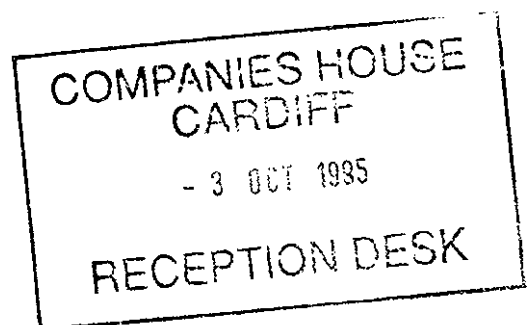


CARADON PILLAR EUROPE LIMITED  
(Registered Number 814030)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1994



## CARADON PILLAR EUROPE LIMITED

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994**

The Directors present their annual report together with the audited financial statements for the year ended 31 December 1994.

#### PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company did not trade during the year.

#### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £Nil (Year ended 31 December 1993, profit: £Nil). The Directors do not recommend payment of a final dividend (1993 - £Nil).

#### DIRECTORS AND DIRECTORS' INTERESTS

The composition of the Board of Directors during the year, and to the date of this report, was as follows:

C K Bhowmik

B R Chisholm

The interests of the Directors of the Company in Caradon plc are as follows:

	31 December 1994				31 December 1993 or date of appointment			
	Options over Ordinary Shares Number	Ordinary Shares Number	Preference Shares Number	Loan Notes £	Options over Ordinary Shares Number	Ordinary Shares Number	Preference Shares Number	Loan Notes £
C K Bhowmik	615	23,722	-	-	-	21,503	-	-
B.R. Chisholm	-	20,619	-	-	-	-	-	-

Save as disclosed below, no options over the Ordinary shares of Caradon plc were granted to the Directors during the year:

<u>Director</u>	<u>No of shares</u>
C K Bhowmik	2,834
B R Chisholm	20,619

Save as disclosed below, no options over the Ordinary shares of Caradon plc were exercised by the Directors during the year:

<u>Director</u>	<u>No of shares</u>
C K Bhowmik	615

CARADON PILLAR EUROPE LIMITED

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994 (CONTINUED)**

Options reported above have been granted under the rules of Caradon plc's Savings Related and Executive Share Option Schemes.

Options under the Savings Related Share Option Schemes are normally exercisable between 1994 and 2001 at prices ranging between 148p and 290p per share.

Options under the Executive Share Option Schemes are normally exercisable between three and ten years from the date of grant at prices ranging between 79p and 341p per share.

None of the other Directors held any beneficial interests in shares in the Company or any other group company during the year.

No Director was or is immediately interested in any contract subsisting during or at the end of the year which was significant in relation to the Company's business.

The Company has continued to provide liability insurance for its Directors and officers as permitted by the Companies Act 1985.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Price Waterhouse as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



**C K BHOWMIK**  
SECRETARY

28 April 1995

## CARADON PILLAR EUROPE LIMITED

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Companies Act 1985 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 as at the end of the financial year and of the profit or loss of the Company for the financial year. 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 do so.

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 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.

CARADON PILLAR EUROPE LIMITED

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
CARADON PILLAR EUROPE LIMITED**

We have audited the financial statements on pages 5 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 3 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 1994 and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse  
Chartered Accountants and  
Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

28 April 1995

CARADON PILLAR EUROPE LIMITED

**BALANCE SHEET AS AT 31 DECEMBER 1994**

		<u>1994</u>		<u>1993</u>	
	Notes	£'000	£'000	£'000	£'000
CURRENT ASSETS					
Debtors	3	2,891		2,891	
NET CURRENT ASSETS			2,891		2,891
CREDITORS (amounts falling due after more than one year)	4		<u>(20,160)</u>		<u>(20,160)</u>
			<u>(17,269)</u>		<u>(17,269)</u>
CAPITAL AND RESERVES	5				
Called up share capital			-		-
Profit and loss account	6		<u>(17,269)</u>		<u>(17,269)</u>
			<u>(17,269)</u>		<u>(17,269)</u>

The notes on pages 6 and 7 form part of these financial statements.

These financial statements were approved by the Board of Directors on 28 April 1995.

The Company has not traded during the year and has made neither profits or losses. Neither has it had any recognised gains or losses which have not passed through the profit and loss account.

**B R CHISHOLM**  
DIRECTOR



CARADON PILLAR EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**

1. PRINCIPAL ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

a. Basis of Accounting

The financial statements have been prepared under the historical cost convention.

2. DIRECTORS' EMOLUMENTS

Directors' emoluments (including pension contributions) amounted to £Nil (1993: £Nil).

3. DEBTORS

	31 December 1994	31 December 1993
	£'000	£'000
Amounts owed by immediate parent undertaking and fellow subsidiary undertakings	2,891	2,891
Corporation tax receivable	—	—
	<u>2,891</u>	<u>2,891</u>

4. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 1994	31 December 1993
	£'000	£'000
Amounts owed to ultimate parent undertaking and fellow subsidiary undertakings	<u>20,160</u>	<u>20,160</u>

Amounts owed are interest free with no specific terms of repayment.

CARADON PILLAR EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**

5. SHARE CAPITAL

	31 December 1994	31 December 1993
	£	£
<b>Authorised:</b>		
100,000 Ordinary Shares of £1 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, issued and fully paid:</b>		
2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

6. RESERVES

	Profit & Loss Account
	£'000
Balance at 1 January 1994 and 31 December 1994	<u>17,269</u>

7. FINANCIAL SUPPORT

The ultimate parent undertaking has informed the Company that it is its present intention to continue to finance the Company to enable it to meet its liabilities as they fall due.

8. CASHFLOW STATEMENT

A consolidated cash flow statement has been included in the accounts of the parent company which include the accounts of Caradon Pillar Europe Limited.

Accordingly, as permitted by FRS1, no cash flow statement is presented with these accounts.

9. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Caradon plc a company registered in England & Wales. The Caradon Group is the largest and smallest group of which the Company is a member and for which group accounts are prepared. Copies of these group financial statements can be obtained from Caradon plc, Caradon House, 24 Queens Road, Weybridge, Surrey, KT13 9UX.