

ALLIA DOULTON BATHROOMS LIMITED
(formerly Doulton Sanitaryware (Baths) Limited)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1981



ALLIA DOULTON BATHROOMS LIMITED
(formerly Doulton Sanitaryware (Baths) Limited)

DIRECTORS' REPORT

The directors present on pages 1 to 13, their report and the financial statements for the year ended 31st December 1981, which were approved today.

ACTIVITIES

The company continues to manufacture and market acrylic sanitaryware. On the 1st January 1981 the company acquired the trade of its immediate holding company Allia Doulton (UK) Limited and from that date commenced the manufacture and marketing of vitreous china and fireclay sanitaryware, and associated fittings.

STATE OF AFFAIRS

As at 1st January 1981 the company acquired the business and assets of its immediate holding company, Allia Doulton (UK) Limited, in order to rationalize the activities of the group. As at 1st April 1981 the company changed its name to Allia Doulton Bathrooms Limited.

In the opinion of the directors the state of the company's affairs is satisfactory and they report no material change since the date of the balance sheet.

PROFITS AND APPROPRIATIONS

The profit for the year after taxation amounted to £729,702. The directors do not recommend the payment of a dividend and the profit has been transferred to reserves.

FIXED ASSETS

As at 1st January 1981 the company acquired the fixed assets of its immediate holding company at original cost less accumulated depreciation thereon. A valuation of land and buildings was made as at 31st December 1980 on an open market value for existing use basis. The land and buildings have been revalued to this figure and the surplus arising has been transferred to reserves.

No other significant changes in the company's fixed assets have occurred other than acquisitions in the course of business.

DIRECTORS DURING THE YEAR

| | |
|--------------------|---------------------------------------|
| C.E. Payne-Roberts | (Chairman) - retired 30th April 1982 |
| G.M. Turner | - appointed 19th November 1981 |
| P.R.M.C. Rollier | (French) - appointed 1st January 1981 |
| K.P. Johnson | |
| T.G. Michell | |
| C.R. Malthouse | - appointed 1st January 1981 |
| R.G. Parks | - appointed 1st January 1981 |

ALLIA DOULTON BATHROOMS LIMITED
(formerly Doulton Sanitaryware (Baths) Limited)

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

None of the directors has any interest in the shares of the company or in the shares or loan stock of the immediate holding company Allia Doulton (UK) Limited or any other company in the group.

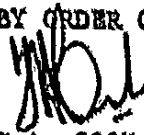
EMPLOYMENT OF DISABLED PERSONS

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person who is fortunate enough not to suffer from a disability.

AUDITORS

In accordance with Section 14 of the Companies Act 1976 a resolution proposing the re-appointment of Deloitte Haskins and Sells as auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD


F.A. COOK
Secretary

Stoke on Trent

18th May 1982

AUDITORS' REPORT TO THE MEMBERS OF ALLIA DOULTON BATHROOMS LIMITED
(formerly Doulton Sanitaryware (Baths) Limited)

We have audited the financial statements on pages 4 to 13 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1981 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

DELOITTE HASKINS & SELLS

Chartered Accountants

Birmingham

18th May 1982

ALLIA DOULTON BATHROOMS LIMITED
(formerly Doulton Sanitaryware (Baths) Limited)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1981

| | <u>Notes</u> | <u>1981</u> <u>£000</u> | <u>1980</u> <u>£000</u> |
|------------------------|--------------|----------------------------|----------------------------|
| TURNOVER | 2 | 21,008 | 4,542 |
| PROFIT BEFORE TAXATION | 3 | 947 | 750 |
| TAXATION | 5 | 218 | 285 |
| PROFIT AFTER TAXATION | | 729 | 465 |
| PROPOSED DIVIDEND | | - | - |
| PROFIT RETAINED | 11 | 729 | 465 |

ALLIA DOULTON BATHROOMS LIMITED
(formerly Doulton Sanitaryware (Baths) Limited)

BALANCE SHEET AT 31st DECEMBER 1981

| | Notes | £000 | 1981 £000 | 1980 £000 |
|---|-------|--------------|---------------|--------------|
| FIXED ASSETS | 1 & 6 | | 9,386 | 804 |
| INVESTMENT IN SUBSIDIARY | 7 | | - | - |
| CURRENT ASSETS | | | | |
| Stocks | 1 & 8 | 4,601 | | 932 |
| Debtors | | 3,338 | | 705 |
| Taxation recoverable | | 21 | | 184 |
| Due from fellow subsidiaries | | 68 | | 12 |
| Bank balances and cash | | 10 | | 302 |
| | | <u>8,038</u> | | <u>2,135</u> |
| CURRENT LIABILITIES | | | | |
| Creditors | 9 | 3,527 | | 756 |
| Taxation | | 117 | | 369 |
| Due to parent | | 212 | | - |
| Due to fellow subsidiaries | | 50 | | - |
| Bank overdraft (of which £1,453,902 is secured) | | <u>1,803</u> | | <u>-</u> |
| | | <u>5,709</u> | | <u>1,125</u> |
| NET CURRENT ASSETS | | | <u>2,329</u> | <u>1,010</u> |
| Financed by: | | | <u>11,715</u> | <u>1,814</u> |
| SHARE CAPITAL | 10 | | 5 | 5 |
| RESERVES | 11 | | 7,865 | 1,359 |
| SHAREHOLDERS' FUNDS | | | <u>7,870</u> | <u>1,364</u> |
| CORPORATION TAX PAYABLE 1st SEPTEMBER 1983 | | | 230 | 125 |
| DUE TO IMMEDIATE HOLDING COMPANY | | | 3,610 | 318 |
| SECURED LOAN | 12 | | 5 | 7 |
| | | | <u>11,715</u> | <u>1,814</u> |

G.R. TURNER

G.R. MALTHOUSE

Directors

ALLIA DOULTON BATHROOMS LIMITED
(formerly Doulton Sanitaryware (Baths) Limited)

SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31st DECEMBER 1981

| | 1981 £000 | 1980 £000 |
|---|--------------|--------------|
| SOURCE OF FUNDS | | |
| Profit before taxation | 947 | 750 |
| Adjustment for items not involving the movement of funds: | | |
| Depreciation | 342 | 75 |
| Loss/(Profit) on sale of fixed assets | 6 | (2) |
| | <hr/> | <hr/> |
| Total generated from operations | 1,295 | 823 |
| FUNDS FROM OTHER SOURCES | | |
| Sales of fixed assets | 58 | 3 |
| Repayment of tax | 103 | - |
| | <hr/> | <hr/> |
| | 1,456 | 826 |
| | <hr/> | <hr/> |
| APPLICATION OF FUNDS | | |
| Payment of dividend | - | 449 |
| Purchase of fixed assets | 3,211 | 257 |
| Repayment of loan capital | 2 | 2 |
| Payment of tax | 303 | 193 |
| Payment for ACT surrendered | - | 255 |
| | <hr/> | <hr/> |
| | 3,518 | 1,158 |
| | <hr/> | <hr/> |
| NET APPLICATION OF FUNDS | (2,062) | (332) |
| | <hr/> | <hr/> |
| The net application of funds is represented by the following movement in working capital: | | |
| Increase in stocks | 3,669 | 197 |
| Increase in debtors | 2,633 | 238 |
| Increase in creditors | (2,771) | (100) |
| Increase in amounts due to parent company | (212) | - |
| Increase in amounts due to holding company | (3,392) | (650) |
| Increase in amounts due from fellow subsidiaries | 6 | (8) |
| | <hr/> | <hr/> |
| | 33 | (323) |
| Decrease in bank balances, deposits and cash | (2,095) | (9) |
| | <hr/> | <hr/> |
| | (2,062) | (332) |
| | <hr/> | <hr/> |

ALLIA DOULTON BATHROOMS LIMITED
(formerly Doulton Sanitaryware (Baths) Limited)

SOURCE AND APPLICATION OF FUNDS (Continued)

Summary of effects of the acquisition of the net assets of Allia Doulton (UK) Limited.

| | £000 |
|------------------------|--------|
| Fixed assets | 2669 |
| Stocks | 2525 |
| Debtors | 2137 |
| Bank balances and cash | (981) |
| Creditors | (2437) |
| Inter-group accounts | (46) |
| | <hr/> |
| | 3867 |
| | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 1981

1. ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION

The company prepares its financial statements on the historical cost basis of accounting modified to include the revaluation of land and buildings. The company is not yet required to comply with the accounting and disclosure provisions of Part 1 of the Companies Act 1981.

(b) STOCKS

Stocks are valued at the lower of cost and net realisable value. The cost of products manufactured by the company consists of direct material and labour costs, together with production overheads incurred in bringing the stocks to their present condition and location.

(c) DEPRECIATION

With effect from 1st January 1981 the company has revised the estimated useful lives of its fixed assets. Depreciation is calculated to write off the cost or valuation of fixed assets in equal annual instalments over their estimated useful lives at the following rates:-

| | |
|-----------------------------------|-------------|
| Freehold land | Nil |
| Freehold and leasehold buildings. | 1.8% - 2.2% |
| Plant and equipment | 5% - 10% |
| Motor vehicles | 20% - 33.3% |
| Kilns | 10% |

For plant and equipment held on 1st January 1981 the above rates of depreciation are applied to the net book value at that date. If the new rates of depreciation had been applied in 1980 the charge for depreciation in that year would have been reduced by approximately £27,500.

(d) GOVERNMENT GRANTS

Revenue based grants are credited to profit in the year in which they accrue. Capital based grants are treated as a deferred credit and transferred to profit at the same rate as depreciation is provided on the assets to which they relate.

(e) DEFERRED TAXATION

Taxation deferred by reason of accelerated capital allowances and other short term timing differences is provided at the current rate of corporation tax only to the extent that there is a reasonable probability that such tax will become payable in the foreseeable future.

At 31st December 1981 no provision is considered necessary.

(f) KILN REPAIRS EQUALISATION

The company creates equalisation accounts to provide for repairs to kilns. The provision is calculated to provide an even charge to the profit and loss account for a major repair which occurs only once in several years.

ALLIA DOULTON BATHROOMS LIMITED
(formerly Doulton Sanitaryware (Baths) Limited)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. ACCOUNTING POLICIES (Continued)

(g) RESEARCH AND DEVELOPMENT

All research and development expenditure has been charged to revenue as incurred.

2. TURNOVER

Turnover represents gross sales, excluding value added tax, to customers, including fellow subsidiaries.

3. PROFIT BEFORE TAXATION

| | <u>1981</u> <u>£000</u> | <u>1980</u> <u>£000</u> |
|--|----------------------------|----------------------------|
| Profit before taxation is stated after charging: | | |
| Depreciation (Notes 1c) | 342 | 75 |
| Auditors' remuneration | 28 | 7 |
| Interest payable - bank loan and overdraft | 281 | - |
| - short term loans | 1 | 1 |
| Hire of plant | 56 | - |
| Redundancy payments | 210 | - |
| Directors' remuneration (note 4) | 111 | - |
| Pension benefit to wife of former director | 2 | - |
| Loss on disposal of assets | 6 | - |
| and after crediting: | | |
| Profit on disposal of assets | - | 2 |
| Profit on know-how | 69 | 8 |
| | <u> </u> | <u> </u> |

4. DIRECTORS' REMUNERATION

| | <u>1981</u> <u>£000</u> | <u>1980</u> <u>£000</u> |
|---|----------------------------|----------------------------|
| Emoluments of chairman and highest paid director | 24 | N11 |
| Number of other United Kingdom based directors whose emoluments (excluding pension scheme contributions) were within the range: | <u> </u> | <u> </u> |
| £ 0 - £ 5,000 | 2 | 2 |
| £10,001 - £15,000 | 1 | - |
| £15,001 - £20,000 | 3 | - |
| | <u> </u> | <u> </u> |

ALLIA DOULTON BATHROOMS LIMITED
(formerly Doulton Sanitaryware (Baths) Limited)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. TAXATION

| | <u>1981</u> <u>£000</u> | <u>1980</u> <u>£000</u> |
|--|----------------------------|----------------------------|
| Based on the profit for the year: | | |
| United Kingdom corporation tax at 52% | 230 | 285 |
| Over provision in respect of previous year | (12) | - |
| | <u>218</u> | <u>285</u> |

The taxation charge for the year has been reduced by £110,000 in respect of accelerated capital allowances, £156,000 in respect of stock appreciation relief and £23,000 in respect of other timing differences.

6. FIXED ASSETS

| | <u>Freehold</u> <u>Properties</u> <u>£000</u> | <u>Long</u> <u>Leasehold</u> <u>Properties</u> <u>£000</u> | <u>Plant and</u> <u>Equipment</u> <u>£000</u> | <u>Total</u> <u>£000</u> |
|------------------------------------|---|---|---|-----------------------------|
| COST OR VALUATION | | | | |
| At 1st January 1981 | 457 | 101 | 516 | 1,074 |
| Transfers from holding company | 1,394 | - | 3,225 | 4,619 |
| Additions | 56 | - | 486 | 542 |
| Disposals | (1) | - | (376) | (377) |
| Reclassification | 1 | - | (1) | - |
| Surplus on revaluation | 5,777 | - | - | 5,777 |
| | <u>7,684</u> | <u>101</u> | <u>3,850</u> | <u>11,635</u> |
| At 31st December 1981 | 7,684 | 101 | 3,850 | 11,635 |
| AGGREGATE DEPRECIATION | | | | |
| At 1st January 1981 | - | - | 270 | 270 |
| Transfers from holding company | 2 | - | 1,948 | 1,950 |
| Provided in year | 135 | 2 | 205 | 342 |
| Eliminated in respect of disposals | - | - | (313) | (313) |
| | <u>137</u> | <u>2</u> | <u>2,110</u> | <u>2,249</u> |
| At 31st December 1981 | 137 | 2 | 2,110 | 2,249 |

ALLIA DOULTON BATHROOMS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. FIXED ASSETS (Continued)

| | Freehold Properties £000 | Long Leasehold Properties £000 | Plant and Equipment £000 | Total £000 |
|---------------------------|--------------------------------|---|--------------------------------|---------------|
| NET BOOK VALUES | | | | |
| At 31st December 1981 | 7,547 | 99 | 1,740 | 9,386 |
| At 31st December 1980 | <u>457</u> | <u>101</u> | <u>246</u> | <u>804</u> |
| COST/VALUATION comprises: | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At valuation - 1980 | 7,564 | 101 | - | 7,665 |
| At cost | 120 | - | 3,850 | 3,970 |
| | <u>7,684</u> | <u>101</u> | <u>3,850</u> | <u>11,635</u> |

The value of land included in the total valuation of freehold and leasehold properties is £1,228,000.

At 1st January 1981 the company acquired the fixed assets of its holding company at original cost less accumulated depreciation thereon. The freehold properties were then revalued on an open market value for existing use basis by reference to the professional valuation completed by Collome Freres at 31st December 1980.

FUTURE CAPITAL COMMITMENTS

| | 1981 £000 | 1980 £000 |
|--|---------------|---------------|
| Contracted for but not provided | 163 | NIL |
| | <u> </u> | <u> </u> |
| Authorised by the Board but not contracted for | 5 | NIL |
| | <u> </u> | <u> </u> |

ALLIA DOULTON BATHROOMS LIMITED
(formerly Doulton Sanitaryware (Baths) Limited)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENT IN SUBSIDIARY

The company owns the whole of the issued capital of P & S Cirencester (Sales) Limited. This subsidiary ceased trading on 30th September 1974.

Group financial statements are not presented as the company was the wholly owned subsidiary of Allia Doulton (UK) Limited at 31st December 1981 and the amounts involved are not material.

8. STOCKS

| | <u>1981</u> <u>£000</u> | <u>1980</u> <u>£000</u> |
|-------------------|----------------------------|----------------------------|
| Raw material | 1,438 | 639 |
| Work in progress | 426 | 30 |
| Finished products | 2,617 | 263 |
| Other stocks | 120 | - |
| | <u>4,601</u> | <u>932</u> |

9. RESERVATION OF TITLE

Certain suppliers included in creditors contain in their conditions of sale a clause which seeks to convey reservation of title over the goods supplied. The value of goods held subject to reservation of title is £522,000 (1980 £474,000).

10. SHARE CAPITAL

| (Unchanged during the year) | <u>Authorised</u> <u>£000</u> | <u>Issued and</u> <u>fully paid</u> <u>£000</u> |
|-------------------------------------|----------------------------------|---|
| Ordinary shares of £1 each | 1.0 | 0.5 |
| Deferred ordinary shares of £1 each | 4.5 | 4.5 |
| | <u>5.5</u> | <u>5.0</u> |

11. RESERVES

| | <u>£000</u> |
|--|--------------|
| 31st December 1980 | 1,359 |
| Surplus arising on revaluation of land and buildings | 5,777 |
| | <u>7,136</u> |
| Retained profit for the year | 729 |
| | <u>7,865</u> |
| 31st December 1981 | <u>7,865</u> |

ALLIA DOULTON BATHROOMS LIMITED
(formerly Doulton Sanitaryware (Baths) Limited)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. RESERVES (Continued)

| | £000 |
|--------------------------------------|--------------|
| Made up of: | |
| Share premium | 3 |
| Surplus on revaluation of properties | 5,913 |
| Retained profits | 1,949 |
| | <u>7,865</u> |

12. SECURED LOAN

Loan secured on freehold property repayable in quarterly instalments by 1984 and bearing interest at 9.5% per annum.

13. DEFERRED TAXATION

There is a potential liability for taxation deferred in respect of:

| | <u>1981</u> £000 | <u>1980</u> £000 |
|--|---------------------|---------------------|
| Excess of capital allowances over the corresponding depreciation provision | 1,355 | 252 |
| Provisions for expenditure not allowed for corporation tax until later periods | (96) | (10) |
| Tax rolled over on fixed asset disposal | 26 | - |
| Potential capital gain arising on revaluation of properties | <u>1,531</u> | <u>27</u> |
| | <u>2,816</u> | <u>269</u> |

14. CONTINGENT LIABILITIES

Indemnities with recourse amounted to £58,000 (1980 £3,000).

15. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Lafarge Coppee, incorporated in France.