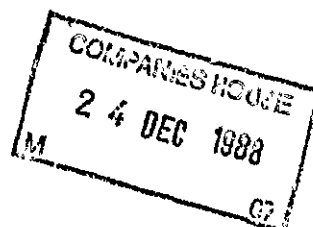


166 344

MYSON COMBUSTION PRODUCTS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1987



Myson Calibration Products Limited

DIRECTORS' REPORT

The Directors submit their report and accounts for the year ended 31st December 1987.

REVENUES AND DIVIDENDS

The Company did not trade during the year and made neither profits nor losses.

The Directors do not recommend a final ordinary dividend.

ACTIVITIES

With effect from 1st January 1987 the undertaking, assets and liabilities of the ongoing business of the Company were absorbed by Myson Limited, a fellow subsidiary of Myson Group plc.

FIXED ASSETS

The changes in fixed assets during the year are summarised in note 7 to the accounts.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company, who served throughout the year, and their interests in the share capital of the ultimate holding company, Myson Group plc, all beneficially held, were as follows:

	At 31st December 1987		At 1st January 1987	
	Ordinary shares		Ordinary shares	
	Held	Options	Held	Options
C. Woods	19,146	60,607	20,746	60,607
L. Wilson	-	-	-	-
J. Rigby	-	-	-	-
T. Simpson	-	70,000	-	78,624
D. Hall	-	-	-	-

On 29th March 1988 Messrs Simpson and Woods were granted additional options on 20,000 shares each.

The above options were granted under the Myson Executive Share Option Schemes 1982 and 1985.

No Director was interested in the preference shares at either date.

With the exception of the above, no Director had any material interest in any contract or arrangement with the Company or with the ultimate holding company or had any beneficial interests in the shares of the Company during the year.

Myson Combustion Products Limited

AUDITORS

The Directors have resolved that section 384(1) of the Companies Act 1985 is excluded from applying to the Company and accordingly an auditor has not been appointed.

By order of the Board

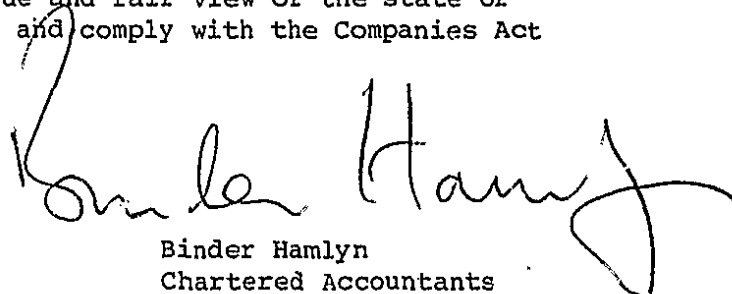


Secretary
20th April 1988

Report of the Auditors
to the members of Myson Combustion Products Limited

We have audited the accounts on pages 3 to 10 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared on the basis of accounting policies set out on pages 5 and 6, give a true and fair view of the state of affairs of the Company at 31st December 1987 and comply with the Companies Act 1985.



London
20th April 1988

Binder Hamlyn
Chartered Accountants

Agood Combustion Products Limited

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1987

	Notes	1987 £	1986 £
Turnover	2	-	6,946,795
Cost of Sales		-	(4,742,841)
Gross Profit		-	2,203,954
Distribution Costs		-	(1,021,020)
Administrative Expenses		-	(266,080)
Operating Profit	3	-	916,854
Interest Payable	5	-	(200,000)
Profit on Ordinary Activities before Taxation	2	-	716,854
Taxation	6	-	-
Profit for the Financial Year		-	716,854
Deficit brought forward		(6,414,800)	(7,131,654)
Deficit carried forward		(6,414,800)	(6,414,800)

The notes on pages 5 to 10 form part of these accounts.

Wilson Construction Products Limited

BALANCE SHEET
AT 31ST DECEMBER 1987

	Notes	1987 £	1986 £
Fixed Assets:			
Tangible Assets	7	-	443,042
Current Assets:			
Stocks	8	-	991,865
Debtors	9	-	3,966,705
Cash at Bank and in Hand		-	9,680
		<u>-</u>	<u>4,968,250</u>
Creditors: amounts falling due within one year	10	5,880,083	11,291,375
Net Current Liabilities		<u>(5,880,083)</u>	<u>(6,323,125)</u>
		<u>(5,880,083)</u>	<u>(5,880,083)</u>
Capital and Reserves:			
Called up Share Capital	12	484,000	484,000
Revaluation Reserve		50,717	50,717
Profit and Loss Account		(6,414,800)	(6,414,800)
		<u>(5,880,083)</u>	<u>(5,880,083)</u>

Approved by the Board on 20th April 1988

)
) Directors

The notes on pages 5 to 10 form part of these accounts

Steel Construction Products Limited

Notes to the accounts
for the year ended 31st December 1987

1. ACCOUNTING POLICIES

Accounting convention:

The accounts have been prepared under the historical cost convention.

Tangible Fixed Assets:

Depreciation is calculated to write off the cost or valuation of all fixed assets, less estimated residual value, over their expected useful lives, principally on a straight line basis, as follows:

Plant and machinery	- 3 to 10 years
Fixtures and fittings	- 10 years
Tooling	- 3 years

Stocks:

Stocks are stated at the lower of cost and net realisable value. In the cases of finished goods and work in progress, cost includes an appropriate proportion of production overheads.

Net realisable value comprises the estimated selling price less further costs to completion and distribution. Provision is made for obsolescent, slow moving and defective stocks.

Research and development:

Research and development expenditure is written off as incurred.

Taxation:

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences.

Provision is made for deferred taxation using the liability method only to the extent that there is reasonable probability that it will become payable in the foreseeable future.

Turnover:

Turnover represents the invoiced amount of goods sold during the year, stated net of value added tax.

Foreign currencies:

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange ruling at that date.

Exchange differences arising on translation are taken to the profit and loss account.

Agren Construction Products Limited

Notes to the accounts
for the year ended 31st December 1987 (Continued).

Pensions:

The Company's pension obligations are either insured or financed by annual payments to funds separate from the Company's finances and are valued triennially by independent actuaries. Contributions, the Company's share of which is charged against profits for the year, are intended to provide sufficient funds to meet future benefits and to avoid the creation of deficits relating to past service.

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit on ordinary activities before taxation is all attributable to the manufacture of domestic boilers, and fire protection equipment.

The geographical analysis of turnover is:

	1987	1986
	£	£
United Kingdom	-	6,678,384
Eire	-	208,537
Rest of Europe	-	19,614
Asia	-	40,260
	<u>-</u>	<u>6,946,795</u>
	=====	=====

3. OPERATING PROFIT

(a) This is stated after charging or crediting:

	1987	1986
	£	£
Charges:		
Directors' remuneration (see below)	-	80,621
Auditors' remuneration	-	7,000
Depreciation	-	70,159
Hire of plant and machinery	-	16,917
	=====	=====
Credits:		
Exceptional items (Department of Industry and Local Authority Grant)	-	(25,900)
	=====	=====

Hyson Combustion Products Limited

Notes to the accounts
for the year ended 31st December 1987 (Continued).

3. OPERATING PROFIT (Continued)

	1987	1986
(b) Directors' remuneration:	£	£
For management	-	71,222
Other emoluments (including pension contributions)	-	9,399
	<u>-</u>	<u>80,621</u>
	=====	=====

The emoluments of the highest paid director, excluding pension contributions, were £nil (1986:£25,653). Other directors' emoluments, excluding pension contributions, fell within the following ranges:

	1987	1986
	No.	No.
£Nil - £5,000	4	1
£10,001 - £15,000	-	1
£15,001 - £20,000	-	2

4. STAFF COSTS

	1987	1986
	£	£
Wages and salaries	-	1,022,677
Social security costs	-	95,430
Other pension costs	-	25,661
	<u>-</u>	<u>1,143,768</u>
	=====	=====

The average weekly number of employees during the year was made up as follows:

	1987	1986
	No.	No.
Office and management	-	45
Manufacturing	-	80
Selling and distribution	-	4
	<u>-</u>	<u>129</u>
	=====	=====

Myson Construction Products Limited

Notes to the accounts
for the year ended 31st December 1987 (Continued).

5. INTEREST PAYABLE

	1987	1986
	£	£
Interest on loan repayable on demand	-	200,000
	=====	=====

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no charge for current taxation.

If full provision had been made for deferred taxation the charge would not have increased (1986: Increased by £Nil).

7. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Tooling £	Total £
Cost or valuation:				
At 1st January 1987	572,782	214,425	196,204	983,411
Transfer to fellow subsidiary	(572,782)	(214,425)	(196,204)	(983,411)
At 31st December 1987	-----	-----	-----	-----
Depreciation:				
At 1st January 1987	229,207	142,264	168,898	540,369
Transfer to fellow subsidiary	(229,207)	(142,264)	(168,898)	(540,369)
At 31st December 1987	-----	-----	-----	-----
Net book value at 31st December 1987	-----	-----	-----	-----
Net book value at 31st December 1986	343,575	72,161	27,306	443,042
	=====	=====	=====	=====

Myron Combustion Products Limited

Notes to the accounts
for the year ended 31st December 1987 (Continued).

8. STOCKS

	1987	1986
	£	£
Raw materials and consumables	-	474,937
Work in progress	-	192,879
Finished goods and goods for resale	-	324,049
	<u>-</u>	<u>991,865</u>
	=====	=====

9. DEBTORS

	1987	1986
	£	£
Amount owed by fellow subsidiary companies	-	3,830,692
Other debtors	-	136,013
	<u>-</u>	<u>3,996,705</u>
	=====	=====

10. CREDITORS: amounts falling due within one year

	1987	1986
	£	£
Bank overdraft (see note 11)	-	45,000
Trade creditors	-	927,970
Amount owed to ultimate holding company	-	9,277,600
Amount owed to fellow subsidiary companies	5,880,083	399,240
Other taxes and social security costs	-	18,238
Other creditors	-	835
Accruals	-	622,492
	<u>5,880,083</u>	<u>11,291,375</u>
	=====	=====

11. CREDITORS: amounts falling due after more than one year

	1987	1986
	£	£
Loan	-	45,000
Less: Amount included in bank overdraft (see note 10)	-	45,000
	<u>-</u>	<u>-</u>
	=====	=====

Myson Group Products Limited

Notes to the accounts
for the year ended 31st December 1987 (Continued).

12. SHARE CAPITAL

	Authorised, allotted, called up and fully paid 1987	1986
	£	£
Ordinary shares of £1 each	484,000 =====	484,000 =====

13. ULTIMATE HOLDING COMPANY

The Directors regard Myson Group plc, a company incorporated in Great Britain,
as the ultimate holding company.