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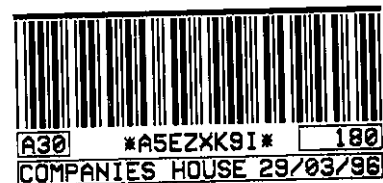
AMENDED

Amending Accounts.

Annual Report and Accounts

1995

***H & R
Johnson***



C O N T E N T S

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H & R Johnson Tiles Limited Registered No. 307859

H & R Johnson Annual Report and Accounts 1995

H & R JOHNSON TILES LIMITED

Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31 March 1995.

Principal Activities, Business Review and Future Outlook

The principal activity of the Company is the manufacture and sale of ceramic wall and floor tiles.

Trading conditions in the year remained difficult. Turnover fell by 3% to £57,698K (1994 £59,420K).

In the UK, the Company gained market share, supported by continued investment in marketing support, new product development, EDI technology and high levels of customer service.

Export turnover fell by 16% to £12,354K (1994 £14,378K), owing to a number of one-off projects not being repeated.

Despite a competitive market and the decline in turnover, operating profits increased by 20% over last year from a combination of UK market share gains and continuing improvements in manufacturing productivity. During the year, the Board of Directors have approved a major restructuring programme, resulting in exceptional costs of £11,779K (see Note 3, page 13), resulting in an operating loss of £10,422K for the year (1994 operating profit £1,135K).

The Directors believe that trading conditions will remain difficult in 1995/96, although the major investment in restructuring the business should result in a more profitable Company which will be better placed to capitalise on any recovery in the economy.

Results and Dividends

The Directors do not recommend the payment of a dividend.

The loss for the year of £10,256K will be charged to reserves.

H & R JOHNSON TILES LIMITED

Taxation

Norcros p.l.c. has assumed responsibility for discharging any liability for United Kingdom corporation tax, current or deferred, so long as the company remains a member of the Norcros Group. The Directors have received assurances that Norcros p.l.c. at this time has no plans involving the disposal of shares in the Company.

Research and Development

The Company has progressed its development of new designs and products by the launch of new ranges during the year. The Company continues to recognise the significance of research and development in all aspects of production and design in its quest to satisfy the ever-changing trends and fashions of the wall and floor tile markets.

Fixed Assets

Capital expenditure in the year amounted to £3,052K all of which related to the purchase of land, buildings, plant and machinery and fork lift trucks for use in the manufacture of ceramic tiles.

The net book value of fixed assets has been written down by £4,428K following restructuring.

Directors

The following served as directors throughout the year:

| | |
|----------------------|------------|
| Mr. J. Matthews | (Chairman) |
| Mr. D. W. Dry | |
| Mr. R. N. Fletcher | |
| Mr. R. W. Hodgkinson | |
| Mr. D. A. Kaner | |
| Mr. N. P. Kelsall | |
| Mr. J. Mayer | |

On 30 April 1995 Mr. R. N. Fletcher resigned as a Director of the Company.

Directors' Interests

Mr. J. Matthews is a Director of the Company's holding company, Norcros p.l.c., and therefore his interests in the shares of Norcros p.l.c. are not required to be disclosed in this report.

According to the register kept by the Company, the other Directors who held office at 31 March 1995 had the following interests in the shares of Norcros p.l.c.

H & R JOHNSON TILES LIMITED

| | 31 March 1995 Ordinary Shares of 25p each | 1 April 1994 Ordinary Shares of 25p each |
|----------------------|--|---|
| Mr. D. W. Dry | 35,000 * | - * |
| Mr. R. N. Fletcher | 1,500 63,965 * | 1,500 48,965 * |
| Mr. R. W. Hodgkinson | 61,370 * | 46,370 * |
| Mr. D. A. Kaner | 35,000 * | 15,000 * |
| Mr. N. P. Kelsall | 32,000 * | 12,000 * |
| Mr. J. Mayer | 4,421 67,152 * 6,314 ** | 4,421 62,152 * 6,314 ** |

* Shares represented by options to purchase acquired under the terms of the Norcros p.l.c. 1985 Executive Share Option Scheme at option prices ranging from 106.82p to 358.93p per ordinary share and exercisable at various dates up to July 2004.

** Shares represented by options to purchase acquired under the terms of the Norcros p.l.c. Savings Related Share Option Scheme at option prices ranging between 96.23p and 182.84p per ordinary share and exercisable between 1 March 1995 and 31 August 1996.

Except for the above, none of the Directors has a disclosable interest in the shares of any company in the Norcros Group.

Save in respect of the Norcros p.l.c. 1985 Executive Share Option Scheme and the Norcros p.l.c. Savings Related Option Scheme, no arrangement to which the Company was or is a party subsisted at the end of the year, or at any time in the year, to enable the Directors to acquire any interest by the acquisition of shares or debentures of the Company or any other body corporate.

None of the Directors had any beneficial interest in any significant contract to which the Company was a party during the year.

The Company benefits from Directors' and Officers' liability insurance arranged by Norcros p.l.c. on behalf of the Company and its directors and officers.

H & R JOHNSON TILES LIMITED

Employment of Disabled Persons

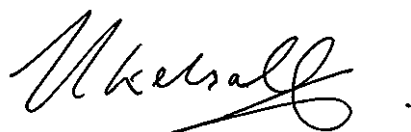
The Company applies the following policies with regard to employment of disabled persons:-

- (a) Full and fair consideration is given to all disabled applicants for employment in the light of the Company's requirements and the qualifications, aptitudes and ability of each individual.
- (b) Where existing employees become disabled during the course of their employment (whether from illness or accident) every effort is made to continue to provide suitable employment, either in the same or an alternative job.
- (c) All employees are eligible for consideration for appropriate training, career development and promotional opportunities. Disabled persons are not treated differently in this respect from those not so disabled.

Employment Policies

The Company is aware of its responsibilities to keep its employees informed on matters of concern to them, and to have discussions with them so that their views can be taken into account when making decisions likely to affect their interests. To this end the Company passes relevant information to its employees via duly elected employee representatives. In addition, regular updates and newsletters are issued to employees through the year. For 1995/96 an emphasis on further improving communications throughout the business is a key management objective. All eligible employees are encouraged to participate in the parent Company's Savings Related Share Option Scheme.

By order of the Board



N. P. Kelsall
Company Secretary

Date: 16 June 1995

H & R JOHNSON TILES LIMITED

Directors' Responsibilities

The Board of Directors is required each year to provide financial statements which give a true and fair view of the results and state of affairs of the Company. The financial statements must comply with the provisions of the Companies Act 1985 and with applicable Accounting Standards.

In preparing the financial statements, the Directors have responsibility for adopting accounting policies appropriate to the Company's business. These policies must be applied consistently, taking a reasonable and prudent view where judgements and estimates are necessary. The Directors must maintain adequate accounting records, and take reasonable steps to protect the assets of the Company and to deter and detect fraud and other irregularities.

The Directors confirm their compliance with these requirements and that the financial statements have been prepared on the going concern basis.

Report of the auditors to the members of H & R Johnson Tiles Limited

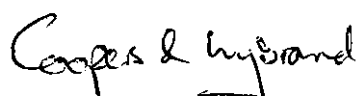
We have audited the financial statements on pages 7-21.

As described on page 5 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.

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.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 March 1995, and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Manchester.

Date: 16 June 1995

H & R JOHNSON TILES LIMITED**Profit and Loss Account
for the year ended 31 March 1995**

| | Notes | Before exceptional costs £'000 | Exceptional Costs £'000 | 1995 Total £'000 | 1994 £'000 |
|---|-------|---|-------------------------------|------------------------|---------------|
| Turnover | 2 | 57,698 | - | 57,698 | 59,420 |
| Cost of Sales | | <u>42,681</u> | <u>4,582</u> | <u>47,263</u> | <u>43,227</u> |
| Gross profit | | 15,017 | 4,582 | 10,435 | 16,193 |
| Distribution, marketing and development costs | | 8,273 | 2,253 | 10,526 | 7,975 |
| Administration | | <u>5,387</u> | <u>4,944</u> | <u>10,331</u> | <u>7,083</u> |
| Operating (Loss)/Profit | 3 | <u>1,357</u> | <u>(11,779)</u> | (10,422) | 1,135 |
| Investment Income | 4 | | | <u>1,333</u> | <u>1,243</u> |
| (Loss)/Profit before Interest Payable | | | | (9,089) | 2,378 |
| Interest Payable | 5 | | | <u>834</u> | <u>1,061</u> |
| (Loss)/Profit on Ordinary Activities before Taxation | 6 | | | (9,923) | 1,317 |
| Taxation | 8 | | | <u>333</u> | <u>280</u> |
| (Loss)/Profit on ordinary activities after taxation | | | | (10,256) | 1,037 |
| Dividends | | | | - | (624) |
| (Loss)/Profit for the year | 16 | | | <u>(10,256)</u> | <u>413</u> |

All of the above is derived from continuing operations.

The Company has no recognised gains and losses other than the (losses)/profits above and therefore no separate statement of total recognised gains and losses has been presented.


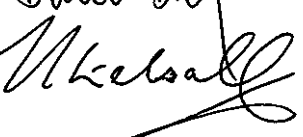
H & R JOHNSON TILES LIMITED**Note of historical cost profits and losses**

| | 1995 £'000 | 1994 £'000 |
|--|-----------------------------|-----------------------------|
| Reported (loss)/profit on ordinary activities | (9,923) | 1,317 |
| Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount | <u>339</u> | <u>339</u> |
| Historical cost (loss)/profit on ordinary activities before taxation | <u>(9,584)</u> | <u>1,656</u> |
| Historical cost (loss)/profit for the year retained after taxation and dividend | <u>(9,917)</u> | <u>752</u> |

H & R JOHNSON TILES LIMITED**Balance Sheet as at 31 March 1995**

| | Notes | 1995 £'000 | 1994 £'000 |
|---|-------|----------------------|----------------------|
| Fixed Assets | | | |
| Tangible assets | 9 | 28,356 | 33,699 |
| Investment | 10 | <u>103</u> | <u>103</u> |
| | | 28,459 | 33,802 |
| Current Assets | | | |
| Stocks | 12 | 14,639 | 15,812 |
| Debtors | 13 | 12,991 | 12,089 |
| Cash at bank and in hand | | <u>39</u> | <u>43</u> |
| | | 27,669 | 27,944 |
| Current Liabilities | | | |
| Creditors: amounts falling due within one year | 14 | <u>(28,277)</u> | <u>(24,657)</u> |
| Net current (Liabilities)/Assets | | <u>(608)</u> | <u>3,287</u> |
| Total assets less current liabilities | | <u>27,851</u> | <u>37,089</u> |
| Financed by:- | | | |
| Creditors: amounts falling due after more than one year | 14 | 28,012 | 26,994 |
| Capital and Reserves | | | |
| Called up share capital | 15 | 12 | 12 |
| Revaluation reserve | 16 | 9,556 | 10,083 |
| Profit and loss account | 16 | <u>(9,729)</u> | <u>-</u> |
| Equity shareholders funds | | <u>27,851</u> | <u>37,089</u> |

The financial statements on pages 2 to 22 were approved by the Board of Directors on 16 June 1995 and were signed on its behalf by:-

1. )
 2. )

Directors

H & R JOHNSON TILES LIMITED

Notes to the financial statements **for the year ended 31 March 1995**

1. Statement of Accounting Policies

Accounting Convention

The financial statements have been prepared on the historical cost basis of accounting, modified to include the revaluation of certain properties, and in accordance with applicable Accounting Standards in the United Kingdom.

Accounting Reference Date

All figures have been made up to Sunday, 2 April 1995, the Sunday nearest to 31 March.

Turnover

Turnover represents the total amount, less value added tax, receivable by the Company for goods supplied as principal during the year.

Research and Development

All expenditure on research and development is charged against the profits of the year in which it is incurred.

Overseas Currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at rates applicable at the year end. Exchange gains and losses of a trading nature are dealt with in arriving at the loss before taxation.

Leases

Tangible fixed assets operated under the terms of finance leases are capitalised at a value equal to the cost incurred by the lessor in acquiring the relevant assets. Leases are regarded as finance leases where their terms transfer to the lessees substantially all the benefits and burdens of ownership other than the right to title. The capital element of future lease payments is included under creditors.

Operating lease rentals are charged against profit in the year in which they are incurred.

Depreciation

Depreciation on cost is calculated by the straight line method at rates considered appropriate to the class and the life of the asset concerned.

H & R JOHNSON TILES LIMITED

Principal depreciation rates for land are Nil, buildings 4%, plant and other equipment between 4% and 25% and motor vehicles between 25% and 50%.

Depreciation on assets operated under the terms of finance leases is over the shorter of the lease term and the useful life of the asset.

Stock and Work in Progress

Stock and work in progress is valued at the lower of cost, including a proportion of manufacturing overheads, and net realisable value.

Pension Funding

The Company's occupational pension schemes are funded by contributions partly from the employees and partly from the Company at rates determined by independent actuaries. Pension costs have been calculated in accordance with SSAP24.

Cash Flow Statement

The Company has not published a cash flow statement as its parent company, Norcros p.l.c., includes a consolidated cash flow statement in its accounts.

H & R JOHNSON TILES LIMITED**2. Turnover**

| | 1995 | 1994 |
|--------------------|----------------------|---------------|
| | £'000 | £'000 |
| United Kingdom | 45,344 | 45,042 |
| Continental Europe | 4,742 | 4,672 |
| Other Overseas | <u>7,612</u> | <u>9,706</u> |
| | <u>57,698</u> | <u>59,420</u> |

3. Exceptional Costs

The Directors have undertaken a strategic review of the business during the year and made provision for a major restructuring programme incorporating site, process and product rationalisation.

The provision includes redundancy costs, asset write-offs and stock write down, together with other reorganisation and restructuring costs.

4. Investment Income

| | 1995 | 1994 |
|---|---------------------|--------------|
| | £'000 | £'000 |
| Income from shares in fellow group undertakings | <u>1,333</u> | <u>1,243</u> |

5. Interest Payable

| | 1995 | 1994 |
|---|-------------------|--------------|
| | £'000 | £'000 |
| On bank overdraft repayable within 5 years not by instalments | <u>834</u> | <u>1,061</u> |

H & R JOHNSON TILES LIMITED**6. (Loss)/Profit on ordinary activities before taxation**

| | 1995 £'000 | 1994 £'000 |
|--|-----------------------|-----------------------|
| (Loss)/Profit on ordinary activities before taxation is stated after crediting: | | |
| Profit arising on sale of fixed assets | = | <u>1</u> |
| And after charging: | | |
| Loss arising on disposal of fixed assets | 103 | - |
| Depreciation of and amounts written off: | | |
| Tangible fixed assets | | |
| Owned | 7,874 | 3,945 |
| Held under finance leases and hire purchase contracts | 12 | 10 |
| Research and development expenditure | 235 | 247 |
| Auditors' remuneration for: | | |
| Audit | 40 | 43 |
| Non audit services | - | 2 |
| Hire of plant and machinery | 186 | 283 |
| Operating lease rentals - equipment | <u>794</u> | <u>835</u> |

H & R JOHNSON TILES LIMITED

7. Directors and Employees

The average weekly number of persons (including Directors) employed by the Company during the year was:

| | 1995 Number | 1994 Number |
|---|------------------------|------------------------|
| Manufacturing | 1,025 | 1,056 |
| Administration | 58 | 65 |
| Selling and Marketing | <u>155</u> | <u>173</u> |
| | <u>1,238</u> | <u>1,294</u> |
| | 1995 £'000 | 1994 £'000 |
| Staff costs (for the above persons): | | |
| Wages and salaries | 20,567 | 21,428 |
| Social Security costs | 1,397 | 1,622 |
| Other pension costs | <u>1,747</u> | <u>1,946</u> |
| | <u>23,711</u> | <u>24,996</u> |

The remuneration paid to Directors was:

| | 1995 £'000 | 1994 £'000 |
|---|-----------------------|-----------------------|
| For Management Services (including pension contributions) | <u>507</u> | <u>398</u> |

Fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:

| | | |
|---------------------------|-------------------|-------------------|
| The Chairman | <u>Nil</u> | <u>Nil</u> |
| The highest paid Director | <u>111</u> | <u>71</u> |

The number of Directors, other than Directors who discharged their duties mainly or wholly outside the United Kingdom, who received fees and other emoluments (excluding pension contributions) falling within the following bands was:

H & R JOHNSON TILES LIMITED

| | 1995 | 1994 |
|---------------------|----------|------|
| £ 0 - £ 5,000 | 1 | 2 |
| £ 25,001 - £ 30,000 | - | 1 |
| £ 35,001 - £ 40,000 | - | 1 |
| £ 40,001 - £ 45,000 | - | 1 |
| £ 45,001 - £ 50,000 | - | 1 |
| £ 55,001 - £ 60,000 | 1 | 1 |
| £ 60,001 - £ 65,000 | 1 | - |
| £ 65,001 - £ 70,000 | - | 1 |
| £ 70,001 - £ 75,000 | 3 | 1 |
| £110,001 - £115,000 | <u>1</u> | = |

The emoluments of Mr. J. Matthews were paid by Norcros p.l.c. and included in amounts charged in respect of management services to the Company.

8. Taxation

| | 1995 £'000 | 1994 £'000 |
|--|---------------|---------------|
| Tax due on dividends received from subsidiary undertakings | <u>333</u> | <u>280</u> |

No charge to UK taxation has been provided on the results of the year. Any UK tax liability which may arise and is not eliminated by the offset of group relief and/or advance corporation tax, for neither of which payment will be made, will be discharged by Norcros p.l.c.

9. Tangible Fixed Assets

| | Freehold land and Buildings £'000 | Plant Machinery Equipment and Motor Vehicles £'000 | Total £'000 |
|--------------------------|---|---|----------------------|
| Cost or Valuation | | | |
| At 1 April 1994 | 20,536 | 48,146 | 68,682 |
| Additions | 14 | 3,038 | 3,052 |
| Inter-Group transfers | - | (281) | (281) |
| Disposals | - | (1,555) | (1,555) |
| Exceptional Write Down | <u>(1,700)</u> | <u>(11,427)</u> | <u>(13,127)</u> |
| At 31 March 1995 | <u>18,850</u> | <u>37,921</u> | <u>56,771</u> |

H & R JOHNSON TILES LIMITED

| | Freehold Land and Buildings £'000 | Plant & Machinery Equipment and Motor Vehicles £'000 | Total £'000 |
|------------------------------------|---|---|----------------------|
| Depreciation | | | |
| At 1 April 1994 | 1,674 | 33,309 | 34,983 |
| Charge for the year | 631 | 2,762 | 3,393 |
| Inter-Group Transfers | | (65) | (65) |
| Eliminated in respect of disposals | - | (1,197) | (1,197) |
| Exceptional write-down | <u>(21)</u> | <u>(8,678)</u> | <u>(8,699)</u> |
| At 31 March 1995 | <u>2,284</u> | <u>26,131</u> | <u>28,415</u> |
| Net Book Value | | | |
| At 31 March 1995 | <u>16,566</u> | <u>11,790</u> | <u>28,356</u> |
| At 31 March 1994 | <u>18,862</u> | <u>14,837</u> | <u>33,699</u> |

Land and buildings were revalued on the basis of an open market valuation for existing use at 31 March 1991 adjusted for permanent diminution in value.

If land and buildings had not been revalued they would have been included at the following amounts:

| | 1995 £'000 | 1994 £'000 |
|--|---------------|---------------|
| Cost | 10,762 | 10,748 |
| Aggregate depreciation based on cost | <u>1,243</u> | <u>952</u> |
| Net book value | <u>9,519</u> | <u>9,796</u> |
| Land and buildings at net book value comprise: | | |
| | 1995 £'000 | 1994 £'000 |
| Freeholds | <u>16,566</u> | <u>18,862</u> |
| Land and Buildings at valuation | 18,249 | 15,209 |
| At cost | <u>601</u> | <u>5,327</u> |
| | <u>18,850</u> | <u>20,536</u> |

The net book value of tangible fixed assets includes an amount of £10K (1994 - £22K) in respect of assets held under finance leases.

H & R JOHNSON TILES LIMITED

10. Fixed Asset Investment

| | 1995 | 1994 |
|----------------------------------|-------------------|-------------------|
| | £'000 | £'000 |
| Investment in subsidiary at cost | <u>103</u> | <u>103</u> |

The Company owns 463,643 fully paid ordinary shares of £1 each in Building Adhesives Limited, representing a 51% interest in the issued share capital of that company. Group financial statements have not been prepared as the company is itself a wholly owned subsidiary of a body corporate registered in England and Wales. In the opinion of the Directors, the Company's share of the net assets of the subsidiary exceeds the book value of the investment.

Building Adhesives Limited, a company registered in England and Wales, manufactures and supplies a range of tile adhesives for sale both in the UK and overseas markets, particularly Germany, Spain and the Middle East.

11. Future Commitments

| | 1995 | 1994 |
|--|-------------------|-------------------|
| | £'000 | £'000 |
| Capital | | |
| Capital expenditure that has been contracted for but has not been provided for in the financial statements | <u>261</u> | <u>96</u> |
| Capital expenditure that has been authorised by the Directors but has not yet been contracted for | <u>141</u> | <u>453</u> |

Revenue

The Company has future revenue commitments on assets other than land and buildings for the annual payment of operating lease rentals on leases which expire:

| | 1995 | 1994 |
|-------------------|-------------------|-------------------|
| | £'000 | £'000 |
| Within one year | 563 | 320 |
| Two to five years | <u>132</u> | <u>477</u> |
| | <u>695</u> | <u>797</u> |

H & R JOHNSON TILES LIMITED**12. Stocks**

| | 1995 £'000 | 1994 £'000 |
|-------------------------------|---------------|---------------|
| Stocks comprise: | | |
| Raw materials and consumables | 1,876 | 1,984 |
| Work in progress | 3,368 | 3,230 |
| Finished goods | <u>9,395</u> | <u>10,598</u> |
| | <u>14,639</u> | <u>15,812</u> |

13. Debtors

| | 1995 £'000 | 1994 £'000 |
|---|---------------|---------------|
| Amounts falling due within one year: | | |
| Trade debtors | 10,601 | 8,968 |
| Amounts owed by fellow group undertakings | 471 | 1,163 |
| Amounts owed by associated undertakings | 11 | - |
| Dividend receivable from subsidiary undertaking | 1,478 | 1,532 |
| Other debtors | 163 | 93 |
| Prepayments and accrued income | <u>267</u> | <u>333</u> |
| | <u>12,991</u> | <u>12,089</u> |

14. Creditors

| | 1995 £'000 | 1994 £'000 |
|---|---------------|---------------|
| Amounts falling due within one year: | | |
| Bank overdraft | 8,227 | 10,798 |
| Obligations under finance leases | 6 | 8 |
| Trade creditors | 8,477 | 8,922 |
| Amounts owed to fellow group undertakings | 101 | 42 |
| Amounts owed to associated undertakings | 335 | 130 |
| Dividends payable | - | 624 |
| Other taxation and social security payable | 1,725 | 1,512 |
| Other creditors | 398 | 608 |
| Accruals | <u>9,008</u> | <u>2,013</u> |
| | <u>28,277</u> | <u>24,657</u> |

H & R JOHNSON TILES LIMITED**14. Creditors (cont)**

| | 1995 £'000 | 1994 £'000 |
|--|---------------|---------------|
| Amounts falling due after more than one year: | | |
| Obligations under finance leases | - | 11 |
| Loan from parent company | <u>28,012</u> | <u>26,983</u> |
| | <u>28,012</u> | <u>26,994</u> |

The loan from the parent company is interest free and has no fixed date for repayment.

| | 1995 £'000 | 1994 £'000 |
|---|---------------|---------------|
| Obligations under finance leases are repayable as follows: | | |
| In one year or less | 6 | 8 |
| Between one and two years | <u>-</u> | <u>11</u> |
| | <u>6</u> | <u>19</u> |

15. Called Up Share Capital

| | 1995 £'000 | 1994 £'000 |
|---|---------------|---------------|
| Authorised | | |
| 30,000 ordinary shares of £1 each | <u>30</u> | <u>30</u> |
| Allotted, called up and fully paid | | |
| 12,000 ordinary shares of £1 each | <u>12</u> | <u>12</u> |

H & R JOHNSON TILES LIMITED**16. Reserves**

| | Revaluation Reserve £'000 | Profit and Loss Account £'000 |
|---|---------------------------------|-------------------------------------|
| At 1 April 1994 | 10,083 | - |
| Loss for the year | - | (10,256) |
| Transfer from Revaluation Reserve to Profit and Loss Account | <u>(527)</u> | <u>527</u> |
| At 31 March 1995 | <u>9,556</u> | <u>(9,729)</u> |

The reserves of the Company that may not legally be distributed under Section 263 of the Companies Act 1985 amount to £9556K.

Reconciliation of Movements in Shareholders' Funds

| | 1995 £'000 | 1994 £'000 |
|---|---------------|---------------|
| (Loss)/Profit for the financial year | (10,256) | 1,037 |
| Dividends | <u>-</u> | <u>624</u> |
| Net additions/(deductions) to/(from) shareholders' funds | (10,256) | 413 |
| Opening shareholders' funds | <u>10,095</u> | <u>9,682</u> |
| Closing shareholders' funds | <u>(161)</u> | <u>10,095</u> |

17. Contingent Liabilities

| | 1995 £'000 | 1994 £'000 |
|--------------------------------|---------------|---------------|
| Bills discounted with recourse | = | <u>1,428</u> |

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18. Pension Commitments

The Company adheres to the Norcros Security Plan which is a defined benefit scheme. Contributions are based on pension costs for the whole Group and for the year to 31 March 1995, are at the rate of 10.1% of pensionable earnings. Details of the latest actuarial valuation will be found in the accounts of Norcros p.l.c.

The Company also contributes to a defined contribution scheme, called the Norcros Pensionbuilder Scheme for certain employees.

19. Guarantees

The Company has given unlimited joint guarantees to the principal bankers of Norcros p.l.c. (its parent company) and the bankers of its fellow wholly owned UK trading subsidiaries, in respect of facilities provided by those banks. No security has been given under the guarantees. At 31 March 1995 the Company's joint and several contingent liability under the guarantees was £80.5M. The Directors do not consider that any liability will arise under the guarantees.

20. Ultimate Holding Company

The Company's ultimate holding company is Norcros p.l.c., a company incorporated in Great Britain and registered in England and Wales. A copy of the Norcros p.l.c. accounts may be obtained from the Company Secretary at Norcros House, Bagshot Road, Bracknell, Berkshire, RG12 3SW.