

ALLIA DOULTON BATHROOMS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1982

SIGNED COPIES



# ALLIA DOULTON BATHROOMS LIMITED

## DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31st December 1982.

### ACTIVITIES

The principal activities of the company continue to be that of manufacturing and marketing of acrylic and ceramic sanitaryware and associated fittings.

### STATE OF AFFAIRS

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.

### RESULTS AND APPROPRIATIONS

The loss for the year after taxation and extraordinary items amounted to £220,953. An interim dividend of £750,000 has been paid and the directors recommend that no further dividend be paid.

### FIXED ASSETS

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

Fireclay production at the Berryhill factory ceased during the year. The factory is now operating as a distribution centre for sanitaryware and associated fittings. Part of the Berryhill property is surplus to present requirements and other uses are being considered. One option is to sell the property. However the present market value of this surplus property is considered to be below the book value. The directors do not at present expect to sell the property, at least until the property market condition improves to such an extent as to enable the book value to be realised.

### DIRECTORS DURING THE YEAR

C.E. Payne-Roberts	- retired 30th April 1982
G.M. Turner	
F.R.M.C. Rollier	(French)
K.P. Johnson	
T.G. Michell	
C.R. Malthouse	
R.G. Parks	

### 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.

ALLIA DOULTON BATHROOMS LIMITED

DIRECTORS' REPORT (Continued)

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

16th March 1983

AUDITORS' REPORT TO THE MEMBERS OF ALLIA DOULTON BATHROOMS LIMITED

We have audited the financial statements on pages 4 to 12 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 1982 and of its loss and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

*Deloitte Haskins & Sells*

DELOITTE HASKINS & SELLS

Chartered Accountants

Birmingham

17th March 1983

ALLIA DOULTON BATHROOMS LIMITEDPROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1982

	<u>Notes</u>	<u>1982</u> <u>£000</u>	<u>1981</u> <u>£000</u>
TURNOVER	2	21,801	21,008
TRADING PROFIT BEFORE EXCEPTIONAL ITEM	3	556	1,439
EXCEPTIONAL ITEM	4	158	210
		398	1,229
INTEREST PAYABLE	5	404	282
(LOSS)/PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEM		(6)	947
TAXATION	7	(103)	218
PROFIT AFTER TAXATION BEFORE EXTRAORDINARY ITEM		97	729
EXTRAORDINARY ITEM	8	318	-
(LOSS)/PROFIT AFTER EXTRAORDINARY ITEM		(221)	729
INTERIM DIVIDEND PAID		750	-
(LOSS)/PROFIT FOR THE YEAR	14	(971)	729

ALLIA DOULTON BATHROOMS LIMITED

BALANCE SHEET AT 31st DECEMBER 1982

	Notes	1982 £000	1981 £000
FIXED ASSETS	1 & 9	9,164	9,386
INVESTMENT IN SUBSIDIARY	10	-	-
CURRENT ASSETS			
Stocks	1 & 11	4,398	4,601
Debtors		2,975	3,338
Taxation recoverable		66	21
Due from fellow subsidiaries		-	68
Bank balances and cash		8	10
		<u>7,447</u>	<u>8,038</u>
CURRENT LIABILITIES			
Creditors	12	3,374	3,527
Taxation		-	117
Due to parent		238	212
Due to fellow subsidiaries		90	50
Bank overdraft (of which £681,501 1981 £1,453,902 is secured)		2,501	1,803
		<u>6,203</u>	<u>5,709</u>
NET CURRENT ASSETS		<u>1,244</u>	<u>2,329</u>
		<u>10,408</u>	<u>11,715</u>
Financed by:			
SHARE CAPITAL	13	5	5
RESERVES	14	6,894	7,865
SHAREHOLDERS' FUNDS		<u>6,899</u>	<u>7,870</u>
CORPORATION TAX PAYABLE 1st SEPTEMBER 1983		-	230
DUE TO IMMEDIATE HOLDING COMPANY		3,509	3,610
SECURED LOAN		-	5
		<u>10,408</u>	<u>11,715</u>

Approved by the Board of Directors on 16th March 1983

G.M. TURNER

C.R. MALHOUSE

) Directors

ALLIA DOULTON BATHROOMS LIMITED

SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31st DECEMBER 1982

	<u>1982</u> <u>£000</u>	<u>1981</u> <u>£000</u>
<b>SOURCE OF FUNDS</b>		
(Loss)/profit before taxation and extraordinary item	(6)	947
Extraordinary item before taxation	(511)	-
	<hr/>	<hr/>
	(517)	947
Adjustment for items not involving the movement of funds:		
Depreciation	398	342
Net loss on fixed assets sold or written off	120	6
	<hr/>	<hr/>
Total generated from operations	1	1,295
<b>FUNDS FROM OTHER SOURCES</b>		
Sales of fixed assets	170	58
Repayment of tax	21	103
	<hr/>	<hr/>
	192	1,456
	<hr/>	<hr/>
<b>APPLICATION OF FUNDS</b>		
Payment of dividend	750	-
Purchase of fixed assets	467	3,211
Repayment of loan	5	2
Payment of tax	117	305
	<hr/>	<hr/>
	1,339	3,518
	<hr/>	<hr/>
Net application of funds	(1,147)	(2,062)
	<hr/>	<hr/>
The net application of funds is represented by the following increase/(decrease) in working capital:		
Stocks	(203)	3,669
Debtors	(363)	2,633
Creditors	153	(2,771)
Amounts due to parent company	(26)	(212)
Amounts due to holding company	101	(3,292)
Amounts due to fellow subsidiaries	(108)	6
	<hr/>	<hr/>
	(446)	33
Increase in bank overdrafts, less cash	(701)	(2,095)
	<hr/>	<hr/>
	(1,147)	(2,062)
	<hr/>	<hr/>

ALLIA DOULTON BATHROOMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 1982

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 and in accordance with Section 149A of, and Schedule 8A to the Companies Act 1948. 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

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 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.

(d) GOVERNMENT GRANTS

Revenue based grants are credited to profit in the year in which they accrued. 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 1982 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.

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

3. TRADING PROFIT BEFORE EXCEPTIONAL ITEM

	<u>1982</u> <u>£000</u>	<u>1981</u> <u>£000</u>
is stated after charging:		
Depreciation (note 1c)	398	342
Auditors' remuneration	27	28
Hire of plant	67	56
Directors' remuneration (note 6)	161	111
Ex gratia payment to retired director	25	-
and after crediting:		
Profit on know-how	20	69
	<u>      </u>	<u>      </u>

4. EXCEPTIONAL ITEM

	<u>1982</u> <u>£000</u>	<u>1981</u> <u>£000</u>
Redundancy payments	65	210
Buy out costs associated with wage restructuring	93	-
	<u>      </u>	<u>      </u>
	158	210
	<u>      </u>	<u>      </u>

5. INTEREST PAYABLE

	<u>1982</u> <u>£000</u>	<u>1981</u> <u>£000</u>
Payable on:		
Bank loan and overdrafts	403	281
Short term loan	1	1
	<u>      </u>	<u>      </u>
	404	282
	<u>      </u>	<u>      </u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 6. DIRECTORS' REMUNERATION

	<u>1982</u> £000	<u>1981</u> £000
Emoluments of chairman and highest paid director (excluding pension scheme contributions)	29	24
	<u>      </u>	<u>      </u>
Number of other United Kingdom based directors whose emoluments (excluding pension scheme contributions) were within the range:	<u>Number</u>	<u>Number</u>
£ 0 - £ 5,000	-	2
£ 5,001 - £10,000	1	-
£10,001 - £15,000	-	1
£15,001 - £20,000	4	3
	<u>      </u>	<u>      </u>

## 7. TAXATION

	<u>1982</u> £000	<u>1981</u> £000
Based on the result for the year:		
United Kingdom Corporation tax at 52%	(336)	230
Advance corporation tax written off	90	-
Over provision in respect of previous year	(50)	(12)
	<u>      </u>	<u>      </u>
	(296)	218
Less: tax attributable to extraordinary item (note 8)	193	-
	<u>      </u>	<u>      </u>
	(103)	218
	<u>      </u>	<u>      </u>

(a) The taxation for the year has been reduced by £42,000 in respect of accelerated capital allowances, and increased by £131,000 in respect of stock relief and by £18,000 in respect of other timing differences.

(b) Taxable losses of approximately £30,000 are available to be carried forward and offset against future taxable profits.

## 8. EXTRAORDINARY ITEM

	£000
Cost of cessation of fireclay manufacture at Berryhill factory	511
Less: attributable taxation	(193)
	<u>      </u>
	318
	<u>      </u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 9. FIXED ASSETS

	Freehold properties £000	Long Leasehold properties £000	Plant and equipment £000	Total £000
<b>COST OR VALUATION</b>				
At 1st January 1982	7,684	101	3,850	11,635
Additions	121	-	346	467
Disposals	(129)	-	(536)	(665)
Reclassification	101	(101)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1982	7,777	-	3,660	11,437
	<hr/>	<hr/>	<hr/>	<hr/>
<b>AGGREGATE DEPRECIATION</b>				
At 1st January 1982	137	2	2,110	2,249
Provided in year	138	-	260	398
Eliminated in respect of disposals	-	-	(374)	(374)
Reclassification	2	(2)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1982	277	-	1,996	2,273
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUES</b>				
At 31st December 1982	7,500	-	1,664	9,164
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1981	7,547	99	1,740	9,386
	<hr/>	<hr/>	<hr/>	<hr/>
<b>COST/VALUATION comprises:</b>				
At valuation - 1980	7,665	-	-	7,665
At cost	112	-	3,660	3,772
	<hr/>	<hr/>	<hr/>	<hr/>
	7,777	-	3,660	11,437
	<hr/>	<hr/>	<hr/>	<hr/>

(a) The value of land included in the total valuation of freehold properties is £1,277,397.

(b) The basis of the 1980 valuation of properties is existing use as manufacturing units.

## FUTURE CAPITAL COMMITMENTS

	1982 £000	1981 £000
Contracted for but not provided	7	163
	<hr/>	<hr/>
Authorised by the Board but not contracted for	-	5
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. 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 1982 and the amounts involved are not material.

11. STOCKS

	<u>1982</u> <u>£000</u>	<u>1981</u> <u>£000</u>
Raw material and bought out components	1,282	1,558
Work in progress	37	426
Finished products	2,742	2,617
	<u>4,398</u>	<u>4,601</u>

12. 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 £503,077 (1981 £522,000).

13. SHARE CAPITAL

<u>(Unchanged during the year)</u>	<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>

14. RESERVES

	<u>£000</u>
31st December 1981	7,865
Loss for the year	(971)
31st December 1982	<u>6,894</u>
Made up of:	<u>£000</u>
Share premium	3
Surplus on revaluation of properties	5,913
Retained profits	978
	<u>6,894</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. SECURED LOAN

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

16. OTHER INFORMATION REQUIRED BY COMPANIES ACTS

The net aggregate amount of indebtedness to the holding company and fellow subsidiaries both current and loan account was £3,837,000 (1981 £3,804,000).

17. DEFERRED TAXATION

	<u>1982</u> £000	<u>1981</u> £000
There is a potential liability for taxation deferred in respect of:		
Excess of capital allowances over the corresponding depreciation provision	1,364	1,355
Provision for expenditure not allowed for corporation tax until later periods	(63)	(96)
Tax rolled over on fixed asset disposal	26	26
Potential capital gain arising on revaluation of properties	1,489	1,531
	<u>2,816</u>	<u>2,816</u>
Less: Trading losses carried forward	(15)	-
Advance corporation tax recoverable	(90)	-
	<u>2,711</u>	<u>2,816</u>

18. ULTIMATE HOLDING COMPANY

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