

CARADON HOLDINGS LIMITED
(Registered Number 1891545)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1995



CARADON HOLDINGS 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

The principal activity is that of a holding company.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £62 million (Year ended 31 December 1994, profit: £9,000) which has been transferred to reserves. The Directors do not recommend payment of a final dividend (1994, £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:

P J Jansen
D C Cohen (resigned 27 November 1995)
T W Llewellyn (appointed 19 September 1995)
T Walker

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

The interests of P J Jansen, T W Llewellyn and T Walker, who are also Directors of Caradon plc, in the issued Ordinary share capital, and Preference shares of Caradon plc, are disclosed in the financial statements of that company, being the ultimate parent undertaking, and are therefore not shown above.

CARADON HOLDINGS LIMITED

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

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.

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



C K BHOWMIK
SECRETARY

25 June 1996

CARADON HOLDINGS 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 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 HOLDINGS LIMITED

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

We have audited the financial statements on pages 5 to 10 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 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
Southwark Towers
32 London Bridge Street
London SE1 9SY

25 JUN 1996

CARADON HOLDINGS LIMITED

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

	Notes	1995 £'000	1994 £'000
Income from shares in group undertaking	2	62,000	-
Net interest	3	<u>-</u>	<u>1</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		62,000	1
Taxation on profit on ordinary activities	4	<u>-</u>	<u>8</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>62,000</u>	<u>9</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	9	<u>62,000</u>	<u>9</u>

The notes on pages 7 to 10 form part of these financial statements.

The Company has no recognised gains or losses other than those included in the profit and loss account above.

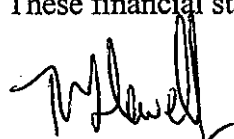
CARADON HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1995

		1995		1994	
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	5		132,819		132,819
CURRENT ASSETS					
Debtors (amounts falling due within one year)	6	320		339	
Debtors (amounts falling due after more than one year)	6	<u>40,425</u>		<u>-</u>	
NET CURRENT ASSETS			<u>40,745</u>		<u>339</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			173,564		133,158
CREDITORS (amounts falling due after more than one year)	7		<u>-</u>		<u>(21,594)</u>
			<u>173,564</u>		<u>111,564</u>
CAPITAL AND RESERVES					
Called up share capital	8		3,852		3,852
Share premium account	9		95,956		95,956
Capital redemption reserve	9		2,560		2,560
Profit and loss account	9		<u>71,196</u>		<u>9,196</u>
SHAREHOLDERS' FUNDS	10		<u>173,564</u>		<u>111,564</u>

The notes on pages 7 to 10 form part of these financial statements.

These financial statements were approved by the Board of Directors on 25 June 1996.


T W LLEWELLYN
DIRECTOR

CARADON HOLDINGS 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) Investments in Subsidiary Undertakings

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

2. INCOME FROM SHARES IN GROUP UNDERTAKING

	1995 £'000	1994 £'000
Dividend receivable from Caradon Building Products Limited	<u>62,000</u>	<u>-</u>

3. NET INTEREST

	1995 £'000	1994 £'000
External interest receivable	<u>-</u>	<u>1</u>

4. TAXATION

	1995 £'000	1994 £'000
Over provision in prior years	<u>-</u>	<u>(8)</u>

CARADON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost at 1 January 1995 and 31 December 1995	133,689
Provision for reduction in carrying value of dormant subsidiary	<u>(870)</u>
Net book value at 1 January 1995 and 31 December 1995	<u>132,819</u>

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

Caradon Building Products Limited, Caradon Ideal Limited, Caradon Stelrad Limited, Caradon Bathrooms Holdings Limited and Stelrad Bathroom Products Holdings Limited.

All the above companies are registered in England and Wales.

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 amount at which they are stated in the balance sheet.

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

6. DEBTORS

	1995 £'000	1994 £'000
Amounts owed by parent undertaking and fellow subsidiary undertakings	40,745	330
Other debtors	<u>—</u>	<u>9</u>
	<u>40,745</u>	<u>339</u>

Included within intercompany debtors is an amount of £40,425,000 (1994, £Nil) which is due after more than one year.

CARADON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**7. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR**

	1995	1994
	£'000	£'000
Amounts owed to immediate parent undertaking and fellow subsidiary undertakings	<u>-</u>	<u>21,594</u>

Amounts owed are interest free with no specific terms of repayment.

8. SHARE CAPITAL

	1995	1994
	£'000	£'000
Authorised:		
192,261,820 Ordinary shares of 5p each	<u>9,613</u>	<u>9,613</u>
Allotted, issued and fully paid:		
77,044,382 Ordinary shares of 5p each	<u>3,852</u>	<u>3,852</u>

9. RESERVES

	Share Premium Account £'000	Capital Redemption Reserve £'000	Profit & Loss Account £'000
Balance at 1 January 1995	95,956	2,560	9,196
Retained profit for the year	<u>-</u>	<u>-</u>	<u>62,000</u>
Balance at 31 December 1995	<u>95,956</u>	<u>2,560</u>	<u>71,196</u>

CARADON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995	1994
	£'000	£'000
Profit for the financial year	62,000	9
Opening shareholders' funds	<u>111,564</u>	<u>111,555</u>
Closing shareholders' funds	<u>173,564</u>	<u>111,564</u>

11. 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.

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 Caradon Holdings Limited.

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

13. ULTIMATE PARENT UNDERTAKING

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