DECEUNINCK LIMITED 1565521

Report and Accounts

31 December 2000

ERNST & YOUNG



JMA
COMPANIES HOUSE
0230
20/12/01

Registered No. 1565521

DIRECTORS

A Deceuninck
W Deceuninck
C de Meersman (Chairman)
P Watts
G Morton
S Powell
J Skinner (appointed 1 January 2000)
N White (appointed 1 January 2000)

SECRETARY

A Deceuninck

REGISTERED OFFICE

30 Queen Charlotte Street
Bristol
BS99 7QQ

BANKERS

Lloyds Bank Plc
84 Cricklade Road
Gorse Hill
Swindon
Wiltshire
SN2 6AE

SOLICITORS

Osborne Clarke
50 Queen Charlotte Street
Bristol
BS1 4HE

AUDITORS

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

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DIRECTOR'S REPORT

The directors present their report and the audited accounts for the year ended 31 December 2000.

PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company remained that of the manufacturing and wholesaling of PVC-U building materials.

Despite margins coming under pressure throughout the industry, particularly in the premier quality sector, the company was able to increase sales volumes during the year.

The directors do not anticipate any significant changes in the nature or scope of the business in the foreseeable future.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,556,000 (1999 - £2,982,000). Dividends of £nil (1999 - £3,700,000) were paid in respect of the year, leaving a profit of £2,556,000 (1999 - loss of £718,000) to be retained.

The accounts present information about the company as an individual undertaking not about its group. The company is exempt from preparing group accounts under S228 of the Companies Act.

DIRECTORS

The directors who served during the year are shown on page 2.

DIRECTORS' INTERESTS

No director had any interest in the share capital of the company. The interests of directors who are also directors of the ultimate parent company are shown in the accounts of Deceuninck N.V.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor transferred its entire business to Ernst & Young LLP, a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming annual general meeting.

By order of the board

Director

Date: 19 December 2001

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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 year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- 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 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.

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Report of the Auditors
to the members of Deceuninck Limited

We have audited the accounts on pages 6 to 15 which have been prepared under the historical cost convention and under the accounting policies set out on pages 8 and 9.

Respective responsibilities of director and auditors

As described on page 4 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practises Board and by our profession's ethical guidance.

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 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 at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Manchester

Date: 19 December 2001

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2000

	Notes	2000 £000	1999 £000
TURNOVER	2	23,554	21,672
Cost of sales		(15,585)	(12,908)
GROSS PROFIT		7,969	8,764
Distribution costs		(597)	(600)
Administrative expenses		(4,674)	(4,050)
Other operating income		239	184
OPERATING PROFIT	3	2,937	4,298
Income from investment in subsidiary undertaking	6	-	(108)
Profit on disposal of subsidiary undertaking	10	147	-
Profit/(Loss) on disposal of fixed assets		1	(9)
Bank interest receivable		211	85
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,296	4,266
Taxation on profit on ordinary activities	7	(740)	(1,284)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	2,556	2,982
Dividends - ordinary dividend on equity shares	8,15	-	(3,700)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		2,556	(718)

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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2000

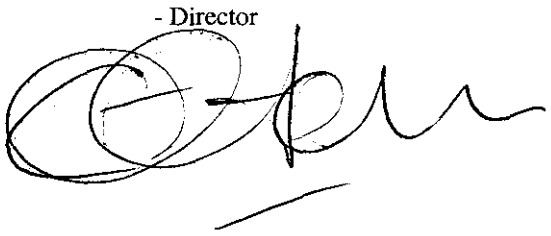
There were no recognised gains and losses other than the profit attributable to the shareholders of £2,556,000 for the year ended 31 December 2000 and of £2,982,000 for the year ended 31 December 1999.

BALANCE SHEET
at 31 December 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	9	1,613	1,464
Investment in subsidiary undertakings	10	240	328
		1,853	1,792
CURRENT ASSETS			
Stocks	11	1,610	1,920
Debtors	12	8,767	4,314
Cash at bank and in hand		1,476	1,073
		11,853	7,307
CREDITORS: amounts falling due within one year	13	(3,626)	(2,275)
NET CURRENT ASSETS		8,227	5,032
NET ASSETS		10,080	6,824
CAPITAL AND RESERVES			
Called up share capital	14,15	3,929	3,229
Profit and loss account	15	6,151	3,595
EQUITY SHAREHOLDER'S FUNDS	15	10,080	6,824

The accounts were approved by the Board of Directors on 19 December 2001 and signed on its behalf by:

- Director



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NOTES TO THE ACCOUNTS
For the year ended 31 December 2000

1. ACCOUNTING POLICIES

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

Depreciation
Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, over its estimated useful life, as follows:

Freehold land	Nil
Industrial buildings	5%
Plant and machinery	40-66%
Motor vehicles	20%
Computer equipment	33%
Other assets	10%

Stocks
Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Raw materials and good for resale	- purchase cost on a first-in, first-out basis.
Finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation
Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences are taken to the profit and loss account.

Pensions
The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

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NOTES TO THE ACCOUNTS
For the year ended 31 December 2000

1. ACCOUNTING POLICIES (continued)

Operating leases
Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Dividend receivable
Dividends from the subsidiary company are accounted for on a receivable basis in respect of the accounting period and which have been declared up to the date of this report.

Cash flow statement
A cash flow statement has not been prepared since the company is a wholly owned subsidiary of an EC parent company which prepares a consolidated cash flow statement that is available to the public.

Research and development
Research and development costs are expensed as incurred.

Related party transactions
The company has taken advantage of the exemption in FRS 8 from disclosing transactions with other related parties that are part of the Deceuninck N.V. group of companies on the grounds that Deceunick N.V. produces consolidated accounts that are available to the public.

Group accounts
The company has taken advantage of the exemption available under section 228 of the Companies Act 1985 not to prepare group accounts as it is a wholly owned subsidiary of an EU parent which produces consolidated accounts that are available to the public. The accounts represent the view of the individual company only and not of the group.

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2. TURNOVER

Turnover which is stated net of value added tax represents the amount derived from the provision of goods and services which fall within the company's continuing ordinary activities.

Turnover of £3,951,607 (1999 - £4,066,720) related to markets outside the United Kingdom, of which £3,659,828 (1999 - £3,810,888) related to Europe and £291,779 (1999 - £255,832) related to the Rest of the World.

3. OPERATING PROFIT

This is stated after charging/(crediting):

	2000	*1999*
	£000	*£000*
Staff costs (note 4)	2,639	2,428
Auditors' remuneration - audit services	16	16
Foreign exchange losses	(9)	(26)
Depreciation of owned tangible fixed assets (note 9)	302	267
Operating lease rentals	205	192
Research and development	231	170

4. STAFF COSTS

	2000 *£000*	*1999* *£000*
Wages and salaries	2,336	2,165
Social security costs	222	194
Pension costs	81	69
	2,639	2,428

The average number of employees (including executive directors) during the year was as follows:

	2000 *No.*	*1999* *No.*
Management	10	10
Office administration	18	17
Sales representatives	9	12
Warehouse and production	70	67
	107	106

5. DIRECTORS' EMOLUMENTS

	2000 *£000*	*1999* *£000*
Directors Emoluments	393	277
Compensation to past director for loss of office	-	61
Company contributions paid to money purchase pension schemes	25	26

	2000 *No*	*1999* *No*
Members of money purchase scheme	4	4

The amounts in respect of the highest paid director are as follows:

	2000 *£000*	*1999* *£000*
Emoluments	87	67
Company contributions paid to money purchase pension scheme	4	9

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6. INCOME FROM INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	2000	*1999*
	£000	*£000*
Dividends	-	33
Over provision for dividends in prior years	-	(141)
	-	(108)

The company has an entitlement to a preference dividend from its subsidiary company, Godiva Windows Limited, amounting to £18,000. Due to losses incurred by the subsidiary the dividend has not been declared, and accordingly the dividend has not been recognised.

7. TAX

	2000	*1999*
	£000	*£000*
Corporation tax - current year	640	1,350
- prior year	100	(66)
	740	1,284

No provision has been made for deferred taxation as a deferred tax asset has arisen as a result of excess depreciation over capital allowances and other timing differences amounting to £24,000 (1999 - £47,000).

8. DIVIDENDS

	2000	*1999*
	£000	*£000*
Interim - paid	-	3,700

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9. TANGIBLE FIXED ASSETS

	Motor vehicles £000	*Plant and machinery* £000	*Land and buildings* £000	*Total* £000
Cost:				
At 1 January 2000	19	4,893	2,285	7,197
Additions	-	429	40	469
Disposals	(11)	(72)	-	(83)
At 31 December 2000	8	5,250	2,325	7,583
Depreciation:				
At 1 January 2000	14	3,970	1,749	5,733
Charge for year	2	267	33	302
Depreciation on disposals	(11)	(54)	-	(65)
At 31 December 2000	5	4,183	1,782	5,970
Net book value:				
At 31 December 2000	3	1,067	543	1,613
At 31 December 1999	5	923	536	1,464

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	£000
Cost	
At 1 January 2000	328
Disposals	(88)
At 31 December 2000	240

The company owns 80% of the preference and 80% of the ordinary issued share capital of Godiva Windows Limited, a company incorporated in England and Wales.

The principal activity of the subsidiary is the supply and fitting of PVC-U windows and doors.

The results of the subsidiary and aggregate shareholders (deficit)/ funds were as follows:

	2000 £000	*1999* £000
Loss retained for the year	(653)	(22)
Shareholders' (deficit)/funds	(244)	386

During the year the company disposed of its investment in its other subsidiary undertaking Redbridge Windows Limited. The profit arising on disposal of £147,000 is shown in the profit and loss account.

The company is exempt from preparing group accounts under S228 of the Companies Act.

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NOTES TO THE ACCOUNTS
For the year ended 31 December 2000

11. STOCKS

	2000 £000	1999 £000
Raw materials	261	365
Finished goods for resale	1,349	1,555
	1,610	1,920

12. DEBTORS

	Notes	2000 £000	1999 £000
Trade debtors		4,165	2,746
Amounts owed by the ultimate parent undertaking		924	-
Amounts owed by group undertakings		2,873	1,190
Amounts owed by subsidiary undertaking	18	513	306
Other debtors		208	-
Prepayments and accrued income		51	72
Dividends receivable		33	-
		8,767	4,314

13. CREDITORS: amounts falling due within one year

	Notes	2000 £000	1999 £000
Trade creditors		857	712
Amounts owed to the ultimate parent undertaking		620	413
Amounts owed to group undertakings		1,295	768
Amounts owed to subsidiary undertaking	18	23	-
Corporation tax		282	35
Other taxation and social security		538	332
Accruals and deferred income		11	15
		3,626	2,275

14. SHARE CAPITAL

Authorised, allotted, called up and fully paid

	2000 No.	1999 No.	2000 £000	1999 £000
Ordinary shares of £1 each	3,929,000	3,229,000	3,929	3,229

On 4 January 2000 the company increased the authorised and issued share capital to 3,929,000 ordinary shares of £1 each through the creation of 700,000 ordinary shares of £1 each. On the same date 700,000 ordinary shares of £1 each were issued at par, called up and fully paid. The total increased share capital was transferred by Deceuninck Beheer B.V. to a new immediate parent undertaking Deceuninck Holdings (UK) Limited (note 19).

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15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS AND MOVEMENTS ON RESERVES

	Share capital £000	*Profit and loss account* £000	*Total* £000
At 1 January 1999	3,229	4,313	7,542
Profit for the year	-	2,982	2,982
Dividend	-	(3,700)	(3,700)
At 31 December 1999	3,229	3,595	6,824
Issue of ordinary share capital	700	-	700
Profit for the year	-	2,556	2,556
At 31 December 2000	3,929	6,151	10,080

16. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17. OTHER FINANCIAL COMMITMENTS

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings		*Other*	
	2000 £000	*1999* £000	*2000* £000	*1999* £000
Operating leases which expire:				
Within one year	63	-	-	-
Within two to five years	-	56	142	136
	63	56	142	136

18. RELATED PARTY TRANSACTIONS

Turnover includes £334,094 (1999: £647,569) of sales to its subsidiary undertaking Godiva Windows Limited. Other services to the value of £32,253 (1999: £26,709) were supplied by Deceuninck Limited. At the balance sheet date the amount due from Godiva Windows Limited was £489,930 (1999: £114,308) and is included in debtors (note 12) £513,000 and creditors (note 13) £23,070.

The directors are of the opinion that a normal market price was charged on all transactions.

The company has taken advantage of the exception contained within FRS 8 from disclosing transactions with other related parties that are part of the Deceuninck N.V. group of companies.

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19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking at the 31 December 2000 is Deceuninck Holdings (UK) Limited, a company incorporated in the United Kingdom.

In the opinion of the directors, the company's ultimate parent undertaking and controlling party is Deceuninck N.V., a company incorporated in Belgium. This is the smallest and largest group in which the company's results are consolidated.

Copies of the group accounts of Deceuninck N.V. are available from 374 Brugsesteenweg, 8800 Roeselare, Belgium. Copies of the accounts of Deceuninck Holdings (UK) Limited are available from 30 Queen Charlotte Street, Bristol, BS99 7QQ.

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