

ROOF UNITS (GROUP) LIMITED

(REGISTERED NUMBER 2490139)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2002



ROOF UNITS (GROUP) LIMITED

COMPANY INFORMATION

Directors:	AIN Lambert	(Appointed 22/4/2002)
	GS Hardcastle	(Appointed 28/11/2002)
	RC Ellis	(Appointed 28/11/2002)
	CA Parsons	(Resigned 31/10/2001)
	IS Davis	(Resigned 28/11/2002)
	K Sargeant	(Resigned 28/11/2002)

Secretary: NR Burdett

Registered office: 765 Finchley Road
London
NW11 8DS

Registered number: 2490139

Auditors: PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers: Barclays Bank PLC
155 Bishopsgate
London
EC2M 3XA

ROOF UNITS (GROUP) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2002

The directors present their report and the audited financial statements of the company for the year ended 31 July 2002.

PRINCIPAL ACTIVITY

The principal activity of the company is as a holding company.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company acts as a holding company.

On 9 July 2002, Fans & Spares Group Limited was sold for a consideration of £5,750,000, giving rise to a loss of £1,648,659 after the settlement of inter-company balances of £6,696,065 and professional fees of £609,000.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £ 1,851,903 (year ended 31 July 2001 – profit £2,500). No dividend has been recommended (year ended 31 July 2001 - £Nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company throughout the year are set out on page 1.

None of the directors had interests in the shares of the company. The directors' interests in the shares of the ultimate holding company, Smiths Group plc, are noted below:

	<u>Ordinary shares</u>		<u>Ordinary shares under option</u>			
	<u>1 Aug 2001</u>	<u>31 July 2002</u>	<u>1 Aug 2001</u>	<u>Options Granted</u>	<u>Options Exercised</u>	<u>31 July 2002</u>
AIN Lambert	-	-	-	12,500	-	12,500
IS Davis	900	300	16,246	8,089	2,875	21,460
K Sargeant	482	1,162	42,241	26,180	5,882	62,539

Options have been granted over a number of ordinary shares of Smiths Group plc in the amounts shown below under the terms of the Smiths Industries 1982 SAYE and executive share option schemes and the deferred share scheme. Details of option exercise prices and dates are contained in the report and accounts of Smith Group plc.

ROOF UNITS (GROUP) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2002 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

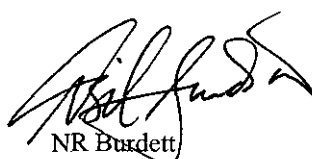
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to 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.

AUDITORS

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 28 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

On Behalf of the Board on 30th May 2003



NR Burdett
Secretary

ROOF UNITS (GROUP) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROOF UNITS (GROUP) LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 to you 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the director's report.

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 July 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6RH.

30th May 2003

ROOF UNITS (GROUP) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2002

	Note	31 July 2002 £	31 July 2001 £
Interest receivable and similar income	3	-	309,314
Interest payable	4	(290,348)	(305,742)
		(290,348)	3,572
Exceptional item :			
Loss on disposal of investments	6	(1,648,659)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(1,939,007)</u>	<u>3,572</u>
Tax on (loss)/profit on ordinary activities	7	<u>87,104</u>	<u>(1,072)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(1,851,903)</u>	<u>2,500</u>
RETAINED (LOSS)/PROFIT FOR THE YEAR	11	<u>(1,851,903)</u>	<u>2,500</u>

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

There were no recognised gains or losses during the year other than as reported above.

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

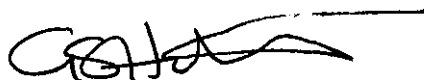
ROOF UNITS (GROUP) LIMITED

BALANCE SHEET – 31 JULY 2002

	<u>Note</u>	<u>31 July 2002</u> £	<u>31 July 2001</u> £
FIXED ASSETS			
Investments	8	-	93,594
CURRENT ASSETS			
Debtors	9	<u>2,076,922</u>	<u>3,943,199</u>
CREDITORS (amounts falling due within one year)	10	<u>(3,057,548)</u>	<u>(3,165,516)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(980,626)</u>	<u>777,683</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>(980,626)</u>	<u>871,277</u>
CAPITAL AND RESERVES			
Called up equity share capital	11	12,694	12,694
Merger reserve	12	1,065,667	1,065,667
Profit and loss account	12	<u>(2,058,987)</u>	<u>(207,084)</u>
SHAREHOLDERS' FUNDS	13	<u>(980,626)</u>	<u>871,277</u>

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

Approved by the Board on 30th May 2003
and signed on its behalf by :



GS Hardcastle
DIRECTOR

ROOF UNITS (GROUP) LIMITED

NOTES TO THE ACCOUNTS – 31 JULY 2002

1 ACCOUNTING POLICIES

(1) Basis of preparation

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

The financial statements present information about the company as an individual undertaking and not about its group because the company is exempt from the obligation to prepare group accounts in accordance with section 228 of the Companies Act 1985.

(2) Taxation

All taxation liabilities, both current and future, have been assumed by Smiths Group plc.

(3) Cashflow statement

The Smiths Group plc financial statements for the year ended 31 July 2002 contain a consolidated cashflow statement. The company has taken advantage of the exemption granted by FRS1 (Revised) whereby it is not required to publish its own cashflow statement.

(4) Related party transactions

The company has taken advantage of the exemption not to disclose related party transactions with other members of the group under FRS8 (Related Party Disclosures) as it is a wholly owned subsidiary.

2 OPERATING PROFIT

Auditors' remuneration is borne by Smiths Group plc.

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>31 July 2002</u>	<u>31 July 2001</u>
	£	£
Interest on loans to group companies	-	309,314
	<hr/>	<hr/>

ROOF UNITS (GROUP) LIMITED

NOTES TO THE ACCOUNTS – 31 JULY 2002 (CONTINUED)

4 INTEREST PAYABLE

	<u>31 July 2002</u>	<u>31 July 2001</u>
	£	£
9.19% loan stock (Note 10)	290,348	305,742
	<u> </u>	<u> </u>

5 EMPLOYEES

The company has no employees other than the directors. The directors did not receive any remuneration for their services to the company during the year.

6 EXCEPTIONAL ITEM :-

	<u>31 July 2002</u>	<u>31 July 2001</u>
	£	£
Loss on disposal of investment in Fans & Spares Limited	(1,648,659)	-
	<u> </u>	<u> </u>

On 9 July 2002, Fans & Spares Group Limited was sold for a consideration of £5,750,000, giving rise to a loss of £1,648,659 after the settlement of inter-company balances of £6,696,065 and professional fees of £609,000.

7 TAXATION

Taxation for the year:

	<u>31 July 2002</u>	<u>31 July 2001</u>
	£	£
Corporation tax at 30% (2001 - 30%)	87,104	(1,072)
	<u> </u>	<u> </u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%) as any gains on disposal were transferred to other group companies.

	<u>31 July 2002</u>	<u>31 July 2001</u>
	£	£
(Loss)/profit on ordinary activities before tax	(1,939,007)	3,572
(Loss)/profit on ordinary activities multiplied by standard rate in the UK 30 % (2001:30%)	(581,702)	1,072
Effects of:		
Non taxable losses on disposal	494,598	-
Current tax (credit)/charge for the period	(87,104)	1,072

ROOF UNITS (GROUP) LIMITED

NOTES TO THE ACCOUNTS – 31 JULY 2002 (CONTINUED)

8 INVESTMENTS

<u>Cost and net book value</u>	<u>Shares in group undertakings</u> £
At 31 July 2001	93,594
Sold during the year	(93,594)
At 31 July 2002	-

9 DEBTORS (amounts due within one year)

	<u>31 July 2002</u> £	<u>31 July 2001</u> £
Amounts due from group undertakings	2,076,922	3,943,199

Amounts due from group undertakings are unsecured and have no fixed date of repayment. Interest during the year was charged at nil% per annum (2001 : 8.3%).

10 CREDITORS (amounts falling due within one year)

	<u>31 July 2002</u>	<u>31 July 2001</u>
9.19% loan stock	3,029,000	3,141,000
Accruals and deferred income	28,548	24,516
	3,057,548	3,165,516

The 9.19% loan stock was issued as part consideration for the acquisition of 26.4% of the issued share capital of Beamtone Limited and is redeemable on demand on 30 April each year. The notes, unless previously repaid by the company, will be redeemed at par on 24 May 2010.

ROOF UNITS (GROUP) LIMITED

NOTES TO THE ACCOUNTS – 31 JULY 2002 (CONTINUED)

11 SHARE CAPITAL

	<u>31 July 2002</u> £	<u>31 July 2001</u> £
Equity		
Authorised: 500,000,000, ordinary shares of 10p each	50,000,000	50,000,000
	<u> </u>	<u> </u>
Allotted and fully paid: 126,941 ordinary shares of 10p each	12,694	12,694
	<u> </u>	<u> </u>

12 RESERVES

	<u>Merger reserve</u> £	<u>Profit and loss account</u> £
At 1 August 2001	1,065,667	(207,084)
Retained (loss)	<u>-</u>	<u>(1,851,903)</u>
At 31 July 2002	1,065,667	(2,058,987)
	<u> </u>	<u> </u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>31 July 2002</u> £	<u>31 July 2001</u> £
(Loss)/profit for the year and net movement in shareholders' funds	(1,851,903)	2,500
Opening shareholders' funds	<u>871,277</u>	<u>868,777</u>
Closing shareholders' funds	<u>(980,626)</u>	<u>871,277</u>

14 PARENT UNDERTAKINGS

For the year ended 31 July 2002, Roof Units (Group) Limited was a wholly owned subsidiary of Smiths Group plc, which was also the ultimate parent company. Both companies are registered in England and Wales.

The consolidated accounts of Smiths Group plc may be obtained from the Company Secretary, Smiths Group plc, 765 Finchley Road, London NW11 8DS.