

# **BB Investments**

## Report and Accounts

30 September 1998



## BB Investments

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Registered No. 2534721

### **DIRECTORS**

George H. MacLean  
Steven C. Barre

### **SECRETARY**

Trusec Limited

### **AUDITORS**

Ernst & Young  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

### **REGISTERED OFFICE**

35 Basinghall Street  
London EC2V 5DB

## DIRECTORS' REPORT

The directors present their report and the audited accounts of the company for the year ended 30 September 1998.

### PRINCIPAL ACTIVITY

The principal activity of the company is that of a group investment company.

### RESULTS AND DIVIDENDS

The profit for the period amounted to \$641,780 and is dealt with as shown in the profit and loss account.

During the period, there were no interim dividends paid. The directors do not recommend payment of a dividend.

### DIRECTORS AND THEIR INTERESTS

The directors currently in office are those listed on page 1.

According to the register maintained as required under the Companies Act 1985 the directors have no interest in the share capital of the Company, nor do they have any disclosable interests in the share capital of the ultimate holding company, U.S. Industries, Inc.

### ANNUAL GENERAL MEETINGS

Pursuant to the Elective Resolution of the company passed on 2 March 1992, the company has dispensed with the need to hold Annual General Meetings. Any member of the company is entitled to require the laying of the accounts before a general meeting on giving due notice to that effect in accordance with Section 253 of the Companies Act 1985.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, the directors consider that they have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the accounts on a going concern basis.

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 accounts 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.

## BB Investments

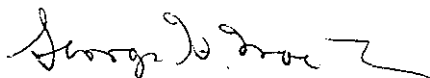
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### DIRECTORS' REPORT

#### AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment was submitted at the annual general meeting of the Company's parent, U.S. Industries, Inc., and Ernst & Young was re-appointed.

On behalf of the Board



George H. MacLean  
Director

25 October 1999

# BB Investments

## REPORT OF THE AUDITORS

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### To the members of BB Investments

We have audited the accounts on pages 5 to 9, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

### Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 September 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*

Ernst & Young  
Registered Auditor  
London

25 October 1999

## BB Investments

### PROFIT AND LOSS ACCOUNT for the year ended 30 September 1998

	<i>Notes</i>	<i>1998</i> \$	<i>1997</i> \$
Interest receivable from group undertaking		659,422	1,423,275
Interest receivable from non-group undertaking		—	16,670
Interest payable to group undertaking		<u>(17,642)</u>	<u>(7,749)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2</b>	<b>641,780</b>	<b>1,432,196</b>
Taxation charge	<b>3</b>	<u>—</u>	<u>36,000</u>
<b>PROFIT FOR THE PERIOD</b>		<b>641,780</b>	<b>1,396,196</b>
Dividends		<u>—</u>	<u>(18,007,635)</u>
<b>PROFIT (LOSS) RETAINED FOR THE PERIOD</b>		<u><b>641,780</b></u>	<u><b>(16,611,439)</b></u>

Movements in reserves are set out in note 6.

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the year ended 30 September 1998 of \$641,780 (profit of \$1,396,196 in the year ended 30 September 1997).

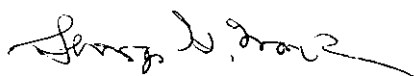
## BB Investments

### BALANCE SHEETS

at 30 September 1998

	Notes	30 September 1998 \$	30 September 1997 \$
<b>FIXED ASSETS</b>			
Amounts due from group undertakings		12,968,916	12,968,916
<b>CURRENT ASSETS</b>			
Amounts due from group undertakings		1,388,825	729,404
<b>CREDITORS: amounts falling due within one year</b>			
Amounts due to group undertakings		60,107	5,263
Corporation tax		<u>273,598</u>	<u>340,801</u>
<b>NET CURRENT ASSETS</b>		<u>1,055,120</u>	<u>413,340</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		14,024,036	13,382,256
<b>CREDITORS: amounts falling due after one year</b>			
Amounts due to group undertakings		<u>336,071</u>	<u>336,071</u>
<b>TOTAL ASSETS LESS LIABILITIES</b>		<u>13,687,965</u>	<u>13,046,185</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4	725,400	725,400
Share premium		9,594,965	9,594,965
Profit and loss account	5	<u>3,367,600</u>	<u>2,725,820</u>
<b>EQUITY SHAREHOLDERS' FUND</b>	6	<u>13,687,965</u>	<u>13,046,185</u>

Approved by the Board of Directors on 25 October 1999



George H. MacLean - Director

## BB Investments

### NOTES TO THE ACCOUNTS

at 30 September 1998

#### 1. ACCOUNTING POLICIES

##### *Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

##### *Deferred taxation*

Deferred taxation is provided on the liability method in respect of timing differences except where the liability is not expected to arise in the foreseeable future.

##### *Related party transactions*

The Company has implemented FRS 8 and has taken advantage of the exemptions available to wholly owned subsidiaries not to disclose transactions with group undertakings.

##### *Cash flows*

The Company has implemented FRS 1 (Revised) and has taken advantage of the exemptions available to wholly-owned subsidiaries not to prepare a cash flow statement.

#### 2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	1998 \$	1997 \$
Auditors' remuneration	—	—
Directors' remuneration	—	—

Certain fees for non-audit services provided by Ernst & Young to the company have been borne by the ultimate parent undertaking. It is not practicable to ascertain what proportion of such fees relates to the company.

#### 3. TAXATION

	1998 \$	1997 \$
The charge/(credit) for the period comprises:		
Corporation tax	—	153,000
Double tax relief	—	(117,000)
Transfer (from) deferred taxation	—	—
	—	36,000

The tax charge for the year ended 30 September 1998 has been reduced through the set-off of foreign exchange losses deemed for tax purposes as arising in the year.



# BB Investments

## NOTES TO THE ACCOUNTS at 30 September 1998

### 4. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>30 September 1998</i>	<i>30 September 1997</i>	<i>30 September 1998</i>	<i>30 September 1997</i>
	\$	\$	\$	\$
"C" Ordinary shares of £1 each	<u>725,400</u>	<u>725,400</u>	<u>725,400</u>	<u>725,400</u>

### 5. PROFIT AND LOSS ACCOUNT

	<i>1998</i>	<i>1997</i>
	\$	\$
Beginning	2,725,820	1,329,624
Profit for the year	<u>641,780</u>	<u>1,396,196</u>
At 30 September	<u>3,367,600</u>	<u>2,725,820</u>

## BB Investments

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### NOTES TO THE ACCOUNTS at 30 September 1998

#### 6. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	1998	1997
	\$	\$
Profit attributable to shareholders	641,780	1,396,196
Dividend	—	(18,007,635)
Opening shareholders' funds	13,046,185	29,657,624
Closing shareholders' funds	<u>13,687,965</u>	<u>13,046,185</u>

#### 7. GROUP ACCOUNTS

At the balance sheet date, the parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company was a member was USI Mayfair Ltd., registered in England. U.S. Industries, Inc. ("USI"), a U.S. corporation, was the ultimate parent undertaking. Copies of USI's accounts can be obtained USI at 101 Wood Avenue South, Iselin, New Jersey, 08830, USA.