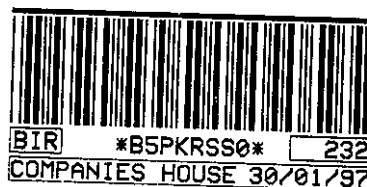


ROOF UNITS (GROUP) LIMITED  
(REGISTERED NUMBER 2490139)

DIRECTORS' REPORT AND ACCOUNTS

31 March 1996



## ROOF UNITS (GROUP) LIMITED

### COMPANY INFORMATION

Directors:	GJ Ball DJ Blythe M Hampson J Norwood
Secretary:	IJ Raybould
Registered office:	765 Finchley Road London NW11 8DS
Registered number:	2490139
Auditors:	Clark Whitehill 25 New Street Square London EC4A 3LN
Bankers:	Barclays Bank PLC 313 High Street West Bromwich West Midlands B70 8LP

## ROOF UNITS (GROUP) LIMITED

### DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 1996

The directors present their report and the audited financial statements for the year ended 31 March 1996.

#### PRINCIPAL ACTIVITY

The principal activity of the company is the provision of management services to fellow subsidiaries.

#### BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company acts as an administration company for certain of the group's activities and has not had a trading role during the year.

#### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £250,254 (1995 - £706,609). The directors do not propose a dividend (1995 - £450,000).

#### FIXED ASSETS

The movements in fixed assets are set out in Note 10 to the financial statements.

#### DIRECTORS

The directors of the company at the date of this report all of whom served throughout the year, are set out on page 1.

Mr IJ Raybould resigned on 1 June 1995. Messrs RL Ball and DJ Price served throughout the year and resigned on 19 April 1996. The directors have no interest in the shares of the company. The interests of the directors in the ultimate holding company, Air Movement (Holdings) Limited, were as follows:

	31 March 1996		31 March 1995	
	Ordinary 10p shares No.	'A' Ordinary 10p shares No.	Ordinary 10p shares No.	'A' Ordinary 10p shares No.
J Norwood	200	400	200	400
D Blythe	100	200	100	200
M Hampson	500	1,000	500	1,000

## ROOF UNITS (GROUP) LIMITED

### DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 1996 (CONTINUED)

#### DIRECTORS (CONTINUED)

The remaining directors also served as directors of the ultimate holding company and their interests in the shares of Air Movement (Holdings) Limited are disclosed in the Directors' report of that company.

The company purchased during the year insurance against the liabilities of all the directors in relation to the company.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each 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 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, 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

Robson Rhodes have resigned as auditors, and Clark Whitehill were appointed in their stead.

Price Waterhouse have indicated their willingness to accept the appointment which will be proposed at the Annual General Meeting.

On Behalf of the Board on 28 January 1997

  
IJ Raybould  
Secretary

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

We have audited the financial statements on pages 5 to 13 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 mis-statement, 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 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**CLARK WHITEHILL**

**London**

**Chartered Accountants  
and Registered Auditors**

28 January 1997

# ROOF UNITS (GROUP) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1996

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
Administrative expenses		(25,414)	(26,461)
<b>OPERATING LOSS</b>	<b>2</b>	<b>(25,414)</b>	<b>(26,461)</b>
Income from shares in group undertakings	3	408,000	858,000
Interest receivable and similar income	4	171,555	189,932
Interest payable	5	(342,663)	(378,222)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>211,478</b>	<b>643,249</b>
Tax on profit on ordinary activities	8	<u>38,776</u>	<u>63,360</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>250,254</b>	<b>706,609</b>
Dividends	9	<u>-</u>	<u>(450,000)</u>
<b>RETAINED PROFIT FOR THE YEAR</b>	<b>16</b>	<b>250,254</b>	<b>256,609</b>

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 on the profit and loss account and the result on an unmodified historical cost basis.

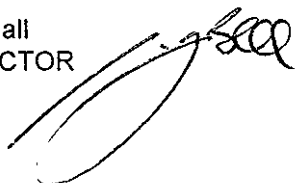
# ROOF UNITS (GROUP) LIMITED

## BALANCE SHEET - 31 MARCH 1996

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
<b>FIXED ASSETS</b>			
Investments	10	93,596	93,596
<b>CURRENT ASSETS</b>			
Debtors	11	5,725,460	5,733,803
Cash at bank and in hand		<u>5,361,246</u>	<u>5,179,609</u>
		11,086,706	10,913,412
<b>CREDITORS (amounts falling due within one year)</b>	12	<u>(3,930,691)</u>	<u>(3,896,251)</u>
<b>NET CURRENT ASSETS</b>		<u>7,156,015</u>	<u>7,017,161</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,249,611	7,110,757
<b>CREDITORS (amounts falling due after more than one year)</b>	13	<u>(3,692,700)</u>	<u>(3,804,100)</u>
<b>NET ASSETS</b>		<u>3,556,911</u>	<u>3,306,657</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	12,694	12,694
Merger reserve	16	1,065,667	1,065,667
Profit and loss account	16	<u>2,478,550</u>	<u>2,228,296</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	17	<u>3,556,911</u>	<u>3,306,657</u>

Approved by the Board on 28 January 1997  
and signed on its behalf by

G J Ball  
DIRECTOR



# ROOF UNITS (GROUP) LIMITED

## NOTES TO THE ACCOUNTS - 31 MARCH 1996

### 1 ACCOUNTING POLICIES

#### (1) Basis of preparation

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

#### (2) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

#### (3) Cashflow statement

The Air Movement (Holdings) Group financial statements for the year ended 31 March 1996 contain a consolidation cashflow statement. The company has taken advantage of the exemption granted by FRS1 whereby it is not required to publish its own cashflow statement.

### 2 OPERATING LOSS

Operating profit is arrived at after charging/(crediting):

	<u>1996</u> £	<u>1995</u> £
Release of provision against investment	-	(3,000)
Auditors remuneration:		
Audit	-	1,000
Other	-	1,000
	<u>          </u>	<u>          </u>

Auditors remuneration is now borne by the parent company,

### 3 INCOME FROM SHARES IN GROUP UNDERTAKINGS

	<u>1996</u> £	<u>1995</u> £
Income from shares in group undertakings	408,000	858,000
	<u>          </u>	<u>          </u>



# ROOF UNITS (GROUP) LIMITED

## NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

### 4 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1996</u> £	<u>1995</u> £
Bank deposit	209,735	150,932
Other interest receivable	-	39,000
Other interest receivable waived in the year	<u>(38,180)</u>	<u>-</u>
	<u>171,555</u>	<u>189,932</u>

Interest receivable on a loan from Foray 306 Limited was waived when that company became a fellow group subsidiary.

### 5 INTEREST PAYABLE

	<u>1996</u> £	<u>1995</u> £
Bank loans and overdrafts repayable wholly within five years	36	11,294
9.19% loan stock (Notes 12 and 13)	<u>342,627</u>	<u>366,928</u>
	<u>342,663</u>	<u>378,222</u>

### 6 EMPLOYEES

The company had no employees other than the directors who are remunerated by other group companies.

# ROOF UNITS (GROUP) LIMITED

## NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

### 7 DIRECTORS

Emoluments of the company's directors, all of which is charged in the accounts of subsidiary companies:

	<u>1996</u>	<u>1995</u>
	£	£
Emoluments	776,715	808,648
Compensation for loss of office	-	16,506
Pension contributions	<u>87,320</u>	<u>297,959</u>
	<u>864,035</u>	<u>1,123,113</u>

Compensation for loss of office in 1995 represented the book value of cars gifted to directors on their retirement.

Emoluments exclusive of pension contributions:

The emoluments of the chairman, who was also the highest paid director were £356,350 (1995 - £337,125). The emoluments of the directors, also exclusive of pension contributions, were in the following ranges:

	<u>1996</u>	<u>1995</u>
£15,001 - £20,000	1	-
£50,001 - £55,000	-	1
£55,001 - £60,000	-	2
£60,001 - £65,000	1	-
£65,001 - £70,000	2	1
£75,001 - £80,000	-	2
£85,001 - £90,000	1	-
£90,001 - £95,000	-	1
£105,001 - £110,000	1	-
£335,001 - £340,000	-	1
£355,001 - £360,000	1	-
	<u>  </u>	<u>  </u>

# ROOF UNITS (GROUP) LIMITED

## NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

### 8 TAXATION

Taxation charge for the year:

	<u>1996</u> £	<u>1995</u> £
Group relief receivable	39,030	63,360
Amendment of previous year's estimate	<u>(254)</u>	<u>-</u>
Group relief receivable	<u>38,776</u>	<u>63,360</u>

### 9 DIVIDENDS

	<u>1996</u> £	<u>1995</u> £
Interim ordinary dividend of Nil p per share (1995 - 354p)	-	450,000

### 10 INVESTMENTS

Shares in  
subsidiary  
undertakings  
£

#### Cost and net book value

At 1 April 1995 and 31 March 1996	93,596
-----------------------------------	--------

Principal subsidiaries owned by Roof Units (Group) Limited;

Air Movement Group Limited  
Air Movement Group Services Limited (Property Management)  
Airtrust Limited (dormant)  
NCA Manufacturing Limited

All companies are registered and operating in England and Wales and, unless otherwise stated, are involved in the manufacture and supply of ventilation equipment.

# ROOF UNITS (GROUP) LIMITED

## NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

### 11 DEBTORS (amounts due within one year)

	<u>1996</u>	<u>1995</u>
	£	£
Amounts owed by subsidiary undertakings	5,725,460	4,992,826
Other debtors	<u>-</u>	<u>740,977</u>
	<u>5,725,460</u>	<u>5,733,803</u>

### 12 CREDITORS (amounts falling due within one year)

	<u>1996</u>	<u>1995</u>
	£	£
Bank loans (secured)	53,400	53,400
9.19% loan stock	20,000	80,000
Amounts attributable to parent and fellow subsidiary undertakings	1,033,771	1,033,771
Amounts attributable to own subsidiary undertakings	2,801,210	2,706,353
Corporation tax	21,113	21,893
Accruals and deferred income	363	-
Proposed dividend	<u>834</u>	<u>834</u>
	<u>3,930,691</u>	<u>3,896,251</u>

### 13 CREDITORS (amounts falling due after more than one year)

	<u>1996</u>	<u>1995</u>
	£	£
9.19% loan stock:		
Repayable within 1 to 2 years	2,271,000	1,864,000
Repayable within 2 to 5 years	1,395,000	1,395,000
Repayable after 5 years	-	465,000
Bank loans:		
Repayable within 1 to 2 years	26,700	53,400
Repayable within 2 to 5 years	<u>-</u>	<u>26,700</u>
	<u>3,692,700</u>	<u>3,804,100</u>

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 subject to the following conditions:

# ROOF UNITS (GROUP) LIMITED

## NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

### 13 CREDITORS (amounts falling due after more than one year) (continued)

- (1) The loan stock is redeemable at par at the maximum rate of £465,000 per annum on 30 April each year provided at least one month's notice in writing is given by the stockholder.
- (2) If less than £465,000 is redeemed in any one year by the stockholders this can be carried forward and added to the amounts available for redemption in future years.
- (3) The notes, unless previously repaid by the company, will be redeemed at par on 24 May 2010.

### 14 DEFERRED TAXATION

	<u>1996</u> Deferred taxation <u>not provided</u> £	<u>1995</u> Deferred taxation <u>not provided</u> £
Other short term timing differences	NIL	25,823

### 15 SHARE CAPITAL

	<u>1996</u> £	<u>1995</u> £
Authorised: 500,000,000, shares of 10p each	50,000,000	50,000,000
Allotted and fully paid: 126,941 shares of 10p each	12,694	12,694

# ROOF UNITS (GROUP) LIMITED

## NOTES TO THE ACCOUNTS - 31 MARCH 1996 (CONTINUED)

### 16 RESERVES

	Merger reserve £	Profit and loss account £
At 1 April 1995	1,065,667	2,228,296
Retained profit	-	250,254
At 31 March 1996	1,065,667	2,478,550

### 17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Total recognised gains	250,254	706,609
Dividends	-	(450,000)
Net additions to shareholders funds	250,254	256,609
Opening shareholders' funds	3,306,657	3,050,048
Closing shareholders' funds	3,556,911	3,306,657

### 18 PARENT UNDERTAKINGS

The ultimate parent company is Air Movement (Holdings) Limited, which is registered in England and Wales. Its group accounts are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

On 19 April 1996, Air Movement (Holdings) Limited was acquired by Smiths Industries plc, which is now the ultimate parent company.