

CARADON PILLAR LIMITED
(Registered Number 994043)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1995



CARADON PILLAR 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

Caradon Pillar Limited is a wholly-owned subsidiary of Caradon plc and is a holding company for a diversified industrial group, serving markets which include construction, automotive and general engineering, aviation and defence.

The Group's operations are co-ordinated through the following operating groups.

The Pillar Building Products group comprises businesses supplying non-electrical products primarily to the construction markets in the United Kingdom and mainland Europe. Its activities include the fabrication and surface finishing of aluminium and steel and the manufacture and supply of aluminium, steel and plastic components for the construction industry, including the building and home improvement markets.

The Pillar Engineering group comprises the aviation support, automotive, general engineering and distribution interests in the United Kingdom. Activities include aero-engine and aircraft component overhaul, manufacture of products and precision components for aerospace, automotive and general industrial applications, motor vehicle distribution and distribution of products to the engineering and construction industries.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £Nil (Year ended 31 December 1994, profit: £8.6m). It is recommended that this amount be dealt with as follows:

	<u>1995</u> £'000	<u>1994</u> £'000
Ordinary dividends		
- interim paid	-	5,500
- final paid	-	7,700
Retained (loss) deducted from reserves	-	(4,600)
	<u>-</u>	<u>8,600</u>

CARADON PILLAR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (continued)

DIRECTORS AND DIRECTORS' INTERESTS

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

D C Cohen	(Resigned 27 November 1995)
P J Hewett	
P J Jansen	
T W Llewellyn	(Appointed 19 September 1995)

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

The interests of P J Jansen, T W Llewellyn and P J Hewett in the issued Ordinary share capital and Preference shares of Caradon plc are disclosed in the financial statements of Caradon plc, the ultimate parent undertaking.

No 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.

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

FIXED ASSETS

Information relating to the tangible fixed assets of the Company is given in note 5.

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

10 June 1996

CARADON PILLAR 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 LIMITED

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

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 1995 and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

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

10 JUN 1996

CARADON PILLAR LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1995**

	Notes	1995 £'m	1994 £'m
Other operating income		—	<u>0.8</u>
OPERATING PROFIT		-	0.8
Income from shares in subsidiary undertakings		—	<u>7.7</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	8.5
Taxation on profit on ordinary activities	3	—	<u>0.1</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	8.6
Dividends	4	—	<u>(13.2)</u>
RETAINED LOSS FOR THE YEAR		—	<u>(4.6)</u>

The notes on pages 7 to 11 form part of these financial statements.

The Company has no recognised gains or losses other than those passing through the profit and loss account.

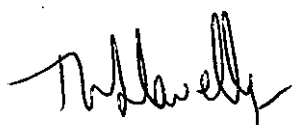
CARADON PILLAR LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1995

		1995		1994	
	Notes	£'m	£m	£'m	£'m
FIXED ASSETS					
Investments	5		<u>133.4</u>		<u>133.4</u>
CURRENT ASSETS					
Debtors (amounts falling due within one year)	6	12.2		20.1	
Debtors (amounts falling due after more than one year)	6	<u>178.5</u>		<u>179.9</u>	
		190.7		200.0	
CREDITORS (amounts falling due within one year)	7	<u>(1.6)</u>		<u>(10.9)</u>	
NET CURRENT ASSETS			<u>189.1</u>		<u>189.1</u>
			<u>322.5</u>		<u>322.5</u>
CAPITAL AND RESERVES					
Called up share capital	8		320.0		320.0
Profit and loss account	9		<u>2.5</u>		<u>2.5</u>
SHAREHOLDERS' FUNDS	10		<u>322.5</u>		<u>322.5</u>

The notes on pages 7 to 11 form part of these financial statements.

These financial statements were approved by the Board of Directors on 10 June 1996.



T LLEWELLYN
DIRECTOR

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

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 and in accordance with applicable accounting standards.

(b) 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.

2. EMOLUMENTS OF DIRECTORS

The aggregate remuneration (including pension contributions) of the Directors paid by the Company was: £Nil (1994: £Nil)

All the Directors are remunerated by Caradon plc, the ultimate holding company of Caradon Pillar Ltd.

3. TAXATION

	1995 £'m	1994 £'m
Taxation on the profit for the year		
United Kingdom Corporation Tax		
at 33.0% (1994:33.0%)	—	(0.1)
	—	(0.1)

4. DIVIDENDS PAID AND PAYABLE

	1995 £'m	1994 £'m
Interim dividend paid	-	5.5
Final dividend paid	—	7.7
	—	13.2

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FIXED ASSET INVESTMENTS

	£'m
1 January 1995 and 31 December 1995	<u>133.4</u>

Principal subsidiary undertakings are as follows:

Name	Activity
<u>Caradon Industries Limited</u>	Holding company
Caradon Pillar Europe Limited	Investment holding company
Rallip Properties Limited	Property leasing
<u>Pillar Building Products Limited</u>	Holding company
Caradon Air Diffusion Limited	Ventilation terminal equipment
Caradon ASL Limited	Draught exclusion products
Caradon Catnic Limited*	Steel lintels and domestic garage doors
Caradon Doors & Windows Limited	UPVC and aluminium window, door and roofing systems
Caradon Jones Limited	Steel lintels and covers for non-residential construction market
Grada International NV (Belgium)	Air terminal devices
Caradon Naco SRL (Italy)	Louvre window products and sunbreakers
Pillar-Wedge Group Limited	Hot zinc galvanising
Caradon Samson Limited	Steel Lintels
<u>Pillar Engineering Limited</u>	Holding company
Attewell Limited	Shims and gaskets
Caradon Ellay Enfield Limited	Welded tube for radiators and heat exchangers
Caradon Parker Limited	Distribution of contractors' supplies
H+S Aviation Limited	Overhaul of aero-engines
John Lee (Sacks) Limited	Packaging materials
MBS Distribution Limited	Distribution of fasteners
Caradon Peak Limited	Precision machined components

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FIXED ASSET INVESTMENTS (CONTINUED)

Caradon PCL Limited	Pneumatic equipment and motor accessories
Pressweld Limited	Bright aluminium trim components
Stedall (Vehicle Fittings) Ltd	Distribution of commercial vehicle fittings
AG Strachan & Company Limited	Distribution of contractors' and engineers' supplies

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.

Caradon Industries Limited, Pillar Building Products Limited and Pillar Engineering Limited are immediate subsidiaries of the Company. The other companies are subsidiaries of one of these companies, as shown.

Except where otherwise indicated, subsidiaries are registered in England and Wales and wholly owned with corresponding voting rights. The existence of more than one class of share capital is indicated by an asterix.

The Company is a wholly owned subsidiary of Caradon plc, a company registered in England & Wales and thus under Section 228 of the Companies Act 1985 is exempt from producing group financial statements.

6. DEBTORS

	1995	1994
	£'m	£'m
Amounts owed by parent undertaking and fellow subsidiary undertakings	189.3	198.4
ACT recoverable	1.4	1.4
Other debtors	<u>-</u>	<u>0.2</u>
	<u>190.7</u>	<u>200.0</u>

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995	1994
	£'m	£'m
Amounts owed to parent and fellow subsidiary undertakings	1.6	9.1
Other creditors	-	0.4
ACT payable	<u>-</u>	<u>1.4</u>
	<u>1.6</u>	<u>10.9</u>

8. SHARE CAPITAL

	1995	1994
	£'m	£'m
Authorised: 320,000,000 Ordinary shares of £1 each	<u>320</u>	<u>320</u>
Allotted, issued and fully paid: 320,000,000 Ordinary shares of £1 each	<u>320</u>	<u>320</u>

9. RESERVES

	<u>Profit & Loss Account</u>
	£'m
Balance at 1 January 1995	2.5
Retained loss deducted for the year	<u>-</u>
Balance at 31 December 1995	<u>2.5</u>

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1995	1994
	£'m	£'m
Profit for the financial year	-	8.6
Dividends	<u>-</u>	(13.2)
Net reduction to shareholders	-	(4.6)
Opening shareholders' funds	<u>322.5</u>	<u>327.1</u>
Closing shareholders' funds	<u>322.5</u>	<u>322.5</u>

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. CASHFLOW STATEMENT

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

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

12. CONTINGENT LIABILITIES

Under unlimited multilateral guarantees the Company, in common with certain other Group companies, has jointly and severally guaranteed the obligations falling due under the Group's overdraft facilities.

13. 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.