any interests in shares of the intermediate or ultimate parent company's.

#### **Statement of directors' responsibilities for the Annual Report**

Company law in the United Kingdom requires the directors 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 of the company for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which 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.

#### **Auditors**

The auditors, RSM Robson Rhodes, are willing to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

#### **Approval**

The report of the directors was approved by the Board on 8 November 2001 and signed on its behalf by:



P BECKETT (MRS)  
Secretary

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)**

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

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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.

We read the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

**Basis of audit opinion**

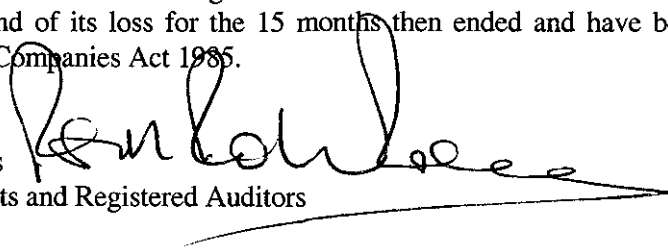
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 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 March 2001 and of its loss for the 15 months then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes  
Chartered Accountants and Registered Auditors



Birmingham, England  
8 November 2001

**CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)****PROFIT AND LOSS ACCOUNT**  
**for the 15 months ended 31 March 2001**

	Note	£'000	15 months ended 31 March 2001 £'000	£'000	Year ended 31 December 1999 £'000
<b>Turnover - continuing operations</b>	1		4,438		3,187
Cost of sales			(3,439)		(2,493)
			<hr/>		<hr/>
<b>Gross profit</b>			999		694
Distribution and selling costs			(404)		(208)
Administrative expenses					
- ongoing		(852)		(423)	
- exceptional waiver of amounts due to group undertakings		161		-	
		<hr/>		<hr/>	
Total administrative expenses			(691)		(423)
			<hr/>		<hr/>
<b>Operating (loss)/profit - continuing operations</b>	2		(96)		63
Interest payable and similar charges			(44)		(122)
			<hr/>		<hr/>
<b>Loss on ordinary activities before taxation</b>			(140)		(59)
Tax on loss on ordinary activities			-		-
			<hr/>		<hr/>
<b>Loss for the financial period</b>	14		(140)		(59)
			<hr/>		<hr/>

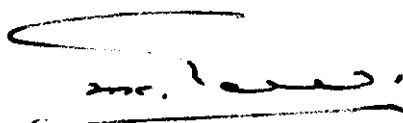
There are no recognised gains or losses other than those reported above.

**CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)**

**BALANCE SHEET**  
**at 31 March 2001**

	<b>Note</b>	<b>31 March 2001 £'000</b>	<b>31 December 1999 £'000</b>
<b>Fixed assets</b>			
Tangible assets	6	1,424	1,647
Investment in subsidiary undertaking	7	332	332
		<hr/>	<hr/>
		1,756	1,979
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	8	107	131
Debtors	9	1,024	994
Cash at bank and in hand		34	-
		<hr/>	<hr/>
		1,165	1,125
<b>Creditors: Amounts falling due within one year</b>	10	(2,655)	(2,554)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(1,490)	(1,429)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		266	550
<b>Creditors: Amounts falling due after more than one year</b>	11	(267)	(362)
<b>Provision for liabilities and charges</b>	12	(74)	(123)
		<hr/>	<hr/>
<b>Net (liabilities)/assets</b>		(75)	65
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	13	648	648
Profit and loss account	14	(723)	(583)
		<hr/>	<hr/>
<b>Equity shareholders' (deficit)/funds</b>	15	(75)	65
		<hr/>	<hr/>

The financial statements were approved by the Board on 8 November 2001 and signed on its behalf by:



**M K GARNER**  
Director



## **CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)**

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### **NOTES TO THE FINANCIAL STATEMENTS**

**31 March 2001**

#### **1. ACCOUNTING POLICIES**

##### **Basis of accounting**

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards as modified by the revaluation of certain land and buildings.

##### **Turnover**

Turnover consists of the invoiced value (excluding VAT and trade discounts) for goods and services supplied in the year.

##### **Tangible fixed assets and depreciation**

Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Plant and machinery	10%-25%	per annum
Fixtures and fittings	10%-20%	per annum
Computer equipment	25%	per annum
Motor vehicles	25%	per annum

##### **Leased assets**

Where assets are financed by leasing agreements ('finance leases') the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

##### **Stocks**

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in first-out basis. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

## **CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 March 2001**

#### **1. ACCOUNTING POLICIES (Continued)**

##### **Taxation**

The charge for taxation is based on the result for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

##### **Pensions**

The company operates an administered contributory pension scheme independent of the company's finances. The scheme is a fully defined benefit scheme and contributions are paid in accordance with the recommendations of independent actuaries. Contributions are charged to the profit and loss account so as to spread the cost over the anticipated service lives of employees.

Differences between the amounts charged to the profit and loss account and amounts funded or paid directly to members of unfunded schemes are shown as either provisions or prepayments in the balance sheet.

##### **Cashflow statement**

No cashflow statement is provided as the ultimate parent undertaking has provided a consolidated cashflow statement in accordance with FRS1.

#### **2. OPERATING LOSS**

Operating loss is arrived at after charging:

	<b>15 months ended 31 March 2001 £'000</b>	<b>Year ended 31 December 1999 £'000</b>
Operating lease rentals		
- plant and machinery	82	78
Auditors' remuneration - Audit fees	14	4
Depreciation of tangible fixed assets	305	258
Redundancy payments	30	28
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**CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)**

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**NOTES TO THE FINANCIAL STATEMENTS****31 March 2001****3. EMPLOYEES**

Average monthly number of employees, including directors:

	<b>15 months ended 31 March 2001 No</b>	<b>Year ended 31 December 1999 No</b>
Production	90	99
Distribution	10	8
Administration	12	14
	<hr/>	<hr/>
	112	121
	<hr/>	<hr/>

Staff costs, including directors:

	<b>15 months ended 31 March 2001 £'000</b>	<b>Year ended 31 December 1999 £'000</b>
Wages and salaries	2,159	1,579
Social security costs	124	117
Other pension costs	45	32
	<hr/>	<hr/>
	2,328	1,728
	<hr/>	<hr/>

**4. DIRECTORS**

	<b>15 months ended 31 March 2001 £'000</b>	<b>Year ended 31 December 1999 £'000</b>
Aggregate emoluments	115	54
	<hr/>	<hr/>

**5. INTEREST PAYABLE**

	<b>15 months ended 31 March 2001 £'000</b>	<b>Year ended 31 December 1999 £'000</b>
Bank interest	12	97
Hire purchase interest	32	25
	<hr/>	<hr/>
	44	122
	<hr/>	<hr/>

**CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)****NOTES TO THE FINANCIAL STATEMENTS****31 March 2001****6. TANGIBLE ASSETS**

	<b>Plant and machinery £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Computer equipment £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 January 2000	2,378	137	19	49	2,583
Additions	39	30	1	20	90
Disposals	-	-	-	(9)	(9)
At 31 March 2001	2,417	167	20	60	2,664
<b>Depreciation</b>					
At 1 January 2000	840	67	10	19	936
Charged in year	252	29	5	18	304
At 31 March 2001	1,092	96	15	37	1,240
<b>Net book value</b>					
At 31 March 2001	1,325	71	5	23	1,424
At 31 December 1999	1,538	70	9	30	1,647

The net book value of the tangible fixed assets includes £399,990 (1999 - £487,891) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £87,901 (1999 : £61,211).

**7. INVESTMENT IN SUBSIDIARY UNDERTAKING**

	<b>£'000</b>
<b>Cost and net book value</b>	
At 1 January and 31 March 2001	332

The investment comprises 100% of the issued ordinary shares of Motad International Limited, a company incorporated in England and Wales and operating in England. The principal activity of the company is a motor cycle exhaust manufacturer.

**CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)****NOTES TO THE FINANCIAL STATEMENTS****31 March 2001****8. STOCKS**

	<b>31 March 2001 £'000</b>	<b>31 December 1999 £'000</b>
Raw materials and consumables	39	70
Work in progress	62	61
Finished goods	6	-
	<hr/>	<hr/>
	107	131
	<hr/>	<hr/>

**9. DEBTORS**

	<b>31 March 2001 £'000</b>	<b>31 December 1999 £'000</b>
Trade debtors	836	754
Amounts owed by group undertakings	76	158
Prepayments and accrued income	112	82
	<hr/>	<hr/>
	1,024	994
	<hr/>	<hr/>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31 March 2001 £'000</b>	<b>31 December 1999 £'000</b>
Bank loan and overdraft (secured)	-	1,461
Obligations under finance leases	91	98
	<hr/>	<hr/>
Borrowings	91	1,559
Trade creditors	582	431
Amounts owed to intermediate parent company	1,433	-
Amounts owed to group undertakings	301	346
Other taxation and social security	113	139
Other creditors	82	32
Accruals and deferred income	53	47
	<hr/>	<hr/>
	2,655	2,554
	<hr/>	<hr/>

**CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)****NOTES TO THE FINANCIAL STATEMENTS****31 March 2001****10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)**

There is a legal mortgage over all the ultimate parent undertaking's land and buildings. There is also a mortgage debenture incorporating a first fixed charge and floating charge from the intermediate parent undertaking, and all its current and future subsidiaries. Composite Cross Guarantee arrangements exist between the intermediate parent undertaking and all its current and future subsidiaries.

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>31 March 2001 £'000</b>	<b>31 December 1999 £'000</b>
Obligations under finance leases		
- due within one to two years	90	91
- due within two to five years	41	155
Deferred income	136	116
	<hr/>	<hr/>
Borrowings	267	362
	<hr/>	<hr/>

**12. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Pension provision £'000</b>			
At 1 January 2000				123
Profit and loss account (see note 16)				(49)
				<hr/>
At 31 March 2001				74
				<hr/>
Deferred taxation comprises:				
	<b>Amounts provided</b>		<b>Amounts not provided</b>	
	<b>31 March 2001 £'000</b>	<b>31 December 1999 £'000</b>	<b>31 March 2001 £'000</b>	<b>31 December 1999 £'000</b>
Capital allowances	-	-	136	105
Losses	-	-	(356)	(457)
Short term timing differences	-	-	-	(45)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	(228)	(397)
	<hr/>	<hr/>	<hr/>	<hr/>

**CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 March 2001**

**13. SHARE CAPITAL**

**Authorised**

	<b>31 March 2001 £'000</b>	<b>31 December 1999 £'000</b>
Ordinary shares of £1 each	900	900
Cumulative participating preference shares of £1 each	50	50
10% cumulative redeemable preference shares of £1 each	50	50
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

	<b>31 March 2001 £'000</b>	<b>31 December 1999 £'000</b>
<b>Allotted, called up and fully paid</b>		
Equity interests:		
548,800 (1997 - 298,000) ordinary shares of £1 each	548	548
Non-equity interests:		
50,000 10% cumulative participating preference shares of £1 each	50	50
50,000 10% cumulative redeemable preference shares of £1 each	50	50
	<hr/>	<hr/>
	648	648
	<hr/>	<hr/>

The cumulative redeemable preference shares are redeemable at par in five equal annual instalments of 10,000 shares each from 20 May 1998. However, the immediate parent undertaking, Woodside Holdings Limited, has waived the requirement to redeem.

# **CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS**

**31 March 2001**

### **14. PROFIT AND LOSS ACCOUNT**

	£'000
At 1 January 2000	(583)
Loss for the period	(140)
	<hr/>
At 31 March 2001	(723)
	<hr/>

### **15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' (DEFICIT)/FUNDS**

	15 months ended 31 March 2001 £'000	Year ended 31 December 1999 £'000
Total recognised losses	(140)	(59)
Opening shareholders' funds	65	124
	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	(75)	65
	<hr/>	<hr/>
Non-equity shareholders' funds	100	100
Equity shareholders' deficit	(175)	(35)
	<hr/>	<hr/>
	(75)	65
	<hr/>	<hr/>

### **16. PENSION ARRANGEMENTS**

The company operates a pension scheme providing benefits based on final pensionable pay for its employees. The assets of the scheme are held separately from those of the company, being invested with insurance companies.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 6 April 1999. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The assumptions were:

Investment returns	-	8.5% per annum
Salary increases	-	6% per annum
Present and future pensions increases	-	4% per annum
(on the post 1988 guaranteed minimum pension)		



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**CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)**

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**NOTES TO THE FINANCIAL STATEMENTS****31 March 2001****16. PENSION ARRANGEMENTS (Continued)**

The most recent actuarial valuation shows that the market value of the scheme's assets was £4,246,000 and that the actuarial value of those assets represents 112% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The next actuarial valuation is due to take place on 6 April 2002.

The pension charge for the period was £23,404 (1999 - £18,723). This is made up of £72,918 (1999 - £83,772) regular cost less a variation from regular cost of £49,514 (1999 - £65,024).

The company also made contributions of £3,000 to pension related life assurance schemes.

**17. FINANCIAL COMMITMENTS****Capital Commitments**

Capital expenditure commitments were as follows:

	<b>31 March 2001</b>	<b>31 December</b>
	<b>£'000</b>	<b>1999</b>
		<b>£'000</b>
Contracted for, but not provided in the financial statements	-	-
	<hr/>	<hr/>

**Operating lease commitments**

The payments which the company is committed to make in the next year under operating leases are as follows:

	<b>31 March 2001</b>	<b>31 December</b>
	<b>£'000</b>	<b>1999</b>
		<b>£'000</b>
Plant and machinery, leases expiring		
within one year	-	12
two to five years	62	66
	<hr/>	<hr/>
	62	78
	<hr/>	<hr/>

**CHALCON LIMITED (FORMERLY CHALCON PLATING TECHNOLOGY LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 March 2001**

**18. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking is Socknersh Investments Limited, a company registered in England and Wales.

The company's intermediate parent undertaking is Woodside Holdings Limited, a company registered in England and Wales.

The consolidated accounts of Socknarsh Investments Limited are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.