Deceuninck Limited

Report and Financial Statements

31 December 2002



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COMPANIES HOUSE
0393
30/03/04

Registered No: 1565521

Directors

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

Secretary

A Deceuninck

Auditors

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

Bankers

Lloyds Bank plc
Gorse Hill
Swindon
Wiltshire
SN2 6AE

Solicitors

D L A
Princes Exchange
Princes Square
Leeds
LS1 4BY

Registered office

2 Temple Back East
Temple Quay
Bristol
BS1 6EG

Directors' report

The directors present their report and financial statements for the year ended 31 December 2002.

Results and dividends

The profit for the year, after taxation, amounted to £980,000 (2001: £2,485,000). The directors do not recommend the payment of any dividends. (2001: £nil).

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 1985.

Principal activities and review of the business

The principal activity of the company during the year was that of 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.

Directors

The directors who served the company during the year were as follows:

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

There are no directors' interests requiring disclosure under the Companies Act 1985. The interests of directors who are also directors of the ultimate parent company are shown in the accounts of Deceuninck N.V.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

J Skinner
Director
22ND March 2004

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors 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 those financial statements, 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements 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 financial statements 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.

Independent auditors' report
to the members of Deceuninck Limited

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 21. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 . Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Independent auditors' report
to the members of Deceuninck Limited (continued)

Opinion
In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
100 Barbirolli Square
Manchester
M2 3EY

26 / 3 / 2004

Profit and loss account
for the year ended 31 December 2002

	Notes	2002 £000	2001 £000
Turnover	2	27,128	25,096
Cost of sales		20,945	17,384
Gross profit		6,183	7,712
Distribution costs		845	626
Administrative expenses		5,140	4,841
Other operating income		(473)	(504)
Operating profit	3	671	2,749
Bank interest receivable	6	457	304
Profit on ordinary activities before taxation		1,128	3,053
Tax on profit on ordinary activities	8	148	568
Profit retained for the financial year		980	2,485

Statement of total recognised gains and losses
There are no recognised gains or losses other than the profit of £980,000 attributable to the shareholders for the year ended 31 December 2002 (2001 - profit of £2,485,000).

Balance sheet
at 31 December 2002

	Notes	2002 £000	2001 £000
Fixed assets			
Tangible assets	9	3,322	1,690
Investments	10	240	240
		3,562	1,930
Current assets			
Stocks	11	2,030	1,683
Debtors	12	13,649	9,946
Cash in hand		322	2,183
		16,001	13,812
Creditors: amounts falling due within one year	13	6,018	3,177
Net current assets		9,983	10,635
Net assets		13,545	12,565
Capital and reserves			
Called up share capital	15	3,929	3,929
Profit and loss account	16	9,616	8,636
Equity shareholders' funds	16	13,545	12,565

J Skinner
Director

22nd March 2004

Notes to the financial statements
at 31 December 2002

1. Accounting policies

Basis of preparation

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

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.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Related parties transactions

The company is a wholly owned subsidiary of Deceuncinck N.V. group of companies, the consolidated accounts of which are publicly available.

Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or other parties of the Deceuninck N.V group of companies.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold Land	Nil
Industrial Buildings	5%
Plant & Machinery	12.5 - 25%
Motor Vehicles	20%
Computer Equipment	33%
Other Assets	10%

Stocks

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

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and 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.

Notes to the financial statements
at 31 December 2002

1. Accounting policies (continued)

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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 differences are taken to the profit and loss account.

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

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

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 £3,955,000 (2001: £3,867,000) relates to markets outside the United Kingdom, of which £3,828,000 (2001:£3,724,000) related to Europe and £127,000 (2001:£143,000) related to the Rest of the World.

Notes to the financial statements
at 31 December 2002

3. Operating profit

This is stated after charging:

	2002 £000	*2001* £000
Auditors' remuneration - audit services	27	26
Depreciation of owned fixed assets	427	322
Loss/ (Profit) on disposal of fixed assets	28	(56)
Operating lease rentals - plant and machinery	101	135
- other	-	83
Net loss on foreign currency translation	1	5
Research and development	425	361

4. Staff costs

	2002 £000	*2001* £000
Wages and salaries	2,801	2,428
Social security costs	267	235
Pensions	119	73
	3,187	2,736

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

	2002 No.	*2001* No.
Management	8	10
Office administration	20	18
Sales representatives	6	7
Warehouse and production	96	72
	130	107

Notes to the financial statements
at 31 December 2002

5. Directors' emoluments

	2002 *£000*	*2001* *£000*
Emoluments	465	416
Company pension contributions to money purchase schemes	28	34

	2002 *No*	*2001* *No*
Members of money purchase scheme to whom benefits are accruing	4	4

	2002 *£000*	*2001* *£000*
The amounts in respect of the highest paid director are as follows:		
Emoluments	104	100
Company contributions paid to money purchase pension scheme	9	7

6. Interest receivable

	2002 *£000*	*2001* *£000*
Bank interest receivable	457	304

7. Income from investments in subsidiary undertakings

The company has an entitlement to a preference dividend from its subsidiary company, Godiva Windows Limited, amounting to £17,000 (2001: £17,000). Due to insufficient distributable reserves held by the subsidiary the dividend has not been declared, and accordingly the dividend has not been recognised.

Notes to the financial statements
at 31 December 2002

8. Tax

(a) Analysis of charge in year

	2002 £000	*2001 £000*
Current tax:		
UK corporation tax	181	760
Tax under/(over) provided in previous years	(14)	(192)
	167	568
Deferred Tax:		
Origination and reversal of timing differences	(19)	-
Tax on profit on ordinary activities	148	568

(b) Factors affecting current tax charge

The differences are reconciled below:

	2002 £000	*2001 £000*
Profit on ordinary activities before tax	1,128	3,053
Profit on ordinary activities at standard rate of taxation in the UK of 30%	338	916
Effect of:		
Disallowed expenses and non-taxable income	66	31
Capital allowances in excess of depreciation	(109)	(22)
Group relief	(114)	(176)
Other timing differences	-	11
Adjustments in respect of previous periods	(14)	(192)
Total current tax (note 8 (a))	167	568

(c) Factors affecting future tax charges

A deferred tax asset of £19,000 has been provided on the basis that it is likely there will be suitable taxable profits in the foreseeable future to enable the asset to reverse. In the prior period there was an unprovided deferred tax asset of £40,000.

Notes to the financial statements
at 31 December 2002

9. Tangible fixed assets

	Freehold Property £000	*Plant & Machinery £000*	*Motor Vehicles £000*	*Assets in the course of construction £000*	*Total £000*
Cost:					
At 1 January 2002	2,336	5,543	8	78	7,965
Additions	-	1,358	7	724	2,089
Disposals	-	(55)	(8)	-	(63)
Transfers	277	-	-	(277)	-
At 31 December 2002	2,613	6,846	7	525	9,991
Depreciation:					
At 1 January 2002	1,815	4,452	8	-	6,275
Provided during the year	55	371	1	-	427
Disposals	-	(25)	(8)	-	(33)
At 31 December 2002	1,870	4,798	1	-	6,669
Net book value:					
At 31 December 2002	743	2,048	6	525	3,322
At 31 December 2001	521	1,091	-	78	1,690

Notes to the financial statements
at 31 December 2002

10. Investments

	Shares in group companies £000
Cost:	
At 1 January 2002 & 31 December 2002	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 were as follows:

	2002 £000	*2001 £000*
Result for the year	53	(209)
Shareholders' deficit	(379)	(432)

11. Stocks

	2002 £000	*2001 £000*
Raw materials	264	251
Finished goods	1,766	1,432
	2,030	1,683

12. Debtors

	2002 £000	*2001 £000*
Trade debtors	4,136	2,793
Amounts owed by group undertakings	7,980	6,929
Other debtors	447	111
Corporation tax	13	2
Deferred tax asset	19	-
Prepayments and accrued income	1,054	111
	13,649	9,946

Included in amounts owed by subsidiary undertakings is an amount of £399,000 (2001:£452,000) that is due after more than one year relating to repayments due from Godiva Windows Limited. Deceuninck Limited has committed to not withdrawing this loan within one year of the date of signing of these accounts.

Notes to the financial statements
at 31 December 2002

13. Creditors: amounts falling due within one year

	2002 £000	*2001 £000*
Trade creditors	1,221	977
Amounts owed to group undertakings	4,168	1,571
Other taxation and social security	265	284
Accruals and deferred income	364	345
	6,018	3,177

14. Related party transactions

Turnover includes £12,490 (2001:£3,346) of sales to its subsidiary undertaking Godiva Windows Limited. Other services to the value of £68,599 (2001:£35,957) were supplied by Deceuninck Limited. At the balance sheet date the amount due from Godiva Windows Limited was £457,158 (2001:£452,128) and is included in debtors (note 12).

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 FRS8 from disclosing transactions with other related parties that are part of the Deceuninck N.V. group of companies.

15. Share capital

	Authorised	
	2002 £000	*2001 £000*
Ordinary shares of £1 each	3,929	3,929

	Allotted, called up and fully paid			
	No.	*2002 £000*	*No.*	*2001 £000*
Ordinary shares of £1 each	3,929,000	3,929	3,929,000	3,929

16. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	*Profit and loss account £000*	*Total share-holders' funds £000*
At 1 January 2001	3,929	6,151	10,080
Profit for the year	-	2,485	2,485
At 31 December 2001	3,929	8,636	12,565
Profit for the year	-	980	980
At 31 December 2002	3,929	9,616	13,545

Notes to the financial statements
at 31 December 2002

17. Capital commitments
Amounts contracted for but not provided in the financial statements amounted to £203,000 (2001 - £119,000).

18. Pension commitments
The company operates a funded defined contribution scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the year end there were no contributions outstanding (2001: £nil).

19. Other financial commitments
At 31 December 2002, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings		*Other*	
	2002	*2001*	*2002*	*2001*
	£000	*£000*	*£000*	*£000*
Operating leases which expire:				
Within one year	171	-	118	-
Within two to five years	42	79	109	73
	213	79	227	73

20. Ultimate parent company
The company's immediate parent undertaking at 31 December 2002 is Deceuninck Holdings (UK) Limited, a company incorporated in the United Kingdom

In the opinion of the directors, the company's ultimate parent company 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 2 Temple Back East, Temple Quay, Bristol BS1 6EG.

21. Subsequent Events
On the 24 January 2003 Deceuninck Ltd purchased the share capital of Status Systems (PVCu) Ltd from Range Valley Extrusions Ltd, a fellow Group company, for a consideration of £13,446,000.