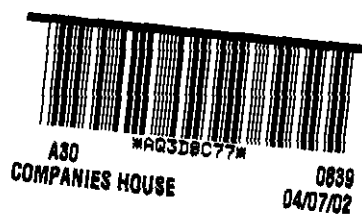


# **J & F Pool Ltd**

## **Directors' Report and Financial Statements**

**Registered Number: 85599**

**For the year ended 31 December 2001**



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## Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2001.

### Principal activity and business review

The company has not traded during the year.

### Dividends

A dividend of £1,750,000 has been paid during the year. (2000: £183,000).

### Directors and their interests

The directors serving during the period were as follows:

DL Grove	Chairman
JF Keating	
JL Horne	
DTA Underhill	
CJ Burr	
HC Everett	

None of the directors has any beneficial interest in the shares of the company.

Mr DL Grove, Mr CJ Burr and Mr HC Everett are directors of the ultimate holding company, Hill & Smith Holdings PLC, and their interests in the shares and share options of that company are shown in its financial statements.

The interests of the other directors in the shares of Hill & Smith Holdings PLC are detailed as follows:


#### Shares

	2001	2000
JL Horne	597	-
DTA Underhill	106	-
	<hr/>	<hr/>

### Auditor

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



**HC Everett**  
Director

Springvale Business and Industrial Park  
Bilston  
West Midlands  
WV14 OQL

26 March 2002

kpmg

**KPMG Audit Plc**

2 Cornwall Street  
Birmingham  
B3 2DL

**Independent auditor's report to the members of J&F Pool Limited**

We have audited the financial statements on pages 4 to 9.

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

The directors are responsible for preparing the directors' report and, as described on page 2, 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 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.

**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 as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

26 March 2002

## **Statement of directors' responsibilities**

Company law 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Profit and loss account**  
*for the year ended 31 December 2001*

	<i>Note</i>	<b>2001 £'000</b>	<b>2000 £'000</b>
<b>Turnover</b>	<b>2</b>	-	5,635
Cost of sales		-	(4,417)
		<hr/>	<hr/>
<b>Gross profit</b>		-	1,218
Distribution costs		-	(331)
Administrative expenses		-	(198)
		<hr/>	<hr/>
<b>Operating profit</b>		-	689
Bank interest receivable		-	21
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	-	710
Tax on profit on ordinary activities	<b>6</b>	-	(305)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>		-	405
Dividends		(1,750)	(183)
		<hr/>	<hr/>
<b>Retained (loss) / profit</b>	<b>9</b>	(1,750)	222
		<hr/> <hr/>	<hr/> <hr/>

All operations are discontinued.

There are no recognised gains and losses other than those disclosed in the profit and loss account.

There is no material difference between the results as shown in the profit and loss account and their historical cost equivalents.

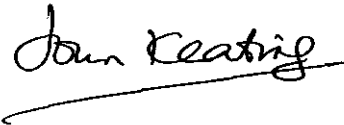
**Balance sheet**  
*as at 31 December 2001*

	<i>Note</i>	<b>2001</b> <b>£'000</b>	<b>2000</b> <b>£'000</b>
<b>Current assets</b>			
Debtors	7	<b>2,019</b>	3,769
		<hr/>	<hr/>
<b>Net assets</b>		<b>2,019</b>	3,769
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	8	<b>66</b>	66
Profit and loss account	9	<b>1,953</b>	3,703
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		<b>2,019</b>	3,769
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 26 March 2002 and signed on their behalf by:



**J L Horne**  
**Director**



**J F Keating**  
**Director**

**Reconciliation of movements in shareholders' funds**  
*for the year ended 31 December 2001*

	2001 £'000	2000 £'000
Profit for the financial year	-	405
Dividends	(1,750)	(183)
	<hr/>	<hr/>
Net (decrease) / increase in shareholders' funds	(1,750)	222
Opening shareholders' funds	3,769	3,547
	<hr/>	<hr/>
Closing shareholders' funds	2,019	3,769
	<hr/> <hr/>	<hr/> <hr/>



## Notes to 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 financial statements:

#### *Basis of accounting*

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable Accounting Standards.

#### *Cash Flow Statement*

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### *Related Party Disclosures*

Advantage has been taken of the exemption under Financial Reporting Standard 8 to dispense with the need to disclose transactions with fellow subsidiary undertakings, 90% or more of whose voting rights are held within the group, consolidated in the group accounts of Hill & Smith Holdings PLC.

#### *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

The turnover is the total amount receivable by the Company (excluding VAT) in the ordinary course of business for goods sold to third parties and all relates to the United Kingdom.

### 3 Profit on ordinary activities before taxation

	2001 £'000	2000 £'000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration	-	7
Other non-audit fees paid to the auditors and their associates	-	2
Depreciation - owned fixed assets	-	393
Operating lease rentals - buildings	-	110
	<hr/>	<hr/>

### 4 Remuneration of directors

Aggregate directors' remuneration for the year was as follows:

	2001 £'000	2000 £'000
Emoluments	-	46
	<hr/>	<hr/>
Number of directors who are members of defined benefit pension schemes	-	1
Number of directors who exercised share options in year	-	3
	<hr/>	<hr/>

Directors' interests and options in the ultimate parent company are disclosed in the directors' report.

## Notes to the financial statements *(continued)*

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) all of whom were involved in the principal activity was:

	2001 No.	2000 No.
Manufacturing and distribution	-	108
Sales and administration	-	10
	<hr/>	<hr/>
	-	118
	<hr/>	<hr/>
	<b>£'000</b>	<b>£'000</b>
Their total costs during the year were:		
Wages and salaries	-	1,750
Social security costs	-	156
Other pension costs	-	48
	<hr/>	<hr/>
	-	1,954
	<hr/>	<hr/>

### 6 Tax on profit on ordinary activities

	2001 £'000	2000 £'000
UK corporation tax	-	170
Deferred tax	-	135
	<hr/>	<hr/>
	-	305
	<hr/>	<hr/>

### 7 Debtors

	2001 £'000	2000 £'000
Amounts owed by group undertakings	<b>2,019</b>	3,769
	<hr/>	<hr/>

## Notes to the financial statements (continued)

### 8 Share capital

	2001 £'000	2000 £'000
<i>Authorised</i>		
Non-equity 5% cumulative preference shares of £1 each	3	3
Equity ordinary shares of £1 each	63	63
Unclassified shares of £1 each	84	84
	<hr/> 150	<hr/> 150
<i>Allotted called up and fully paid</i>		
Non-equity 5% cumulative preference shares of £1 each	3	3
Equity ordinary shares of £1 each	63	63
	<hr/> 66	<hr/> 66

The cumulative preference shares carry a fixed dividend of 5% per share, which has been waived by the parent company up to and including 31 December 2001.

In the event of the company being wound up the preference shareholders are entitled to repayment of capital in preference to the ordinary shareholders. There are no voting rights attached to these shares.

### 9 Profit and loss account

	£'000
At 1 January 2001	3,703
Retained loss for the year	(1,750)
	<hr/>
At 31 December 2001	1,953

### 10 Related party transactions

The company has taken advantage of the exemption available under FRS8: Related Party Transactions not to disclose transactions that have been made between the company and other fellow subsidiaries of Hill & Smith Holdings PLC.

### 11 Ultimate parent company

The company's ultimate parent undertaking is Hill & Smith Holdings PLC, a company registered in England. Copies of the Group financial statements may be obtained from group headquarters:

2 Highlands Court  
 Cranmore Avenue  
 Shirley, Solihull  
 B90 4LE