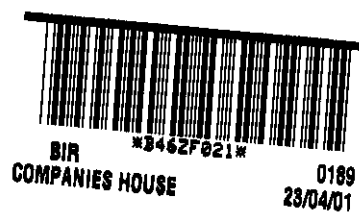


REZNOR (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS

31 July 2000

Registered number 03275506



REZNOR (UK) LIMITED
COMPANY INFORMATION

Year ended 31 July 2000

Registered number 03275506

Directors J.E. Fletcher
M.H. Brookes
P. O'Donohue
F. Staniland
S.D. Hartles

Secretary P. O'Donohue

Registered office Fens Pool Avenue
Wallows Industrial Estate
Brierley Hill
West Midlands
DV5 1QA

Auditors HLB Kidsons
Bank House
8 Cherry Street
Birmingham
B2 5AD

Solicitors George Green & Co
195 High Street
Cradley Heath
West Midlands
B64 5HW

REZNOR (UK) LIMITED
REPORT OF THE DIRECTORS

31 July 2000

The directors present their report with the financial statements of the company for the year ended 31 July 2000.

Principal activity

The principal activity of the company is that of the distribution of industrial heaters.

Review of business

The results of the year and financial position of the company are shown on pages 4 and 6 to the financial statements.

Dividends

The directors do not recommend the payment of a dividend and the profit for the year will be transferred to reserves.

Directors

The directors during the year under review were

J.E. Fletcher)
M.H. Brookes) Directors of
P. O'Donohue) Ambi-Rad Limited
F. Staniland)
S.D. Hartles) (Appointed 7 April 2000)

The directors of the company do not hold any beneficial interest in the issued share capital of the company.

The interests of the directors in the share capital of the holding company are disclosed in that company's financial statements.

All the directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

V. Bensen resigned as a director on 30 September 1999.

Auditors

HLB Kidsons have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board



P. O'Donohue

Director

10 April 2001

REZNOR (UK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

31 July 2000


We are required under company law 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 these financial statements we are required to:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates
- state whether applicable accounting standards have been followed, and give details of any departures
- prepare the financial statements on a going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records
- safeguarding the company's assets
- taking reasonable steps for the prevention and detection of fraud

On behalf of the board

P. O'Donohue

Director

10 April 2001

REZNOR (UK) LIMITED

AUDITORS' REPORT

Auditors' report to the shareholders of Reznor (UK) Limited

We have audited the financial statements on pages 4 to 12 which have been prepared under 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 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 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 at 31 July 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HLB Kidsons

Registered Auditors

Chartered Accountants

Birmingham

19 April 2001

REZNOR (UK) LIMITED
PROFIT AND LOSS ACCOUNT

Year ended 31 July 2000

		2000 £	1999 £
Turnover	2	5,026,685	4,670,337
Cost of sales		(3,163,653)	(2,996,238)
		<hr/>	<hr/>
Gross profit		1,863,032	1,674,099
Administrative expenses		(1,656,921)	(1,539,932)
		<hr/>	<hr/>
		206,111	134,167
Other operating income		6,223	26,630
		<hr/>	<hr/>
Operating profit	4	212,334	160,797
Interest payable and similar charges	5	(22,970)	(13,950)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		189,364	146,847
Taxation	6	(55,436)	(46,117)
		<hr/>	<hr/>
Retained profit for the year	14	133,928	100,730
		<hr/>	<hr/>

There are no recognised gains and losses other than the profit for the year of £133,928 (1999: £100,730)

REZNOR (UK) LIMITED
NOTE OF HISTORICAL COST PROFITS

Year ended 31 July 2000

	2000 £	1999 £
Reported profit on ordinary activities before tax	189,364	146,847
Difference between historical cost depreciation charge and actual charge on re-valued amount of fixed assets	4,461	5,054
	<u>193,825</u>	<u>151,901</u>
Historical cost profit on ordinary activities before tax	193,825	151,901
	<u>138,389</u>	<u>105,784</u>
Historical cost profit for the year retained after taxation	138,389	105,784

REZNOR (UK) LIMITED

BALANCE SHEET

at 31 July 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	7	108,762	101,854
Current assets			
Stocks	8	567,886	746,278
Debtors	9	1,070,407	861,607
Cash in hand		<u>50,607</u>	<u>990</u>
		1,688,900	1,608,875
Creditors: amounts falling due within one year	10	<u>(1,424,805)</u>	<u>(1,449,672)</u>
Net current assets		<u>264,095</u>	<u>159,203</u>
Total assets less current liabilities		372,857	261,057
Creditors: amounts falling due after more than one year	11	<u>(4,480)</u>	<u>(26,608)</u>
		368,377	234,449
Capital and reserves (equity)			
Called up share capital	13	1	1
Revaluation reserve	14	10,163	14,624
Profit and loss account	14	<u>358,213</u>	<u>219,824</u>
Total shareholders' funds	16	<u>368,377</u>	<u>234,449</u>

The financial statements on pages 4 to 12
were approved by the board of directors on
10 April 2001

J.E. Fletcher

) Directors

M.H. Brookes

REZNOR (UK) LIMITED

NOTES ON FINANCIAL STATEMENTS

31 July 2000

1 Principal accounting policies

Basis of accounting

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

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement in accordance with Financial Reporting Standard No. 1 as it is a wholly owned subsidiary undertaking and the parent undertaking publishes consolidated financial statements which include a consolidated cash flow statement.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost or valuation of each asset over its estimated useful life.

Improvements to property	20% on cost
Plant and machinery	20% on cost
Fixtures and fittings	10% and 20% on cost
Motor vehicles	25% on cost

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities are translated into sterling and recorded at rates of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

REZNOR (UK) LIMITED
NOTES ON FINANCIAL STATEMENTS

31 July 2000
(continued)

2 Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.
The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below

	2000 £	1999 £
United Kingdom	4,850,365	4,489,058
Europe	<u>176,320</u>	<u>181,279</u>
	5,026,685	4,670,337
	<u>=====</u>	<u>=====</u>

3 Directors and employees

Staff costs including directors' emoluments

Wages and salaries	565,097	564,078
Social security costs	56,243	51,573
Other pension costs	<u>12,557</u>	<u>10,593</u>
	633,897	626,244
	<u>=====</u>	<u>=====</u>

The average monthly number of employees during the year was as follows

	Number	Number
Directors	5	5
Selling and distribution	25	27
Administration	<u>4</u>	<u>4</u>
	34	36
	<u>=====</u>	<u>=====</u>

Directors' emoluments

Directors' emoluments	8,959	57,445
Directors' pension contributions to money purchase schemes	-	4,050
	<u>=====</u>	<u>=====</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	-	1
	<u>=====</u>	<u>=====</u>

REZNOR (UK) LIMITED

NOTES ON FINANCIAL STATEMENTS

31 July 2000

(continued)

4	Operating profit	2000	1999
	The operating profit is stated after charging	£	£
	Operating leases		
	- hire of plant and machinery	5,137	7,138
	- rent	79,082	76,453
	Depreciation		
	- owned assets	22,792	17,968
	- leased motor vehicles	18,736	16,121
	Loss on disposal of fixed assets	-	1,073
	Auditors' remuneration	4,000	3,650
		<u> </u>	<u> </u>
5	Interest payable and similar charges		
	Bank interest	9,958	9,709
	Other interest	<u>13,012</u>	<u>4,241</u>
		22,970	13,950
		<u> </u>	<u> </u>
6	Taxation		
	The taxation charge on the profit on ordinary activities for the year was as follows		
	UK corporation tax	15,000	45,522
	Group relief	44,750	-
	Under/(over)provision in prior year	<u>(4,314)</u>	<u>595</u>
		55,436	46,117
		<u> </u>	<u> </u>

REZNOR (UK) LIMITED

NOTES ON FINANCIAL STATEMENTS

31 July 2000

(continued)

7	Tangible fixed assets	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
	Cost or valuation					
	1 August 1999	46,552	9,609	41,244	123,410	220,815
	Additions	<u>-</u>	<u>-</u>	<u>19,525</u>	<u>28,911</u>	<u>48,436</u>
	31 July 2000	46,552	9,609	60,769	152,321	269,251
	Depreciation					
	1 August 1999	45,552	8,872	29,584	34,953	118,961
	Charge for year	<u>407</u>	<u>148</u>	<u>7,983</u>	<u>32,990</u>	<u>41,528</u>
	31 July 2000	45,959	9,020	37,567	67,943	160,489
	Net book value					
	31 July 2000	593	589	23,202	84,378	108,762
	31 July 1999	1,000	737	11,660	88,457	101,854

The net book value of motor vehicles held under hire purchase contracts at the year end was £38,062, the depreciation which is shown in note 4.

On a historical cost basis, fixed assets would have been included as follows	Plant and machinery £	Fixtures and fittings £	Motor vehicles £
Cost	8,516	114,008	131,367
Accumulated depreciation	<u>(8,516)</u>	<u>(99,327)</u>	<u>(48,042)</u>
Net book value	<u>-</u>	<u>14,681</u>	<u>83,325</u>

8	Stocks	2000 £	1999 £
	Goods for resale	567,886	744,958
	Work in progress	<u>-</u>	<u>1,320</u>
		567,886	746,278

REZNOR (UK) LIMITED
NOTES ON FINANCIAL STATEMENTS

31 July 2000
(continued)

9	Debtors	2000	1999
		£	£
	Amounts falling due within one year		
	Trade debtors	1,032,720	828,859
	Other debtors	10,173	5,750
	Prepayments	<u>27,514</u>	<u>26,998</u>
		1,070,407	861,607
		<u> </u>	<u> </u>
10	Creditors: amounts falling due within one year		
	Bank overdraft	101,176	19,937
	Other loans	160,000	80,000
	Hire purchase contracts (see note 12)	23,004	22,691
	Trade creditors	726,038	739,574
	Amounts owed to parent undertaking	32,163	-
	Social security and other taxes	42,963	149,443
	Corporation tax	6,208	45,522
	Group relief	44,750	-
	Accruals	<u>288,503</u>	<u>392,505</u>
		1,424,805	1,449,672
		<u> </u>	<u> </u>
	Security		
	The bank has an unlimited debenture dated 31 July 1997 over the assets of the company and an unlimited guarantee of Ambi-Rad Limited, also dated 31 July 1997.		
	Other loans of £160,000 (1999: £80,000) is an unsecured loan repayable on demand.		
11	Creditors: amounts falling due after more than one year		
	Hire purchase contracts (see note 12)	4,480	26,608
		<u> </u>	<u> </u>
12	Obligations under hire purchase contracts		
	Future commitments due under finance leases and hire purchase contracts at 31 July 2000 are as follows		
	Within one year	23,004	22,691
	Between two and five years	<u>4,480</u>	<u>26,608</u>
		27,484	49,299
		<u> </u>	<u> </u>

REZNOR (UK) LIMITED

NOTES ON FINANCIAL STATEMENTS

31 July 2000

(continued)

13	Called up share capital (2000 and 1999)	Number of shares	£
	Authorised		
	Ordinary shares of £1 each	1,000	1,000
		<u> </u>	<u> </u>
	Allotted, issued and fully paid		
	Ordinary shares of £1 each	1	1
		<u> </u>	<u> </u>
14	Reserves	Profit and loss account	Revaluation reserve
		£	£
	1 August 1999	219,824	14,624
	Retained profit for the year	133,928	-
	Transfer from revaluation reserve	<u>4,461</u>	<u>(4,461)</u>
	31 July 2000	<u>358,213</u>	<u>10,163</u>
15	Ultimate parent company		
	Reznor (UK) Limited is a wholly owned subsidiary of Ambi-Rad Limited, a company incorporated in England.		
16	Reconciliation of movements in shareholders' funds	2000	1999
		£	£
	Profit for the financial year	133,928	100,730
	Opening shareholders' funds	<u>234,449</u>	<u>133,719</u>
	Closing shareholders' funds	<u>368,377</u>	<u>234,449</u>
17	Capital commitments		
	There were no capital commitments at the year end (1999: £Nil).		
18	Related party transactions		
	The company has taken advantage of the exemption from disclosure of related party transactions with group undertaking available under FRS 8 to more than 90% owned subsidiaries.		
19	Contingent liabilities and guarantees		
	The company has an unlimited guarantee to Ambi-Rad Limited, dated 31 July 1997.		