

**Company Registration No. 835918**

**Novar Building Products Limited**

**Report and Financial Statements**

**31 December 2004**



# **Novar Building Products Limited**

## **Report and financial statements 2004**

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# Novar Building Products Limited

## Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### Principal activity, business review and future prospects

The principal activity of the Company is that of a holding company. The Directors do not anticipate any change in its activities in the foreseeable future.

### Results and dividends

The result for the year after taxation amounted to £nil (2003: loss of £37,000). The Directors do not recommend a final dividend (2003: £nil).

### Directors and directors' interests

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

D Burningham  
A E Holland

Neither of the directors held any interests in shares in the Company, or any group company other than Novar Limited (formerly Novar plc), during the year. The beneficial interests of the Directors in the issued Ordinary Shares of Novar Limited (formerly Novar plc), the ultimate parent undertaking as at 31 December 2004 are as follows:

	31 December 2004		1 January 2004	
	Ordinary Shares Number	Options over Ordinary Shares Number	Ordinary Shares Number	Options over Ordinary Shares Number
D Burningham	50	279,688	50	239,790
A E Holland	21,841	658,594	20,855	577,409

Neither of the Directors had any interests in the B shares of Novar plc during the year. At 1 January and 31 December 2004 Mr D Burningham and Mr A E Holland had an interest in 9 and 90 Preference shares, respectively of Novar Limited (formerly Novar plc).

The following options over ordinary shares were granted to the directors during the year.

	Options granted (No of shares)
D Burningham	39,898
A E Holland	93,574

Mr A E Holland exercised options over 6,204 shares during the year. Options over 6,185 shares held by Mr A E Holland lapsed during the year.

The options reported above have been granted under the rules of Novar Limited's (formerly Novar plc) Savings Related and Executive Share Option Schemes. The options are exercisable at prices between 84.8p and 341p. The market price of Novar Limited (formerly Novar plc) Ordinary shares at 31 December 2004 was 188.25p and the range during the year was 114.25p to 189p. Full details of the individual directors' shareholdings and the share options are contained in the Company's register of directors' interests.

# **Novar Building Products Limited**

## **Directors' report**

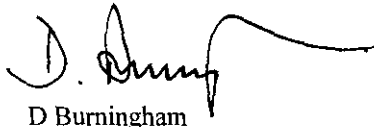
### **Directors and directors' interests (continued)**

Neither Director was or is interested in any transaction, arrangement or agreement with the Company which was material during or at the end of the year.

### **Auditors**

Deloitte & Touche LLP have announced their intention to resign as the Company's auditors.

Approved by the Board of Directors  
and signed on behalf of the Board



D Burningham

Secretary

27 June 2005

## **Novar Building Products Limited**

### **Statement of directors' responsibilities**

United Kingdom 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 as at the end of the financial year and of the profit or loss of the Company for that 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; and
- 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 are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the members of Novar Building Products Limited**

We have audited the financial statements of Novar Building Products Limited for the year ended 31 December 2004 which comprise the profit and loss account, the reconciliation of movements in equity shareholders' funds, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and auditors**

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

We read the Directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London

19 JULY 2005

## **Novar Building Products Limited**

### **Profit and loss account Year ended 31 December 2004**

	<b>Note</b>	<b>2004 £'000</b>	<b>2003 £'000</b>
Administrative expenses		-	(37)
<b>Operating loss and loss on ordinary activities before taxation</b>		-	(37)
Tax on loss on ordinary activities	3	-	-
<b>Loss on ordinary activities after taxation</b>		-	(37)
<b>Retained loss for the year</b>		-	(37)

The Company had no recognised gains or losses other than those passing through the profit and loss account for the years ended 31 December 2004 and 31 December 2003. Accordingly no statement of total recognised gains and losses is presented.

All of the Company's activities are continuing activities.

## **Novar Building Products Limited**

### **Reconciliation of movements in equity shareholders' funds Year ended 31 December 2004**

	<b>2004 £'000</b>	<b>2003 £'000</b>
Loss for the financial year	-	(37)
Net reduction in equity shareholders' funds	-	(37)
Opening equity shareholders' funds	17,033	17,070
Closing equity shareholders' funds	17,033	17,033



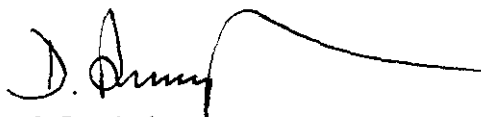
# Novar Building Products Limited

## Balance sheet 31 December 2004

	Note	£'000	2004 £'000	£'000	2003 £'000
<b>Fixed assets</b>					
Investments	4		2,700		2,700
<b>Current assets</b>					
Debtors (amounts falling due within one year)	5	3,164		3,164	
Debtors (amounts falling due after more than one year)	6	83,199		83,199	
		<u>86,363</u>		<u>86,363</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(210)</u>		<u>(210)</u>	
<b>Net current assets</b>			<u>86,153</u>		<u>86,153</u>
<b>Total assets less current liabilities</b>			<u>88,853</u>		<u>88,853</u>
<b>Creditors: amounts falling due after more than one year</b>	8		<u>(71,820)</u>		<u>(71,820)</u>
<b>Net assets</b>			<u><u>17,033</u></u>		<u><u>17,033</u></u>
<b>Capital and reserves</b>					
Called up share capital	9		15,815		15,815
Profit and loss account	10		<u>1,218</u>		<u>1,218</u>
<b>Equity shareholders' funds</b>			<u><u>17,033</u></u>		<u><u>17,033</u></u>

These financial statements were approved by the Board of Directors on 27 June 2005.

Signed on behalf of the Board of Directors



D Burningham

Director

# **Novar Building Products Limited**

## **Notes to the accounts**

**Year ended 31 December 2004**

### **1. Principal accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The following accounting policies have been adopted by the Directors and applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are stated at cost less provisions where in the opinion of the Directors there has been an impairment in value.

#### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred taxation is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets nor on unremitted earnings where there is no binding commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more than likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

### **2. Directors' emoluments, employees and auditors' remuneration**

All directors are remunerated in full by other Novar Group companies. No emoluments have been paid to directors during the year by the Company for services to the Company (2003: £nil).

There were no employees (2003: none) and the auditors' remuneration for the current and preceding financial years was borne by the ultimate parent undertaking.

# Novar Building Products Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 3. Tax on profit on ordinary activities

##### (a) Analysis of charge in the year

	2004 £'000	2003 £'000
United Kingdom corporation tax charge based on profit for the year at 30% (2003: 30%):	-	-
	-	-
	-	-

##### (b) Factors affecting the taxation charge in the period

	2004 £'000	2003 £'000
The tax accrued for the period is lower than that resulting from applying the standard rate of corporate tax in the UK of 30%		
Standard tax rate for period	30	30
Effect of:		
Other timing differences	(30)	(30)
Current taxation rate for the period	-	-

#### 4. Fixed asset investments

	2004 £'000
Balance at 1 January and 31 December	2,700

The Company's direct subsidiary undertaking, which is wholly-owned, is as follows:

Novar (Twyford) Limited, a holding company.

The above company is registered and operates in England and Wales.

In the opinion of the Directors the aggregate value of the Company's investment in and advances to its subsidiary undertaking are not less than the amount at which it is stated in the balance sheet.

The Company is a wholly-owned subsidiary of Novar Holdings Limited, a company registered in England and Wales and which itself is a wholly owned subsidiary of Novar Limited (formerly Novar plc), thus under Section 228 of the Companies Act 1985 is exempt from producing group financial statements. Accordingly these financial statements present information about the company as an individual undertaking and not as a group.

# Novar Building Products Limited

## Notes to the accounts

Year ended 31 December 2004

### 5. Debtors: amounts falling due within one year

	2004 £'000	2003 £'000
Amounts owed by immediate parent undertaking and fellow subsidiary undertakings	3,164	3,164
	<u>3,164</u>	<u>3,164</u>

### 6. Debtors: amounts falling due after more than one year

	2004 £'000	2003 £'000
Amounts owed by parent undertaking and fellow subsidiary undertakings	83,199	83,199
	<u>83,199</u>	<u>83,199</u>

### 7. Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Other creditors	210	210
	<u>210</u>	<u>210</u>

### 8. Creditors: amounts falling due after more than one year

	2004 £'000	2003 £'000
Amounts owed to parent undertaking and fellow subsidiary undertakings	71,820	71,820
	<u>71,820</u>	<u>71,820</u>

The amounts owed are interest free and have no specific terms for repayment.

### 9. Called up share capital

	2004 £'000	2003 £'000
<b>Authorised:</b>		
20,000,100 (2003: 20,000,100) ordinary shares of £1 each	20,000	20,000
	<u>20,000</u>	<u>20,000</u>
<b>Allotted, called up, and fully paid:</b>		
15,814,513 (2003: 15,814,513) ordinary shares of £1 each	15,815	15,815
	<u>15,815</u>	<u>15,815</u>

## Novar Building Products Limited

### Notes to the accounts Year ended 31 December 2004

#### 10. Profit and loss account

	£'000
Balance 1 January 2004	1,218
Result for the year	-
	<hr/>
Balance at 31 December 2004	1,218
	<hr/>

#### 11. Cash flow statement

A consolidated cash flow statement has been included in the accounts of the ultimate parent company which include the financial statements of Novar Building Products Limited. Accordingly, as permitted by FRS1 (revised), no cash flow statement is presented with these accounts.

#### 12. Related party disclosures

The Company has taken advantage of the exemption provided by FRS8 not to disclose transactions with other Novar Group Companies that qualify as related parties.

#### 13. Contingent liabilities

Under an unlimited multilateral guarantee, the Company, in common with certain other Novar Group Companies, has jointly and severally guaranteed the obligations falling due under one of the Novar Group's net overdraft facilities.

#### 14. Ultimate parent undertaking and controlling entity

The ultimate parent undertaking and controlling party is Novar Limited (formerly Novar plc), a company incorporated in Great Britain and registered in England and Wales. Novar Limited (formerly Novar plc) is the parent of the largest and smallest group of which the Company is a member and for which group accounts are prepared. Copies of these consolidated financial statements can be obtained from The Secretary, Novar Limited, Novar House, 24 Queens Road, Weybridge, Surrey, KT13 9UX.

On 31 March 2005, Honeywell Acquisitions Limited ("Honeywell"), a subsidiary of Honeywell International Inc., acquired the entire issued and to be issued Ordinary and Preference share capital of Novar Limited (formerly Novar plc).

The immediate parent undertaking is Novar Holdings Limited, a fellow group undertaking incorporated in Great Britain and registered in England and Wales.