

Company Registration No. 1891545

Novar Holdings Limited

Report and Financial Statements

31 December 2004



Novar Holdings Limited

Report and financial statements 2004

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Novar Holdings Limited

Directors' report

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

Principal activity and review of business

The principal activity is that of a holding company. The Company received dividends of £nil from subsidiary undertakings in the year (2003: £119,500,000). The Directors do not anticipate a change in the Company's activities in the foreseeable future.

Results and dividends

The result for the year after taxation and dividends amounted to £nil (2003: loss of £16,796,000), representing dividends received during the year of £nil (2003: £119,500,000), dividends paid during the year of £nil (2003: £119,500,000), provision made for impairment of fixed asset investment of £nil (2003: £7,796,000) and provision against intergroup receivable of £nil (2003: £9,000,000).

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 J Hintz	(resigned 4 November 2004)
S L Howard	(appointed 4 November 2004, resigned 31 March 2005)
M J E McKeon	(resigned 31 March 2005)
G Van Kula	(appointed 31 March 2005)
T F Larkins	(appointed 31 March 2005)
J J Tus	(appointed 31 March 2005)

Neither of the Directors held any interests in shares in the Company, or in any other group company other than Novar Limited (formerly Novar plc), during the year.

The interests of S L Howard and M J E McKeon, who were also Directors of Novar Limited (formerly Novar plc) at 31 December 2004, in the issued ordinary shares of Novar Limited (formerly Novar plc), are disclosed in the financial statements of that company being the ultimate parent undertaking and are therefore not shown above.

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.

By Order of the Board



G Van Kula
Director

25 July 2005

Novar Holdings 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 period. 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 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 Holdings Limited

We have audited the financial statements of Novar Holdings Limited for the year ended 31 December 2004 which comprise the profit and loss account, the reconciliation of movements in equity shareholder's 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

2 August 2005

Novar Holdings Limited

Profit and loss account Year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Provision for impairment of fixed asset investment		-	(7,796)
Provision against intergroup receivable		-	(9,000)
Income from shares in subsidiary undertakings		-	119,500
Profit on ordinary activities before taxation		-	102,704
Tax on profit on ordinary activities	3	-	-
Profit on ordinary activities after taxation		-	102,704
Dividends paid	4	-	(119,500)
Retained loss for the year		-	(16,796)

The Company has no recognised gains or losses other than those passing through the profit and loss account. Accordingly, a statement of recognised gains and losses has not been prepared.

All of the Company's activities are continuing activities.

Novar Holdings Limited

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

	2004 £'000	2003 £'000
Retained loss for the financial year	-	(16,796)
Net reduction in shareholders' funds	-	(16,796)
Opening shareholders' funds	157,554	174,350
Closing shareholders' funds	157,554	157,554

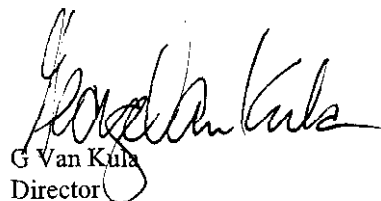
Novar Holdings Limited

Balance sheet 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Investments	5	360,814	360,814
Current assets			
Debtors (amounts falling due after more than one year)	6	257,431	257,431
Net current assets		257,431	257,431
Total assets less current liabilities		618,245	618,245
Creditors: amounts falling due after more than one year	7	(452,895)	(452,895)
Provisions for liabilities and charges	8	(7,796)	(7,796)
Net assets		157,554	157,554
Capital and reserves			
Called up share capital	9	3,852	3,852
Share premium account	10	95,956	95,956
Capital redemption reserve	10	2,560	2,560
Profit and loss account	10	55,186	55,186
Equity shareholders' funds		157,554	157,554

These financial statements were approved by the Board of Directors on 25 July 2005.

Signed on behalf of the Board of Directors


G Van Kula
Director

Novar Holdings 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 throughout the current and prior year 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 tax assets are recognised to the extent that it is regarded as more 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 previous financial years was borne by the ultimate parent undertaking.

3. Tax on profit on ordinary activities

(a) Analysis of charge in the period:

	2004 £'000	2003 £'000
United Kingdom Corporation Tax at 30% (2003: 30%)	-	-
	-	-
	-	-

Novar Holdings Limited

Notes to the accounts

Year ended 31 December 2004

3. Tax on profit on ordinary activities (continued)

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

The tax accrued for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 30% (2003: 30%)

	2004 %	2003 %
Standard tax rate for year	30	30
Effect of:		
Other timing differences	(30)	(30)-
Current taxation rate for the period	-	-

4 Dividends paid

	2004 £'000	2003 £'000
Dividends paid – £nil per ordinary share (2003: £1.55)	-	119,500

Novar Holdings Limited

Notes to the accounts

Year ended 31 December 2004

5. Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost:	
At 1 January and 31 December 2004	360,814
Net book value:	
At 31 December 2004	360,814
At 31 December 2003	360,814

The Company's direct subsidiary undertakings, all of which are wholly-owned, are as follows:

Novar Building Products Limited
Novar Electrical Holdings Limited
Caradon UK Doors and Windows Holdings Limited

All the above companies are holding companies incorporated in Great Britain.

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

Novar Holdings Limited is a wholly-owned subsidiary of Novar Limited (formerly Novar plc), a company registered in England and Wales, 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 Holdings Limited

Notes to the accounts

Year ended 31 December 2004

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

	2004 £'000	2003 £'000
Amounts owed by parent undertaking and fellow subsidiary undertakings	<u>257,431</u>	<u>257,431</u>

7. Creditors: amounts falling due after more than one year

	2004 £'000	2003 £'000
Amounts owed to parent undertaking	<u>452,895</u>	<u>452,895</u>

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

8. Provisions for liabilities and charges

	2004 £'000	2003 £'000
Provision for liabilities of subsidiary undertakings	<u>7,796</u>	<u>7,796</u>

Where the Company has given an undertaking to provide support to a subsidiary undertaking to enable it to meet its liabilities as they fall due in the next twelve months and that subsidiary has net liabilities, then the Company has made a provision for these. As at 31 December 2004, the total net liabilities provided in this way amounted to £7,796,000 (2003: £7,796,000).

9. Called up share capital

	2004 £'000	2003 £'000
Authorised:		
192,261,820 ordinary shares of 5p each	<u>9,613</u>	<u>9,613</u>
Allotted, called up and fully paid:		
77,044,382 ordinary shares of 5p each	<u>3,852</u>	<u>3,852</u>

10. Reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
Balance at 1 January and 31 December 2004	<u>95,956</u>	<u>2,560</u>	<u>55,186</u>

Novar Holdings Limited

Notes to the accounts

Year ended 31 December 2004

11. 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.

12. Cash flow statement

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

13. Related party transactions

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.

14. Ultimate parent undertaking and controlling entity

The immediate and ultimate parent undertaking, and ultimate controlling party is Novar Limited (formerly Novar plc), a company incorporated in Great Britain and registered in England and Wales. Novar Limited is the parent of the largest and smallest group of which the Company is a member and for which consolidated accounts are prepared. Copies of these group 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).