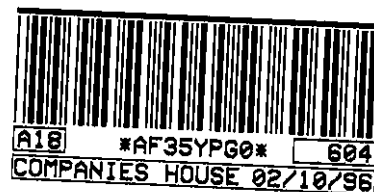


CARADON CATNIC LIMITED
(Registered Number 947703)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1995



CARADON CATNIC LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

The Directors present their annual report together with the audited financial statements for the year ended 31 December 1995.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activities of the company continue to be the manufacture and distribution of steel lintels, garage doors and a range of other products for the building industry.

The profit and loss account for the year is set out on Page 6. Both the development of the business of the Company during the year and financial position, which included a restructuring programme were satisfactory.

The Directors are confident that the Company is in a strong financial position to take advantage of future opportunities as they arise.

On 31 December 1995 the trade and net assets of Caradon Samson Ltd were purchased as a going concern by the company at fair market value.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £1,315,000 (year ended 31 December 1994 : £4,669,000), which has been transferred to reserves. The directors do not recommend payment of any dividend (1994 : £5,400,000).

DIRECTORS AND DIRECTORS' INTERESTS

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

B L Buckland	
D C Cohen	(Resigned 27 November 1995)
A Cozens	(Appointed 5 March 1996)
J Griffiths	(Appointed 5 March 1996)
D A Hey	(Resigned 14 February 1996)
G Miller	(Resigned 5 March 1996)
R J H Mills	(Appointed 26 January 1996)
M Moran	(Appointed 25 September 1995)
J P W Morgan	
S S Morton	(Resigned 5 March 1996)
B O'Carroll	(Appointed 5 March 1996)
D W Tilman	(Resigned 22 December 1995)
R J Wells	(Appointed 3 April 1995)
I W Whiting	(Appointed 1 May 1995)
R B Williams	

None of the directors held beneficial interests in shares in the Company during the year.

CARADON CATNIC LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

DIRECTORS AND DIRECTORS' INTERESTS (CONTINUED)

The interests of the directors in the issued Ordinary shares of Caradon plc, the ultimate parent undertaking, are as follows:-

		<u>31 December 1995</u>	<u>1 January 1995</u> <u>or Date of Appointment</u>
	Ordinary Shares <u>Number</u>	Options Over Ordinary Shares <u>Number</u>	Options over Ordinary Shares <u>Number</u>
B L Buckland	---	15,627	7,514
D A Hey	430	42,448	19,169
G Miller	2,000	15,805	8,705
M Moran	5,068	59,415	59,415
J P W Morgan	---	69,898	35,282
S S Morton	---	19,439	5,785
R J Wells	3,100	86,715	41,071
I W Whiting	1,370	12,982	12,982
R B Williams	---	18,024	7,807

The following options over Ordinary shares of Caradon plc were granted to, or exercised by, the directors during the year.

	<u>Options Granted</u> (Number of Shares)	<u>Options Exercised</u> (Number of Shares)
B L Buckland	10,495	---
D A Hey	28,665	---
G Miller	7,100	---
M Moran	34,488	---
J P W Morgan	49,061	---
S S Morton	14,845	---
R J Wells	45,644	---
I W Whiting	7,802	---
R B Williams	12,599	---

No director was or is interested in any transactions, arrangement or agreement with the Company which was material during or at the end of the year.

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

CARADON CATNIC LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

RESEARCH AND DEVELOPMENT

The Company commits sufficient resources to research and development so as to ensure that it maintains its competitive position in the market.

EMPLOYEE PARTICIPATION

The Company is committed to employee participation and encourages the development of co-operation with employees.

Disabled persons - The Company has continued to examine ways and means of providing employment for disabled employees, under normal terms and conditions, with opportunities for training, career development and promotion as appropriate. The Company's policy on the employment of disabled persons has been applied as sympathetically as possible.

DONATIONS

Donations to charitable organisations amounted to £2,000 (1994 : £2,337). No payments were made during the year for political purposes (1994 : £Nil).

FIXED ASSETS

Information relating to the fixed assets of the Company is given in Notes 9 and 10.

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



K D Richardson

Secretary

26 April 1996

CARADON CATNIC LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

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 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 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Price Waterhouse



CARADON CATNIC LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF CARADON CATNIC LIMITED

We have audited the financial statements on pages 6 to 22 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 and 10.

Respective Responsibilities of Directors and Auditors

As described on Page 4 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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants and Registered Auditors
Haywood House
Dumfries Place
Cardiff
CF1 4BA

26 April 1996

CARADON CATNIC LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
Turnover	1,2	53,575	63,206
Changes in stocks of finished goods and work in progress		357	95
Own work capitalised		125	---
Raw materials and consumables		(15,909)	(31,673)
Other external charges		(20,831)	(9,175)
Staff costs	4, 5	(14,196)	(13,773)
Depreciation	9	(1,858)	(1,767)
		<hr/>	<hr/>
Operating Profit	3	1,263	6,913
Net Interest	6	(40)	(125)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,223	6,788
Taxation on Profit on Ordinary Activities	7	92	(2,119)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,315	4,669
Dividends	8	-	(5,400)
		<hr/>	<hr/>
RETAINED PROFIT/(LOSS) FOR THE YEAR	17	1,315	(731)
		<hr/> <hr/>	<hr/> <hr/>

Turnover and operating profit derive from continuing activities. There have been no discontinued operations or acquisitions in the year.

The profit for the financial year includes all recognised gains and losses in the year.


The Notes on Pages 9 to 22 form part of these financial statements.

CARADON CATNIC LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1995

	<u>Notes</u>	<u>£'000</u>	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
FIXED ASSETS				
Tangible Assets	9	16,740	14,302	
Investments	10	3,609	3,574	
			<u>20,349</u>	<u>17,876</u>
CURRENT ASSETS				
Stocks	11	5,189	5,490	
Debtors	12	17,468	26,827	
Cash at Bank and in Hand		-	1	
		<u>22,657</u>	<u>32,318</u>	
CREDITORS (amounts falling due within one year)	13	(16,116)	(47,345)	
			<u>6,541</u>	<u>(15,027)</u>
NET CURRENT ASSETS / (LIABILITIES)				
			<u>26,890</u>	<u>2,849</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
CREDITORS (Amounts falling due after more than one year)	14	(25,922)	(857)	
PROVISION FOR LIABILITIES AND CHARGES	15	(844)	(779)	
			<u>124</u>	<u>1,213</u>
NET ASSETS				
			<u>124</u>	<u>1,213</u>
CAPITAL AND RESERVES				
Called up share capital	16	224	224	
Share premium account	17	98	98	
Revaluation reserve	17	1,988	2,037	
Profit and loss account	17	(2,186)	(1,146)	
			<u>124</u>	<u>1,213</u>

These financial statements were approved by the Board of Directors on 26 April 1996.


R B Williams
DIRECTOR

The Notes on Pages 9 to 22 form part of these financial statements.

CARADON CATNIC LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<u>1995</u> £'000	<u>1994</u> £'000
Reporting profit on ordinary activities before taxation	1,223	6,788
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	49	9
Historical cost profit on ordinary activities before taxation	<u>1,272</u>	<u>6,797</u>
Historical cost retained profit /(loss) for the year after taxation and dividends	<u>1,364</u>	<u>(722)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u> £'000	<u>1994</u> £'000
(Loss)/Profit on ordinary activities after taxation	1,315	4,669
Dividends	-	(5,400)
Goodwill written-off against reserves on acquisition	(2,404)	-
Net movement in Shareholders' funds	<u>(1,089)</u>	<u>(731)</u>
Shareholders' funds at 1 January	1,213	1,944
Shareholders' funds at 31 December	<u>124</u>	<u>1,213</u>

The notes on Pages 9 to 22 form part of these financial statements.

CARADON CATNIC 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, as modified by the revaluation of certain assets.

(b) Turnover

Turnover represents the invoiced value of the sales made to third parties, net of Value Added Tax.

(c) Depreciation and Amortisation

Tangible fixed assets are stated at cost with the exception of certain freehold land and buildings which are stated at valuation. These assets are written off using the straight line method.

No depreciation is provided on land. The revalued amounts of freehold buildings are being written off over their estimated useful lives on a straight line basis. Short leasehold properties are amortised over the life of the lease.

For all other assets, depreciation is provided to write off the book amount of those assets over their expected useful lives at the following rates per annum:-

Freehold buildings	-	2.00% - 10.00%
Plant, machinery and tools	-	10.00% - 25.00%
Fixtures and fittings	-	20.00% - 33.33%
Motor vehicles	-	22.50% - 27.50%

(e) Research and Development

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

(f) Stocks

Stocks and work in progress are stated at the lower of cost and estimated net realisable value. The cost of work in progress and finished goods comprises materials, labour and attributable overheads.

CARADON CATNIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Leases and Hire Purchase Contracts

Rentals under operating leases are charged to the profit and loss account, as incurred, over the term of the lease.

Assets acquired under finance leases are included under the relevant category of tangible fixed assets and depreciated accordingly. The capital element of the future lease rentals payable is included as appropriate under creditors due within or after one year. The interest element of lease rentals is charged to the profit and loss account.

(i) Foreign Currencies

Trading items are translated into sterling at average rates of exchange for the relevant accounting period. Balance sheet items in foreign currencies are translated into sterling at mid-market rates of exchange at the balance sheet date. All foreign currency gains and losses are taken to the profit and loss account.

(j) Deferred Taxation

Deferred taxation is provided on the liability method at current rates of taxation in respect of short term timing differences between profits computed for taxation purposes and profits as stated in the financial statements. Provision is made for other timing differences where a liability is expected to arise in the foreseeable future.

(k) Pensions

The retirement benefit obligations of the Company are financed by contributions to separate funds, which are subject to actuarial valuations every three years.

Pensions costs in respect of employees who are members of the Caradon Group's Pension Schemes are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the Schemes.

(l) Goodwill

Where businesses are acquired, any difference between the cost of acquisition and the fair value of the underlying net assets is offset against reserves.

CARADON CATNIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. TURNOVER AND OPERATING PROFIT

Set out below is an analysis of the destination of turnover by geographical area:

	<u>31 December</u> <u>1995</u> £'000	<u>31 December</u> <u>1994</u> £'000
United Kingdom	50,698	59,545
Continental Europe	1,584	2,281
Rest of the World	1,293	1,380
	<hr/> 53,575 <hr/>	<hr/> 63,206 <hr/>

All turnover is generated from the same type of business.

3. OPERATING PROFIT

Operating profit is stated after the following:

	<u>31 December</u> <u>1995</u> £'000	<u>31 December</u> <u>1994</u> £'000
Amounts charged by the Company's auditors,		
- Auditors fees and expenses	23	28
- Non-audit fees	8	4
Rentals payable under operating leases:		
- Plant and machinery	51	8
Research & development expenditure	150	---
(Profit)/loss on sale of fixed assets	(38)	58
Restructuring costs	1,239	-

The source of all profits of the Company is within the United Kingdom.

CARADON CATNIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. EMPLOYEES

The average number of persons employed by the Company (including Directors) during the year was:

	<u>31 December</u> <u>1995</u> Number	<u>31 December</u> <u>1994</u> Number
Manufacturing	441	448
Selling, distribution & administration	231	223
	<hr/> 672 <hr/>	<hr/> 671 <hr/>

The aggregate payroll cost of these persons was:

	<u>31 December</u> <u>1995</u> £'000	<u>31 December</u> <u>1994</u> £'000
Wages and salaries	12,770	12,469
Social security costs	1,253	1,278
Other pension costs (Note 18)	173	26
	<hr/> 14,196 <hr/>	<hr/> 13,773 <hr/>

5. EMOLUMENTS OF DIRECTORS

(a) The aggregate remuneration (including pension contributions) of the Directors was:

	<u>31 December</u> <u>1995</u> £'000	<u>31 December</u> <u>1994</u> £'000
Remuneration	<hr/> 692 <hr/>	<hr/> 550 <hr/>

CARADON CATNIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. EMOLUMENTS OF DIRECTORS (Continued)

(b) Emoluments (excluding pension contributions) of all the Directors were:

	<u>31 December</u> <u>1995</u> £'000	<u>31 December</u> <u>1994</u> £'000
i) Chairman	0	0
ii) The highest paid Director	112	143
	<u>Number</u>	<u>Number</u>
£Nil	5	2
£55,001 - £60,000	1	-
£60,001 - £65,000	2	-
£65,001 - £70,000	1	1
£70,001 - £75,000	-	1
£75,001 - £80,000	-	1
£80,001 - £85,000	-	1
£85,001 - £90,000	1	-
£105,001 - £110,000	-	1
£110,001 - £115,000	1	-
£140,001 - £145,000	-	1
	<hr/> 11	<hr/> 8
	<hr/> <hr/>	<hr/> <hr/>

6. NET INTEREST

	<u>31 December</u> <u>1995</u> £'000	<u>31 December</u> <u>1994</u> £'000
Interest due in respect of finance leases	40	47
Interest due on loans repayable within 5 years	-	79
Interest receivable	-	(1)
	<hr/> 40	<hr/> 125
	<hr/> <hr/>	<hr/> <hr/>

CARADON CATNIC LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. TAXATION

	<u>31 December</u> <u>1995</u> £'000	<u>31 December</u> <u>1994</u> £'000
Taxation on the (loss)/profit for the year		
United Kingdom corporation tax at 33.0% (1994 : 33.0%)	457	2,090
Group relief received for nil consideration	(457)	-
(Over)/under provisions in prior years	(92)	29
	<hr/> (92) <hr/>	<hr/> 2,119 <hr/>

8. DIVIDENDS PAID AND PAYABLE

	<u>31 December</u> <u>1995</u> £'000	<u>31 December</u> <u>1994</u> £'000
Equity shares		
Interim ordinary dividend paid	---	5,100
Final ordinary dividend proposed	---	300
	<hr/> ---	<hr/> 5,400 <hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TANGIBLE FIXED ASSETS

	<u>Land and Buildings</u>				<u>Fixtures and Fittings</u> £'000	<u>Plant, Machinery and Tools</u> £'000	<u>Total</u> £'000
	<u>Freehold</u> £'000	<u>Short Leasehold</u> £'000	<u>Motor Vehicles</u> £'000				
Cost/Valuation:							
At 1 January 1995	3,333	3,176	2,332	3,566	16,280	28,687	
Additions	92	---	280	492	3,475	4,339	
Intergroup Transfers	---	---	7	12	---	19	
Disposals	---	---	(222)	---	(118)	(340)	
At 31 December 1995	3,425	3,176	2,397	4,070	19,637	32,705	
Depreciation:							
At 1 January 1995	372	82	1,203	3,145	9,583	14,385	
Charge for the year	134	109	407	264	944	1,858	
Intergroup Transfers	---	---	2	12	---	14	
Disposals	---	---	(174)	---	(118)	(292)	
At 31 December 1995	506	191	1,438	3,421	10,409	15,965	
Net Book Value							
At 31 December 1995	2,919	2,985	959	649	9,228	16,740	
At 31 December 1994	2,961	3,094	1,129	421	6,697	14,302	

CARADON CATNIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TANGIBLE FIXED ASSETS (CONTINUED)

Freehold land and buildings were valued as at 31 December 1993 by Healey and Baker, International Surveyors and Valuers, on the basis of open market values for existing use.

If freehold land and buildings had not been revalued they would have been included on an historic cost basis at the following amounts:

	<u>31 December 1995</u>	<u>31 December</u> <u>1994</u>
	£'000	£'000
Net Book Value	2,042	2,091
Depreciation in Year	49	85

Freehold land and buildings includes freehold land not subject to depreciation amounting to £652,500 (31 December 1994 : £652,500).

Assets with a cost/valuation and accumulated depreciation of £2,260,000 (1994 : £2,260,000) and £606,000 (1994 : £651,000) respectively were held under finance leases.

10. FIXED ASSET INVESTMENTS

	<u>Shares</u> <u>in Subsidiary</u> <u>Undertakings</u>	<u>Other</u> <u>Fixed Asset</u> <u>Investments</u>	<u>Total</u>
	£'000	£'000	£'000
At 1 January 1995	3,224	350	3,574
Additions	---	35	35
At 31 December 1995	3,224	385	3,609

The market value of 'Other Fixed Asset Investments' was £337,000 (1994 : £298,000).

CARADON CATNIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. FIXED ASSET INVESTMENTS (continued)

Details of the participating interests of the Company are as follows:-

	<u>Country of Incorporation</u>	<u>Description of Shares Held</u>	<u>Proportion of Shares Held %</u>
Caradon Jones Ltd	England	Ordinary	100%
Catnic Metal Holdings Ltd	England	Ordinary	100%
Catnic Components Ltd	England	Ordinary	100%
Garador Ltd	England	Ordinary	100%
Caradon Samson Ltd	England	Ordinary	100%
Garador Industrie SA	France	Ordinary	100%
Catnic GmbH	Germany	Ordinary	100%

Catnic Metal Holdings Ltd, Catnic Components Ltd and Garador Ltd have not traded during the year.

The principal activity of Caradon Jones Ltd is the manufacture of steel building products. Caradon Samson Ltd, Garador Industrie SA and Catnic GmbH are all distributors of steel building products.

On 31 December 1995 the business and net liabilities of Caradon Samson Ltd were sold to Caradon Catnic Ltd at a cost of £1,000,000. The excess of the consideration over the net liabilities has been recognised as goodwill on acquisition and written off against reserves. See Note 17.

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

The Company is a wholly owned subsidiary of another company incorporated in Great Britain thus under Section 228 of the Companies Act 1985 it is exempt from producing group financial statements.

11. STOCKS

	<u>31 December 1995</u> £'000	<u>31 December 1994</u> £'000
Raw materials and consumables	2,027	2,359
Work in progress	156	206
Finished goods and goods for resale	3,006	2,925
	<hr/>	<hr/>
	5,189	5,490
	<hr/>	<hr/>

CARADON CATNIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. DEBTORS

	<u>31 December</u> <u>1995</u> £'000	<u>31 December</u> <u>1994</u> £'000
Trade debtors	11,893	12,807
Amounts owed by immediate parent undertaking and fellow subsidiary undertakings	23	5,885
Amounts owed by subsidiary undertakings	3,768	6,546
Other debtors	61	---
Prepayments and accrued income	465	314
Advance corporation tax recoverable	---	1,275
Corporation tax receivable	1,258	---
	<hr/> 17,468 <hr/>	<hr/> 26,827 <hr/>

13. CREDITORS : AMOUNTS FALL DUE WITHIN ONE YEAR

	<u>31 December</u> <u>1995</u> £'000	<u>31 December</u> <u>1994</u> £'000
Bank overdraft	2,084	---
Trade creditors	3,895	9,000
Amounts owed to immediate parent undertaking and fellow subsidiary companies	2,240	28,249
Amounts due to subsidiary undertakings	1,562	187
Other creditors	1,087	374
Corporation tax	---	2,140
Social security and other taxes	1,097	1,152
Accruals and deferred income	3,966	4,789
Amounts owed under finance leases	185	179
Advance corporation tax payable	---	1,275
	<hr/> 16,116 <hr/>	<hr/> 47,345 <hr/>

The amounts owed to group undertakings are interest free, with no specific terms of repayment.

CARADON CATNIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	<u>31 December</u> <u>1995</u> £'000	<u>31 December</u> <u>1994</u> £'000
Amounts owed to immediate parent undertaking and fellow subsidiary companies	25,257	-
Amounts owed under finance leases	665	857
	<hr/> 25,922	<hr/> 857
	<hr/> <hr/>	<hr/> <hr/>

The amounts owed to group undertakings are interest free, with no specific terms of repayment.

Finance lease payments are due between one and five years.

15. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Fair Value and</u> <u>Reorganisation</u> <u>Provision</u> £'000
At 1 January 1995	779
Released in year	(1,368)
Charge for the year	1,433
	<hr/>
At 31 December 1995	844
	<hr/> <hr/>

CARADON CATNIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. PROVISIONS FOR LIABILITIES AND CHARGES (Continued)

The amounts provided and not provided in respect of deferred taxation are set out below:-

	<u>1995</u>		<u>1994</u>	
	<u>Amount Provided</u>	<u>Amount Not Provided</u>	<u>Amount Provided</u>	<u>Amount Not Provided</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Accelerated capital allowances	---	1,340	114	936
Other timing differences	---	(31)	(114)	51
	<hr/>	<hr/>	<hr/>	<hr/>
	---	1,309	---	987
	<hr/>	<hr/>	<hr/>	<hr/>

No provision has been made for deferred taxation in respect of future disposals of revalued properties as the directors do not envisage a significant crystallisation of any such liability in the foreseeable future.

CARADON CATNIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. SHARE CAPITAL

	<u>31 December</u> <u>1995</u> £'000	<u>31 December</u> <u>1994</u> £'000
Authorised Equity Shares		
55,780 Ordinary Shares of 1p each	1	1
222,220 Deferred Ordinary Shares of £1 each	222	222
222,220 Deferred A Shares of 1p each	<u>2</u>	<u>2</u>
	225	225
Allotted, issued and fully paid up Equity Shares		
22,222 Ordinary Shares of 1p each	---	---
222,220 Deferred Ordinary Shares of 1p each	222	222
222,220 Deferred A Shares of 1p each	<u>2</u>	<u>2</u>
	224	224

17. RESERVES

	Share Premium <u>Account</u> £'000	Revaluation <u>Reserve</u> £'000	Profit and Loss <u>Account</u> £'000
Balance at 1 January 1995	98	2,037	(1,146)
Retained profit for the year	---	---	1,315
Goodwill written-off against reserves on acquisition	---	---	(2,404)
Realisation of revaluation reserve	---	(49)	49
Balance at 31 December 1995	<u>98</u>	<u>1,988</u>	<u>(2,186)</u>

CARADON CATNIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. PENSIONS

The Caradon Group operates a number of defined benefit pension schemes based on final pensionable pay. The assets of these schemes are held in separate trustee administered funds. The Company participates in one or more of these schemes. Contributions are based on pension costs across the Group as a whole. A summary of the results of the last actuarial valuations of the group schemes is contained in the financial statements of Caradon plc.

19. COMMITMENTS

Capital commitments at 31 December 1995 for which no provision has been made in these financial statements were as follows:-

	<u>31 December</u> <u>1995</u> £'000	<u>31 December</u> <u>1994</u> £'000
Contracted but not provided for	---	3,207
Authorised but not contracted for	672	761
	<hr/>	<hr/>
	672	3,968
	<hr/>	<hr/>

20. CONTINGENT LIABILITIES

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

21. CASH FLOW STATEMENT

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

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

22. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Caradon plc a company registered in England. 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.