

**CARADON JONES LIMITED**  
**(Registered Number 1126513)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 1996**



## CARADON JONES LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996

The Directors present their annual report together with the audited financial statements for the year ended 31 December 1996.

#### PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activities of the company continue to be the manufacture and distribution of steel lintels, access covers and a range of other drainage and ducting products for the building industry.

#### RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £750,000 (year ended 31 December 1995, loss: £330,000 ), which has been deducted from reserves. The directors do not recommend payment of a final dividend (1995 - £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:

B L Buckland	
D A Hey	(Resigned 14 February 1996)
G Miller	(Resigned 5 March 1996)
J P W Morgan	
S S Morton	(Resigned 5 March 1996)
H T Rawlinson	(Appointed 1 January 1997)
R B Williams	

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

The interests of the directors in the issued Ordinary shares of Caradon plc, the ultimate parent undertaking, are shown below. None of the directors held any interests in the Preference Shares or Loan notes of Caradon plc.

	31 December 1996		1 January 1996 or date of appointment	
	Ordinary Shares	Options Over Ordinary Shares	Ordinary Shares	Options Over Ordinary Shares
	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
B L Buckland	-	24,934	-	15,627
J P W Morgan	-	127,042	-	69,898
R B Williams	-	31,318	-	18,024

**CARADON JONES LIMITED**  
**DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 1996**

DIRECTORS AND DIRECTORS' INTERESTS (cont)

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

<u>Director</u>	<u>Options granted</u> (Number of shares)	<u>Options exercised</u> (Number of shares)
B L Buckland	9,307	-
J P W Morgan	57,144	-
R B Williams	13,294	-

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.

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.

FIXED ASSETS

Information relating to the tangible fixed assets of the Company is given in note 7.

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



D Burningham  
Secretary  
7 February 1997

## **CARADON JONES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996**

#### **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 JONES LIMITED**

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

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

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 1996 and of its loss 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

7 February 1997

**CARADON JONES LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1996**

	<u>Notes</u>	<u>1996</u> £'000	<u>1995</u> £'000
Turnover	2	2,887	4,991
Change in stocks of finished goods and work in progress		(98)	(126)
Raw materials and consumables		(551)	(1,541)
Other external charges		(766)	(1,134)
Staff costs	4, 5	(1,724)	(2,165)
Depreciation	7	(366)	(326)
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	(618)	(301)
Taxation on loss on ordinary activities	6	(132)	(29)
		<hr/>	<hr/>
<b>RETAINED LOSS FOR THE YEAR</b>	15	<u>(750)</u>	<u>(330)</u>

The company has no recognised gains and losses other than the loss for the year disclosed on the profit and loss account.

There is no material difference between reported losses and losses on a historical cost basis.

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

The notes on pages 8 to 15 form part of these financial statements.

# CARADON JONES LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 1996

	<u>Note</u>	<u>1996</u> £'000	£'000	<u>1995</u> £'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	7		1,920		2,282
<b>CURRENT ASSETS</b>					
Stocks	9	578		624	
Debtors	10	763		1,004	
Cash at bank and in hand		576		66	
		<u>1,917</u>		<u>1,694</u>	
CREDITORS (amounts falling due within one year)	11	(1,083)		(2,466)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>834</u>		<u>(772)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,754</u>		<u>1,510</u>
CREDITORS (amounts falling due after more than one year)	12		(2,581)		(746)
PROVISIONS FOR LIABILITIES AND CHARGES	13		(192)		(33)
<b>NET (LIABILITIES)/ASSETS</b>			<u>(19)</u>		<u>731</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		725		725
Share premium account	15		25		25
Profit and loss account	15		(769)		(19)
<b>SHAREHOLDERS' FUNDS</b>			<u>(19)</u>		<u>731</u>

These financial statements were approved by the Board of Directors on 7 February 1997.



**R B Williams**

Director

The notes on pages 8 to 15 form part of these financial statements.

**CARADON JONES LIMITED**

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>1996</u> £'000	<u>1995</u> £'000
Retained loss for the year	(750)	(330)
Shareholders' funds at 1 January	731	1,061
Shareholders' funds at 31 December	<u>(19)</u>	<u>731</u>

Shareholders' funds are entirely attributable to equity shareholders.

The notes on pages 8 to 15 form part of these financial statements.



# CARADON JONES 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

(b) Turnover

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

(c) Depreciation and Amortisation

Tangible fixed assets are stated at cost. These assets are written off using the straight line method.

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 and Machinery	10.00% - 15.00%
Fixtures and Fittings	20.00% - 34.00%
Motor Vehicles	22.00% - 28.00%

(d) Research and Development

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

(e) 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.

(f) 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.

**CARADON JONES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

(g) Pensions

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

Pension 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.

**2. TURNOVER AND OPERATING LOSS**

The Company is principally engaged in the business of manufacturing steel lintels, access covers and a range of other drainage and ducting products for the building industry. The business is carried on in the United Kingdom and turnover derives mainly from that source.

**3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Loss on ordinary activities before taxation is stated after the following:

	Year ended <u>31 December 1996</u> £'000	Year ended <u>31 December 1995</u> £'000
Amounts charged by the Company's Auditors, Audit Fees and Expenses	9	-
Rentals payable under operating leases:		
- Plant and machinery	2	7
Profit/(Loss) on sale of fixed assets	18	-

**4. EMPLOYEES**

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

	Year ended <u>31 December 1996</u> Number	Year ended <u>31 December 1995</u> Number
Manufacturing	76	96
Selling and Distribution	18	34
Administration	10	13
	<u>104</u>	<u>143</u>

# CARADON JONES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. EMPLOYEES (Cont)

The aggregate payroll cost of these persons was:

	Year ended 31 December 1996 £'000	Year ended 31 December 1995 £'000
Wages and salaries	1,601	2,005
Social security costs	123	160
	<u>1,724</u>	<u>2,165</u>

### 5. DIRECTORS EMOLUMENTS

The emoluments of the Directors are borne by the immediate parent undertaking and are disclosed in those financial statements.

### 6. TAXATION

	Year ended 31 December 1996 £'000	Year ended 31 December 1995 £'000
Taxation on the loss for the year		
United Kingdom Corporation Tax at 33.0% (1995:33.0%)	(196)	(174)
Under/(over) provision in prior years	---	(4)
Group relief surrendered for nil consideration	196	174
Deferred tax	132	33
	<u>132</u>	<u>29</u>

CARADON JONES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. TANGIBLE FIXED ASSETS

	Land and Buildings at cost Freehold £'000	Motor vehicles £'000	Fixtures and Fittings £'000	Plant Machinery and tools £'000	Total £'000
Cost/Valuation:					
At 1 January 1996	1,100	375	646	2,529	4,650
Additions	-	-	-	43	43
Disposals	(20)	(90)	-	-	(110)
At 31 December 1996	<u>1,080</u>	<u>285</u>	<u>646</u>	<u>2,572</u>	<u>4,583</u>
Depreciation:					
At 1 January 1996	(320)	(285)	(526)	(1,237)	(2,368)
Charge for the year	(31)	(30)	(50)	(255)	(366)
Disposals	-	71	-	-	71
At 31 December 1996	<u>(351)</u>	<u>(244)</u>	<u>(576)</u>	<u>(1,492)</u>	<u>(2,663)</u>
Net book value:					
At 31 December 1996	<u>729</u>	<u>41</u>	<u>70</u>	<u>1,080</u>	<u>1,920</u>
At 31 December 1995	<u>780</u>	<u>90</u>	<u>120</u>	<u>1,292</u>	<u>2,282</u>

# CARADON JONES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8. FIXED ASSET INVESTMENTS

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

	Country of Incorporation	Description of Shares Held	Proportion of Shares Held %
Galvacover	England	Ordinary	100%

Galvacover has not traded during the year. In the opinion of the Directors the aggregate value of the Company's investment in and advances to its subsidiary undertaking 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.

### 9. STOCKS

	<u>31 December 1996</u> £'000	<u>31 December 1995</u> £'000
Raw materials and consumables	249	393
Work in progress	64	53
Finished goods and goods for resale	265	178
	<u>578</u>	<u>624</u>

### 10. DEBTORS

	<u>31 December 1996</u> £'000	<u>31 December 1995</u> £'000
Trade debtors	580	541
Amounts owed by immediate parent undertaking and fellow subsidiary undertakings	81	334
Other debtors	102	129
	<u>763</u>	<u>1,004</u>

# CARADON JONES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>31 December 1996</u>	<u>31 December 1995</u>
	£'000	£'000
Trade creditors	209	291
Amounts owed to immediate parent undertaking and fellow subsidiary undertakings	804	2,003
Social security and other taxes	18	76
Accruals and deferred income	52	96
	<u>1,083</u>	<u>2,466</u>

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

### 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>31 December 1996</u>	<u>31 December 1995</u>
	£'000	£'000
Amounts owed to immediate parent undertaking and fellow subsidiary undertakings	<u>2,581</u>	<u>746</u>

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

### 13. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000	Restructuring provision £'000	Total £'000
At 1 January 1996	33	-	33
Released in year	—	(138)	(138)
Charge for the year	132	165	297
At 31 December 1996	<u>165</u>	<u>27</u>	<u>192</u>

# CARADON JONES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. PROVISIONS FOR LIABILITIES AND CHARGES (Cont)

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

	<u>1996</u>		<u>1995</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	165	---	33	144
	===	===	===	===

### 14. SHARE CAPITAL

	<u>31 December 1996</u>		<u>31 December 1995</u>	
	<u>Authorised</u>	<u>Allotted, Issued &amp; Fully Paid</u>	<u>Authorised</u>	<u>Allotted, Issued &amp; Fully Paid</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Equity shares				
Ordinary Shares of 25p each	725	725	725	725
	===	===	===	===

### 15. RESERVES

	<u>Share Premium Account</u>	<u>Profit and Loss Account</u>
	<u>£'000</u>	<u>£'000</u>
Balance at 1 January 1996	25	(19)
Retained loss deducted for the year	---	(750)
Balance at 31 December 1996	<u>25</u>	<u>(769)</u>

### 16. 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.

## **CARADON JONES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **17. 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.

#### **18. CASH FLOW STATEMENT**

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

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

#### **19. 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 The Secretary, Caradon plc, Caradon House, 24 Queens Road, Weybridge, Surrey, KT13 9UX.