

CARADON PENSION TRUSTEES LIMITED
(Registered Number 2443830)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1998



CARADON PENSION TRUSTEES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

The Directors present their annual report together with the unaudited financial statements for the year ended 31 December 1998.

PRINCIPAL ACTIVITY

The Company has not traded during the year.

DIRECTORS AND DIRECTORS' INTERESTS

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

M Clark	(Appointed 24 September 1998)
T F Coomer	
A E Holland	
P J Jansen	(Resigned 19 May 1998)
D G Lloyd	
T W Llewellyn	(Resigned 30 September 1998)
M I Pickering	(Appointed 26 November 1998)
R J Wells	

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 as follows:

	31 December 1998		1 January 1998 or date of Appointment	
	Ordinary Shares Number	Options Over Ordinary Shares Number	Ordinary Shares Number	Options over Ordinary Shares Number
A E Holland	17,283	175,609	14,200	123,051
D G Lloyd	2,195	33,322	2,195	20,521
M I Pickering	7,068	196,817	7,068	196,817
R J Wells	12,054	446,470	3,446	211,681

The interests of M Clark who was also a director of Caradon plc at 31 December 1998, are disclosed in the financial statements of that company, being the ultimate parent undertaking.

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)
A E Holland	53,470	-
D G Lloyd	12,801	-
R J Wells	234,789	-

Options over 912 shares held by A E Holland lapsed during the year.

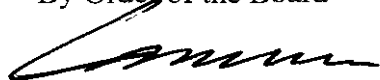
No Director was or is interested in any transaction, arrangement or agreement with the Company which was material during or at the end of the year.

The Company has continued to provide liability insurance for its Directors and Officers as permitted by the Companies Act 1985. All expenses were met by the ultimate parent undertaking.

AUDITORS

The Company is exempt by Section 250 of the Companies Act 1985 from appointing Auditors as otherwise required by Section 384 of the Act.

By Order of the Board



C K Bhowmik
Secretary

1 September 1999

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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:

1. select suitable accounting policies and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
4. 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.

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BALANCE SHEET AS AT 31 DECEMBER 1998

	Note	31 December 1998	31 December 1997
		£	£
CURRENT ASSETS			
Amount due from holding company		<u>2</u>	<u>2</u>
CAPITAL AND RESERVES			
Called up share capital	4	<u>2</u>	<u>2</u>

The Company was dormant within the meaning of Section 250 of the Companies Act 1985 throughout the year.

The notes on page 5 form part of these financial statements.

These financial statements were approved by the Board of Directors on 1 September 1999.


A E Holland
Director

CARADON PENSION TRUSTEES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2 COMPANY'S ACTIVITIES

During the year the Company has not traded, has not incurred any liabilities and consequently, has made neither profit nor loss.

The legal title of the Caradon Pension Scheme's investments and cash is in the name of the Company. The Company holds these assets as trustee for the pension scheme and obtains no benefit from the assets.

3 DIRECTORS

None of the Directors received any emoluments in respect of their services to the Company.

4 SHARE CAPITAL

	<u>31 December 1998</u>	<u>31 December 1997</u>
	£	£
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, issued and fully paid:		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

5 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Caradon plc, a company incorporated in Great Britain and registered in England. The Caradon Group is the largest and smallest group of which the Company is a member and for which group financial statements 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.