

BTR INDUSTRIAL HOLDINGS LIMITED (731261)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1987

BTR INDUSTRIAL HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1987

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BTR INDUSTRIAL HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31 December 1987.

ACTIVITIES

The principal activities of the company during the year were the design, development, manufacture and sale of surgical and medical products, and the manufacture and sale of hosiery, dust control equipment, filters and pipeline expansion joints. Company development has been satisfactory and is expected to continue to be so.

On 1st January 1987 the company acquired the assets and business and assumed the liabilities of Leyland Medical International Ltd from a fellow subsidiary of BTR plc.

PROFIT AND APPROPRIATIONS

The profit for the period after taxation was £11,746,000. The directors recommend that £11,750,000 be distributed by way of dividend, leaving £4,000 to be deducted from reserves.

DIRECTORS

The directors of the company during the year were:

Mr R Walton	
Mr L J Stammers	
Mr H W Laughland	
Mr D F P Sharrock	
Mr D H Elsey	
Mr M J Mills	Resigned 30 October 1987
Mr J D Thom	Appointed 29 October 1987

DIRECTORS' INTERESTS

No director had any beneficial interests in the shares of the company.

Messrs Laughland and Stammers are directors of BTR plc, the ultimate holding company, and their interests in the shares of that company are disclosed in its report and financial statements.

The interests of the other directors in the share capital of BTR plc are set out below.

BTR INDUSTRIAL HOLDINGS LIMITED

DIRECTORS' INTERESTS (continued)

	31 December 1987			31 December 1986		
	Ordinary shares of 25p each	Options under Executive share option scheme	Options under S.A.Y.E. share option scheme	Ordinary shares of 25p each	Options under Executive share option scheme	Options under S.A.Y.E. share option scheme
R Walton	142,499	26,000	5,961	149,199	78,000	2,740
D F P Sharrock	225,500	21,500	3,938	223,000	24,000	3,938
D H Elsey	-	12,000	-	-	-	-
J D Thom	3,000	43,000	2,740	* 3,000	*43,000	*2,740

* On Appointment

EMPLOYMENT OF DISABLED PERSONS

It has always been the policy of the company to encourage the employment, training and advancement of disabled persons.

EMPLOYEE INVOLVEMENT

Throughout the company, consultative procedures are in operation to enable management and other employees to discuss matters of mutual interest.

AUDITORS

Messrs Ernst & Whinney have expressed their willingness to continue in office as auditors and in accordance with Section 384 of the Companies Act 1985, a resolution proposing their appointment will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD

He. & Co. Secretaries

per pro BTR Secretaries Limited
Secretary
Silvertown House
Vincent Square
London
SW1P 2PL

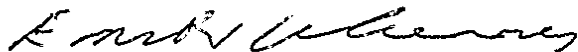
17 March, 1988

BTR INDUSTRIAL HOLDINGS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts set out on pages 4 to 13 in accordance with approved auditing standards. The accounts have been prepared under the historical cost convention as explained in note 1 (a).

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31 December 1987 and of the profit and source and application of funds for the year then ended and comply with the Companies Act 1985.



Ernst & Whinney,
Chartered Accountants
London.

17 March 1988

BTR INDUSTRIAL HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1987

	<u>NOTES</u>	<u>1987</u> £ 000	<u>1986</u> £ 000
TURNOVER	2	94,026	86,996
NET OPERATING EXPENSES	3	(82,257)	(74,336)
OPERATING PROFIT	2	11,769	12,660
INTEREST (PAYABLE)/RECEIVABLE	4	(1)	193
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,768	12,853
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	7	(22)	(5,238)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		11,746	7,615
EXTRAORDINARY ITEMS	8	-	(93)
PROFIT AFTER TAXATION		11,746	7,522
DIVIDENDS		(11,750)	(7,500)
RETAINED (LOSS)/PROFIT		(4)	22

Movements on reserves are set out in Note 18.

BTR INDUSTRIAL HOLDINGS LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 1987

	<u>NOTES</u>	<u>1987</u> £ 000	<u>1986</u> £ 000
FIXED ASSETS			
Tangible Assets	9	8,306	8,166
Investments	11	76	76
		-----	-----
		8,382	8,242
		-----	-----
CURRENT ASSETS			
Stocks	12	17,322	16,016
Debtors	13	47,053	51,082
Cash at bank and in hand		1,522	648
		-----	-----
		65,897	67,746
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	14	42,924	32,884
		-----	-----
NET CURRENT ASSETS		22,973	34,862
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		31,355	43,104
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	14	12,533	24,115
PROVISION FOR LIABILITIES AND CHARGES			
	15	358	521
		-----	-----
NET ASSETS		18,464	18,468
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	17	18,308	18,308
Revaluation reserve	18	56	56
Profit and loss account	18	100	104
		-----	-----
		18,464	18,468
		=====	=====

Approved by the Board on 17 March 1988

.....
I. J Stammers

.....
J D Thom

}
} DIRECTORS
}

BTR INDUSTRIAL HOLDINGS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1987

	<u>1987</u> <u>£ 000</u>	<u>1986</u> <u>£ 000</u>
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	11,768	12,853
Extraordinary items	-	(139)
Adjustment for items not involving the movement of funds:		
Depreciation	3,035	2,033
Gain on sale of tangible fixed assets	(106)	(83)
Provisions	(19)	73
	-----	-----
FUNDS GENERATED FROM OPERATIONS	14,678	14,737
FUNDS FROM OTHER SOURCES		
Increase in amount due to Thomas Tilling plc	-	1,544
Amount owed to fellow subsidiary	1,820	-
Proceeds of sale of tangible fixed assets	313	335
	-----	-----
	16,811	16,616
	-----	-----
APPLICATION OF FUNDS		
Dividend paid	(7,500)	(9,050)
Purchase of tangible fixed assets	(3,382)	(3,715)
Taxation Paid	(18)	(32)
Decrease in amount due to Thomas Tilling plc	(8,650)	-
	-----	-----
	(19,550)	(12,797)
	-----	-----
NET (APPLICATION)/SOURCE OF FUNDS	(2,739)	3,819
	=====	=====
NET (APPLICATION)/SOURCE OF FUNDS IS REPRESENTED BY THE FOLLOWING (DECREASE)/INCREASE IN WORKING CAPITAL		
Stocks	1,306	2,148
Debtors	(4,029)	10,762
Creditors falling due within one year (excluding taxation and dividends)	(907)	(7,808)
	-----	-----
	(3,630)	5,102
Movement in net liquid funds:		
Cash at bank and in hand	891	(1,283)
	-----	-----
(DECREASE)/INCREASE IN WORKING CAPITAL	(2,739)	3,819
	=====	=====

BTR INDUSTRIAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1987

1. ACCOUNTING POLICIES

a. Accounting convention

The accounts are prepared under the historical¹ cost convention, modified to include the valuation of certain fixed assets and investments.

b. Bank balances

Bank balances at the balance sheet date are deducted from bank loans and overdrafts where rights of set-off exist.

c. Depreciation

Fixed assets are depreciated over their estimated useful lives at the following annual rates applied to original cost or subsequent valuation.

Plant and Machinery 10 - 35%

d. Stocks and Work in Progress

Stocks and work in progress have been consistently valued at the lower of cost and net realisable value. Cost comprises the actual cost of raw materials and an appropriate proportion of labour and overheads in the case of work in progress and finished goods.

Provision is made for obsolete and slow moving items.

e. Deferred taxation

Provision for deferred taxation is made for liabilities which may arise in the foreseeable future.

f. Research and development

Expenditure on research and development is written off in the year in which it is incurred.

g. Foreign currencies

All assets and liabilities denominated in foreign currencies are translated into sterling at the rate prevailing at the balance sheet date. All foreign transactions entered into during the year are translated at the rate prevailing at that date.

h. Turnover

Turnover represents the invoiced value of goods supplied by the company excluding sales taxes.

BTR INDUSTRIAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1987 (continued)**

2. TURNOVER AND OPERATING PROFIT

	Turnover		Profit	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	£ 000	£ 000	£ 000	£ 000
Class of business:				
Industrial	30,082	29,459	3,825	5,758
Consumer Related	59,609	57,056	7,325	6,808
Health Care	4,335	481	650	94
	-----	-----	-----	-----
	94,026	86,996	11,800	12,660
	=====	=====	=====	=====
Geographic analysis:				
Europe	94,026	86,996	11,800	12,660
	=====	=====	=====	=====

3. OPERATING EXPENSES

	<u>1987</u>	<u>1986</u>
	£ 000	£ 000
Changes in stocks of finished goods and work in progress	(540)	(2,239)
Raw materials	39,421	39,194
Employee costs (see Note 5)	21,545	19,290
Depreciation of tangible fixed assets	2,439	2,033
Group management charges	1,170	963
Other operating charges	17,726	14,561
Auditors' remuneration (including expenses)	48	52
Operating lease rentals:		
- plant and machinery	125	151
- other	323	331
	-----	-----
	82,257	74,336
	=====	=====

BTR INDUSTRIAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1987 (continued)

4. INTEREST (PAYABLE)/RECEIVABLE	<u>1987</u> £ 000	<u>1986</u> £ 000
External interest (payable)/receivable	(1)	-
Group interest (payable)/receivable	-	193
	<u>(1)</u>	<u>193</u>
	=====	=====

5. EMPLOYEES

The average weekly number of persons employed by the company during the period was:

<u>1987</u> Number	<u>1986</u> Number
3,017	2,867
=====	=====

Staff costs comprised:

	<u>1987</u> £ 000	<u>1986</u> £ 000
Wages and salaries	20,061	17,943
Social security costs	1,400	1,270
Other pension costs	84	77
	<u>21,545</u>	<u>19,290</u>
	=====	=====

Pension costs reflect an actuarially calculated reduction in annual pension funding which is expected to recur for several years.

The number of employees in receipt of emoluments within the ranges:

	<u>1987</u> Number	<u>1986</u> Number
£30,001 - £35,000	1	3
£35,001 - £40,000	3	-
£40,001 - £45,000	1	-
£45,001 - £50,000	-	1

6. DIRECTORS' EMOLUMENTS

None of the Directors received any emoluments from the Company in 1987 or 1986.

BTR INDUSTRIAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1987 (continued)

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1987</u> £ 000	<u>1986</u> £ 000
UK taxation on the profits for the period:		
Corporation tax at 35% (1986 - 36.25%)	4,602	4,816
Group Relief	(4,601)	-
Adjustment in respect of previous years	165	-
	-----	-----
	166	4,816
Deferred tax	(144)	422
	-----	-----
	22	5,238
	=====	=====

8. EXTRAORDINARY ITEMS

	<u>1987</u> £ 000	<u>1986</u> £ 000
Discontinuance of Business, Manufacturing activities curtailed	-	139
Less attributable taxation	-	(46)
	-----	-----
	NIL	93
	=====	=====

9. TANGIBLE FIXED ASSETS

	<u>Plant, machinery, motor vehicles and office equipment</u> £ 000
<u>Cost or valuation</u>	
At 31 December 1986	13,076
Acquisitions	1,489
Additions	1,891
Disposals	(654)

At 31 December 1987	15,802
	=====
<u>Depreciation</u>	
At 31 December 1986	4,910
Acquisitions	594
Charge for the year	2,439
Eliminated on disposals	(447)

At 31 December 1987	7,496
	=====
<u>Net book value</u>	
At 31 December 1987	8,306
	=====
At 31 December 1986	8,166
	=====

BTR INDUSTRIAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1987 (continued)**

10a. CAPITAL COMMITMENTS	1987 £ 000	1986 £ 000
Capital expenditure commitments:		
Authorised but not contracted	207	85
Contracted	1,547	478
	-----	-----
	1,754	563
	=====	=====

10b. OPERATING LEASE COMMITMENTS

At 31 December 1987, the company had commitments under operating leases to make payments within the following year under agreements expiring as below:

	<u>Land & Buildings</u> £ 000	<u>Other</u> £ 000
Within 1 year	-	1
Between 2 or 5 years	95	18
After 5 years	-	1
	-----	-----
	95	20
	=====	=====

11. INVESTMENTS

The investment represents the cost of shares in a wholly owned subsidiary, Aldington Laboratories Ltd which is incorporated in Great Britain.

76	76
-----	-----

12. STOCKS

Stocks comprise:
Raw materials
Work in progress
Finished goods

4,188	4,406
6,428	5,628
6,706	5,982
-----	-----
17,322	16,016
=====	=====
Estimated replacement cost	
17,871	16,503
=====	=====

13. DEBTORS

Trade debtors
Amount owed by holding company
Amounts owed by fellow subsidiaries
Prepayments and accrued income

13,966	12,400
27,062	31,986
4,954	5,729
1,071	967
-----	-----
47,053	51,082
=====	=====
Including amounts due over one year	
25,362	18,824
=====	=====

BTR INDUSTRIAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1987 (continued)

14. CREDITORS

	<u>1987</u>	<u>1986</u>
	£ 000	£ 000
Amounts falling due within one year:		
Bank overdraft	-	17
Trade creditors	9,912	9,982
Amounts owed to fellow subsidiaries	12,498	11,041
Dividends payable	11,750	7,500
Corporation tax	5,024	124
Other taxation and social security payable	1,629	2,439
Accruals and deferred income	2,111	1,781
	-----	-----
	42,924	32,884
	=====	=====
Amounts falling due after more than one year:		
Corporation tax	-	4,752
Amount owed to Thomas Tilling plc	10,713	19,363
Amount owed to fellow subsidiary	1,820	-
	-----	-----
	12,533	24,115
	=====	=====

15. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1987</u>	<u>1986</u>
	£ 000	£ 000
Deferred taxation	278	422
Unfunded pension provision	24	26
Others	56	73
	-----	-----
	358	521
	=====	=====

16. DEFERRED TAXATION

	<u>Provided</u>		<u>Potential</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	£ 000	£ 000	£ 000	£ 000
Accelerated capital allowances	268	420	1,413	1,402
Other timing differences	10	2	(15)	(39)
	-----	-----	-----	-----
	278	422	1,398	1,363
	=====	=====	=====	=====

BTR INDUSTRIAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1987 (continued)

17. CALLED UP SHARE CAPITAL

	<u>1987</u> £	<u>1986</u> £
Authorised, issued and fully paid:		
Ordinary shares of £1 each	18,307,783 =====	18,307,783 =====

18. RESERVES

	<u>Revaluation Reserve</u> £ 000	<u>Profit & Loss Account</u> £ 000
At 31 December 1986	56	104
Loss for the year	-	(4)
At 31 December 1987	----- 56 =====	----- 100 =====

19. CONTINGENT LIABILITIES

The company has contingent liabilities arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

20. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is BTR plc, a company incorporated in Great Britain.