COPY FOR REGISTRAR OF COMPANIES

COMPANY No. SC 177682

BARRHEAD INTERNATIONAL LIMITED

REPORT AND ACCOUNTS

Year ended 27 March 1999

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BARRHEAD INTERNATIONAL LIMITED

REPORT AND ACCOUNTS

Year ended 27 March 1999

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Directors

K G Durose
I L Hay
A D Plenderleith

Secretary and registered office

I L Hay, 302 St Vincent Street, Glasgow, G2 5RZ

DIRECTORS' REPORT

The directors submit their report and the accounts of the company for the year ended 27 March 1999.

1. Directors' responsibilities

Company law requires the directors to prepare accounts that give a true and fair view of the state of affairs of the company and of the profit or loss for its financial year. In doing so the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for maintaining proper accounting records that 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.

2. Principal activity

The principal activity of the company is the provision of management services to its subsidiary undertaking.

3. Results and dividend

The results for the year are shown on page 4. The directors do not recommend the payment of a dividend.

4./

DIRECTORS' REPORT (cont'd)

4. Directors and their interests

The directors interests in the shares of the company at the beginning of the year and the end of the year were as follows:

	Ordinary Shares of £1 each	
	27 March 1999	28 March 1998
K G Durose	20,000	20,000
I L Hay	12,500	12,500
A D Plenderleith	12,500	12,500

5. Year 2000

The company has addressed the Year 2000 problem by installing a new Sage Line 50 for Windows accounting package. No further costs are anticipated by the directors to comply with the Year 2000 problem.

6. Auditors

Moores Rowland merged with Scott-Moncrieff on 1 March 1999 and changed their name to Scott-Moncrieff on the same date. The auditors' report has been signed in their new name.

A resolution to re-appoint Scott-Moncrieff Chartered Accountants as auditors will be put to the members at the annual general meeting.

By order of the Board

I L Hay

I L HAY

Secretary

2 June 1999

AUDITORS' REPORT

TO THE MEMBERS OF BARRHEAD INTERNATIONAL LIMITED

We have audited the accounts on pages 4 to 7.

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility as auditors 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 judgements 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 that 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 the company's affairs as at 27 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Scott-Moncrieff

SCOTT-MONCRIEFF

Chartered Accountants
Registered Auditors

25 Bothwell Street
Glasgow
G2 6NL

2 June 1999

PROFIT AND LOSS ACCOUNT

Year to 27 March 1999

	Note	1999 £	1998 £
Administrative expenses		(2)	2
OPERATING PROFIT (LOSS)		2	(2)
Interest receivable		-	128
PROFIT FOR YEAR BEFORE AND AFTER TAXATION	6	2	126

All disclosures relate only to continuing operations.

There are no recognised gains or losses other than the profit for the year.

BALANCE SHEET

27 MARCH 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Investment in subsidiary	2	1	1
CURRENT ASSETS			
Debtors:			
Amounts falling due after more than one year	3	45,000	45,000
Cash on hand		128	126
		45,128	45,126
CREDITORS: Amounts falling due within one year	4	1	1
NET CURRENT ASSETS		45,127	45,125
NET ASSETS		45,128	45,126
CAPITAL AND RESERVES			
Called up share capital	5	45,000	45,000
Profit and loss account	6	128	126
TOTAL EQUITY SHAREHOLDERS' FUNDS	7	45,128	45,126

Approved by the Board of Directors on 2 June 1999 and signed on behalf of the Board of Directors by:

I L HAY Director

The statement of accounting policies and the notes on pages 6 and 7 form part of these accounts.

NOTES ON THE ACCOUNTS

Year to 27 March 1999

1. Accounting policies

(i) Accounting Convention

The accounts have been prepared under the historical cost convention.

(ii) Group Accounts

The accounts present information about the company as an individual undertaking and not about its group.

Group accounts have not been prepared as permitted under Section 248(1) of the Companies Act 1985 on the grounds that the group qualifies as a medium-sized group.

2. Investment

	1999	1998
	£	£
Subsidiary undertaking		
At cost		
At 29 March 1998	1	-
Addition	-	1
At 27 March 1999	1	1

The subsidiary undertaking at 27 March 1999 was:

Company	Description of shares	Proportion of issued shares
Barrhead Sanitary Ware Ltd	Ordinary Voting Shares of £1	100%
	Ordinary Non-Voting Shares of £1	80%
	Redeemable Preference Shares of £1	100%

Aggregate capital and reserves and profit for the year to 27 March 1999 were as follows:

	Aggregate capital and reserves	Profit for the year
	£	£
Barrhead Sanitary Ware Ltd	(1,037,151)	99,989

3./

NOTES ON THE ACCOUNTS

Year to 27 March 1999

3. Debtors: amounts falling due after more than one year

	1999 £	1998 £
Due from subsidiary undertaking	45,000	45,000

4. Creditors: amounts falling due within one year

	1999 £	1998 £
Sundry creditor	1	1

5. Share capital

	1999 £	1998 £
Authorised		
75,000 Ordinary shares of £1 each	75,000	75,000
Allotted and fully paid		
45,000 Ordinary shares of £1	45,000	45,000

6. Profit and loss account

	1999 £	1998 £
At 29 March 1998	126	-
Profit for year	2	126
At 27 March 1999	128	126

7. Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Opening shareholders' funds	45,126	-
Issue of shares for cash	-	45,000
Profit for year	2	126
Closing shareholders' funds	45,128	45,126

8. Contingent liability

The company has guaranteed certain of the borrowings of its subsidiary undertaking Barrhead Sanitary Ware Limited. The amount of borrowings so guaranteed at 27 March 1999 were £2,074,077 (1998: £2,152,006).

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