1565521

# Deceuninck Limited

## Report and Financial Statements

31 December 2012

SATURDAY

*A2LAE48O*

A27 16/11/2013 #408

COMPANIES HOUSE

## Directors
P Maeckelberghe
T Debusschere
B Vanderper

## Secretary
Ovalsec Limited

## Auditors
Ernst & Young LLP
The Paragon
Counterslip
Bristol BS1 6BX

## Bankers
KBC Bank NV
London Branch
111 Old Broad Street
London EC2N 1BR

## Solicitors
Withy King
5 – 6 Northumberland Buildings
Queen Street
Bath BA1 2JE

## Registered Office
2 Temple Back East
Temple Quay
Bristol BS1 6EG

Registered No 1565521

# Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

## Results and dividends

The loss for the year, after taxation, amounted to £1,404,000 (2011 – loss of £2,471,000) No dividends were paid during the year, and none are proposed

## Principal activity 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

Management uses turnover and EBIT to assess performance Turnover has decreased by £649,000 in 2012 EBIT has improved by £1,067,000 in 2012

## Future developments

The company's future plan remains committed to utilising capacity within the Calne manufacturing facility and the concentration of all activities around the core business fenestration customers to promote both retention and growth

## Financial risk management

The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, foreign exchange risk and interest rate risk

### Price risk

The company is exposed to commodity and energy price risk as a result of its operations The company has taken steps to purchase energy inputs at fixed prices

### Credit risk

The company has policies that require appropriate credit checks on potential customers before sales are made It is the policy of the company to minimise exposure by insuring all customers where possible

### Liquidity risk

The company is able to borrow funds as required from other group companies

### Foreign exchange risk

Foreign exchange is managed by the company's ultimate parent undertaking

### Interest rate risk

The company's debt is all short-term borrowing from group companies and is at a fixed interest rate

## Directors

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

J Skinner (resigned 31 December 2012)
P Maeckelberghe
T Debusschere
B Vanderper

# Directors' report

## Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

## Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

## Auditors

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

On behalf of the Board

Philippe Maeckelberghe
Director
4/11/2013

# Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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 financial statements of Deceuninck Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

## Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

# Independent auditors' report

**to the members of Deceuninck Limited**

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Ken Griffin (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Bristol

15 November 2013

# Profit and loss account

**for the year ended 31 December 2012**

| | Notes | 2012 £000 | 2011 £000 |
|---|---|---|---|
| ***Turnover*** | 2 | 14,729 | 15,378 |
| Cost of sales | | (12,206) | (13,584) |
| ***Gross Profit*** | | 2,523 | 1,794 |
| Distribution costs | | (2,338) | (2,556) |
| Administrative expenses | | (1,229) | (1,366) |
| Other operating income | | 39 | 59 |
| ***Operating Loss*** | | (1,005) | (2,069) |
| Gain on disposal of fixed assets | 3 | 4 | 1 |
| ***Loss on ordinary activities before interest and taxation*** | | (1,001) | (2,068) |
| Interest receivable and similar income | 6 | 45 | 51 |
| Interest payable and similar charges | 7 | (448) | (454) |
| | | (403) | (403) |
| ***Loss on ordinary activities before taxation*** | | (1,404) | (2,471) |
| Tax | 8 | – | – |
| ***Loss for the financial year*** | 15 | (1,404) | (2,471) |

All amounts relate to continuing activities

# Statement of total recognised gains and losses

**for the year ended 31 December 2012**

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £1,404,000 in the year ended 31 December 2012 (2011 – loss of £2,471,000)

# Balance sheet

**at 31 December 2012**

| | Notes | 2012 £000 | 2011 £000 |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Tangible assets | 9 | 459 | 543 |
| | | 459 | 543 |
| ***Current assets*** | | | |
| Stocks | 11 | 1,448 | 1,608 |
| Debtors | 12 | 9,734 | 2,974 |
| Cash in hand | | 79 | 135 |
| | | 11,261 | 4,717 |
| ***Creditors:*** amounts falling due within one year | 13 | (36,100) | (28,236) |
| ***Net current Liabilities*** | | (24,839) | (23,519) |
| ***Total assets less current liabilities*** | | (24,380) | (22,976) |
| ***Capital and reserves*** | | | |
| Called up share capital | 14 | 11,009 | 11,009 |
| Profit and loss account | 15 | (35,389) | (33,985) |
| ***Shareholders' deficit*** | 15 | (24,380) | (22,976) |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4-11-13

Philippe Maeckelberghe

Director

# Notes to the financial statements

**at 31 December 2012**

## 1. Accounting policies

***Basis of preparation***

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

***Group financial statements***

The company is exempt from the requirement to prepare group financial statements as it is a wholly owned subsidiary of Deceuninck N V who prepare group financial statements Accordingly the financial statements present information about the company as an individual undertaking only and not about its group

***Going concern***

The company has net liabilities as at 31 December 2012 The parent undertaking Deceuninck N V has agreed to provide financial support so as to allow the company to pay its debts as they fall due for a period of at least 12 months from the date of balance sheet approval Accordingly, the directors consider that it is appropriate to prepare these financial statements on a going concern basis

***Statement of cash flows***

The directors have taken advantage of the exemption in FRS 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes group financial statements

***Related parties transactions***

The company is a wholly owned subsidiary of Deceuninck N V , a company incorporated in Belgium, the group financial statements 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

***Tangible fixed assets***

All fixed assets are initially recorded at cost

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

| | |
|---|---|
| Industrial buildings | 2 5% |
| Plant and machinery | 5 - 25% |
| Motor vehicles | 20% |
| Computer equipment | 25% |
| Other assets | 10% |

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

# Notes to the financial statements

**at 31 December 2012**

## 1. Accounting policies (continued)

***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, 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

***Deferred taxation***

Deferred taxation 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 right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable

- 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 leases***

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

***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

# Notes to the financial statements

**at 31 December 2012**

## 2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report

An analysis of turnover by geographical market is given below

| | *2012* *£000* | *2011* *£000* |
|---|---|---|
| UK | 14,659 | 14,880 |
| Europe | 15 | 433 |
| Other | 55 | 65 |
| | 14,729 | 15,378 |

## 3 Operating loss

This is stated after charging/(crediting)

| | | *2012* *£000* | *2011* *£000* |
|---|---|---|---|
| Auditors' remuneration – | audit services | 27 | 26 |
| – | non- audit services | 8 | 17 |
| Depreciation of owned fixed assets | | 155 | 239 |
| Operating lease rentals – | plant and machinery | 83 | 81 |
| – | land and buildings | 325 | 325 |
| Gain on disposal of fixed assets | | 4 | 1 |
| Net gain on foreign currency translation | | (2) | (4) |

## 4 Directors' remuneration

| | *2012* *£000* | *2011* *£000* |
|---|---|---|
| Remuneration | 209 | 178 |
| Value of company pension contributions to money purchase schemes | 13 | 15 |

# Notes to the financial statements

**at 31 December 2012**

## 4. Directors' remuneration (continued)

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

| | *2012* | *2011* |
|---|---|---|
| | *No* | *No* |
| Remuneration | 113 | 94 |
| Value of company pension contributions to money purchase schemes | 12 | 10 |

Contributions to money purchase schemes are made by the company for 2 directors (2011 – 2)

## 5. Staff costs

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| Wages and salaries | 1,629 | 1,704 |
| Social security costs | 172 | 194 |
| Pension costs (note 16) | 73 | 56 |
| | 1,874 | 1,954 |

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

| | *No* | *No* |
|---|---|---|
| Management | 4 | 4 |
| Office administration | 5 | 11 |
| Sales representatives | 8 | 10 |
| Warehouse and production | 30 | 36 |
| | 47 | 61 |

## 6. Interest receivable and similar income

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| Bank interest receivable | 45 | 51 |

## 7. Interest payable and similar charges

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| Bank interest payable | 6 | 7 |
| Intercompany loan interest | 442 | 447 |
| | 448 | 454 |

# Notes to the financial statements

**at 31 December 2012**

## 8. Tax

(a) Tax on Loss on ordinary activities

The tax Charge is made up as follows

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| ***Current tax.*** | | |
| UK corporation tax on the Loss for the year | – | – |
| ***Deferred tax*** | | |
| Tax on Loss on ordinary activities | – | – |

(b) Factors affecting current tax Charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24 50%% (2011 – 26 5%) The differences are explained below

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| Loss on ordinary activities before tax | (1,404) | (2,471) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 50%% (2011 – 26 5%) | (344) | (655) |
| *Effects of* | | |
| Disallowed expenses and non-taxable income | 6 | 13 |
| Capital allowances in excess of depreciation | 34 | 63 |
| Group relief surrendered for nil consideration | 56 | 59 |
| Unrelieved tax losses carried forward | 248 | 520 |
| Total current tax (note 9(a)) | – | – |

(c) Deferred tax

The company has estimated tax losses of £24,869,033 (2011 – £23,817,190) available for offset against future trading profits

No deferred tax asset has been recognised in the balance sheet as the recognition criteria of FRS 19 have not been met The total potential deferred tax asset not recognised comprises

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| Capital allowances in advance of depreciation | 495 | 548 |
| Losses carried forward | 5,719 | 5,954 |

# Notes to the financial statements

**at 31 December 2012**

## 8. Tax (continued)

(d) Factors that may affect future tax charges (continued)

Announcements were made during and after the year by the Chancellor of the Exchequer of proposed changes to Corporation tax rates which will have an effect on the future tax charge of the company Reductions in the corporation tax rate from 24% to 23% effective from 1 April 2013 were substantively enacted during the year Subsequent reductions in the tax rate to 21% from 1 April 2014 were also announced but had not been enacted at the balance sheet date Consequently the unrecognised deferred tax has been calculated at the year end using a tax rate of 23%

## 9 Tangible fixed assets

| | *Freehold property* £000 | *Plant and machinery* £000 | *Motor vehicles* £000 | *Total* £000 |
|---|---|---|---|---|
| Cost | | | | |
| At 1 January 2012 | 67 | 3,387 | 7 | 3,461 |
| Additions | 50 | 24 | | 74 |
| Disposals | | (16) | | (16) |
| At 31 December 2012 | 117 | 3,395 | 7 | 3,519 |
| Depreciation | | | | |
| At 1 January 2012 | 4 | 2,907 | 7 | 2,918 |
| Provided during the year | | 155 | | 155 |
| On disposals | | (13) | | (13) |
| At 31 December 2012 | 4 | 3,049 | 7 | 3,060 |
| Net book value | | | | |
| At 31 December 2012 | 113 | 346 | – | 459 |
| At 1 January 2012 | 63 | 480 | – | 543 |

## 10. Investments

| | *2012* £000 | *2011* £000 |
|---|---|---|
| Cost at 1 January and 31 December | 13,446 | 13,446 |
| Provision at 1 January and 31 December | (13,446) | (13,446) |
| NBV at 1 January and 31 December | – | – |

The company owns 100% of the issued share capital of Status Systems (PVCu) Ltd, a company registered in England and Wales

# Notes to the financial statements

**at 31 December 2012**

## 11 Stocks

| | 2012 £000 | 2011 £000 |
|---|---|---|
| Raw materials | 139 | 353 |
| Finished goods | 1,309 | 1,255 |
| | 1,448 | 1,608 |

## 12. Debtors

| | 2012 £000 | 2011 £000 |
|---|---|---|
| Trade debtors | 2,020 | 2,386 |
| Amounts owed by group undertakings | 7,567 | 415 |
| Other debtors | 58 | 111 |
| Prepayments and accrued income | 89 | 62 |
| | 9,734 | 2,974 |

## 13. Creditors: amounts falling due within one year

| | 2012 £000 | 2011 £000 |
|---|---|---|
| Trade creditors | 443 | 677 |
| Amounts owed to group undertakings | 34,484 | 27,052 |
| Other taxes and social security costs | 632 | 408 |
| Accruals and deferred income | 541 | 99 |
| | 36,100 | 28,236 |

## 14. Issued share capital

| *Allotted, called up and fully paid* | *No* | *2012 £000* | *No* | *2011 £000* |
|---|---|---|---|---|
| Ordinary shares of £1 each | 11,008,765 | 11,009 | 11,008,765 | 11,009 |

# Notes to the financial statements

**at 31 December 2012**

## 15. Reconciliation of shareholders' deficit and movements on reserves

| | *Share capital £000* | *Profit and loss account £000* | *Total share-holders' funds £000* |
|---|---|---|---|
| At 1 January 2011 | 11,009 | (31,514) | (20,505) |
| Loss for the year | – | (2,471) | (2,471) |
| At 1 January 2012 | 11,009 | (33,985) | (22,976) |
| Loss for the year | – | (1,404) | (1,404) |
| At 31 December 2012 | 11,009 | (35,389) | (24,380) |

## 16. Pensions

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 (2011 – £nil)

## 17. Other financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

| | *2012* | | *2011* | |
|---|---|---|---|---|
| | *Land and buildings £000* | *Other £000* | *Land and buildings £000* | *Other £000* |
| Operating leases which expire | | | | |
| Within one year | – | 34 | – | 9 |
| In two to five years | – | 42 | – | 85 |
| Over five years | 325 | | 325 | – |
| | 325 | 76 | 325 | 94 |

## 18. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking 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 group

Copies of the group financial statements of Deceuninck N V are available from 374 Brugsesteenweg, 8800 Roeselare, Belgium