

Bowater Building Products Limited

Report And Accounts

31 December 2007

Registered Number 5088708

TUESDAY



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Bowater Building Products Limited

DIRECTORS' REPORT

The Directors present their report and Financial Statements for the year to 31 December 2007

Results and Dividends

The Directors report an Operating Loss of £2,927,000 for the year (2006 Operating Profit £2,043,000) after amortisation of goodwill of £378,000 (2006 £500,000) and exceptional costs of £4,492,000 (2006 £nil)

After tax and interest, the net loss for the year amounted to £3,143,000 (2006 profit £3,212,000), which will be transferred to reserves. The Directors do not recommend payment of a dividend

Principal Activity and Review of the Business

The principal activity of the Company during the year was the extrusion, distribution and sale of PVCu profiles and the manufacture, distribution, installation and sale of double-glazed windows, door units, conservatory roofs and related products

The key figures used by the Directors to manage the business are as follows

	2007 £000	2006 £000	Change %
Turnover	64,827	68,450	(5)%
Operating profit before exceptional items and goodwill	1,943	2,543	(24)%
Operating (loss)/profit	(2,927)	2,043	(243)%
(Loss)/profit before tax	(2,865)	2,101	(236)%
(Loss)/profit after tax	(3,143)	3,212	(198)%
Shareholders' funds	28,035	31,178	(10)%
Current assets as % of current liabilities	182%	187%	(5)%
Average number of employees	401	484	(17)%

This year, as in 2006, the Company experienced growth in its core extrusion operations in terms of sales but a slight decline in its overall turnover. 2007 saw a conscious decision to reduce capacity for window fabrication. The factory which serviced this market was reorganised and this has improved the performance of that division significantly.

The exceptional costs disclosed this year relate primarily to the costs of reorganising the factory and to an exceptional bad debt and asset write-off incurred due to the failure of Bowater Home Improvements Limited, which went into administration on 7 January 2008. The ongoing impact of the loss of that customer will not be of great significance.

Principal Risks and Uncertainties

The further cost of reorganising the operations in 2008 (as detailed below) is expected to reduce 2008 operating profits, but further reduces the fixed cost base and provides a sound basis from which to develop the business. As the Company is diversified across a number of sectors in the market, an adverse development in any one is not expected to threaten the overall result significantly.

Bowater Building Products Limited

DIRECTORS' REPORT

Events After the Balance Sheet Date

Subsequent to the year end a further cost reduction programme was initiated that will result in additional exceptional costs of some £1,000,000 in 2008, but which reduces annual overhead by £2,700,000. Furthermore, the conservatory roof operation, which lost £330,000 in 2007 and traded as Newdawn and Sun, was successfully sold with effect from 29 April 2008, rendering proceeds of £300,000 to the Company and eliminating future losses. This incurred a loss on disposal of around £650,000.

Likely Future Developments

The Directors expect that the Company will continue to serve its customers' needs in the public sector and private home improvement markets. The Directors estimate that at present around 44% of sales are ultimately destined for the public sector market.

Ultimate Parent Undertaking

The immediate and ultimate parent undertaking is Squarepink Limited.

Directors

The Directors of the Company during the year were as follows:

E Patterson	(resigned 20 March 2008)
N J Richmond	(resigned 17 June 2008)
K N Franklin	(resigned 20 March 2008)
P W G Duguid	
C J Baranowski	(appointed 29 April 2008)

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.

Bowater Building Products Limited

DIRECTORS' REPORT

Employee Involvement

The Directors attach great importance to the maintenance and development of good labour relations and employee involvement and training. The results are discussed at meetings held with senior management and the opportunity is taken to inform them of developments. Employees everywhere are encouraged to be aware of the performance of their business and of the Company as a whole. The diverse nature of the Company's activities places the responsibility for such matters with local management in a manner appropriate to the particular circumstances of each business.

Employee involvement in the Company's profitability is encouraged through locally based bonus and profit related pay schemes and executive bonus schemes.

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Auditors

Ernst & Young LLP will be re-appointed as company auditor in accordance with an elective resolution passed by the Company under section 386 of the Companies Act 1985.

By order of the Board



T J Clark
Secretary

26 September 2008

Bowater Building Products Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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). The financial statements are required by law to 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 judgements 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 proper accounting records that 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 AUDITOR'S REPORT TO THE MEMBERS OF BOWATER BUILDING PRODUCTS LIMITED

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account the Balance Sheet the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 23. These financial statements have been prepared under 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

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 AUDITOR'S REPORT TO THE MEMBERS OF BOWATER BUILDING PRODUCTS LIMITED (CONTINUED)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



Ernst & Young LLP
Registered auditor
Birmingham
30 September 2008

Bowater Building Products Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2007

	<i>Notes</i>	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
TURNOVER	3	64,827	68,450
Operating charges		(62,884)	(65 907)
Operating profit before exceptional costs and amortisation of goodwill		1,943	2 543
Amortisation of goodwill	4	(378)	(500)
Exceptional costs	4	(4,492)	-
Total operating costs	4	(67,754)	(66 407)
OPERATING (LOSS)/PROFIT		(2,927)	2,043
Bank interest receivable		62	59
Interest payable	7	-	(1)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,865)	2,101
Tax on (loss)/profit on ordinary activities	8	(278)	1,111
NET (LOSS)/PROFIT FOR THE YEAR	19	(3,143)	3,212

All activities in the year relate wholly to continuing activities

Bowater Building Products Limited

BALANCE SHEET at 31 December 2007

		2007	2006
			(Restated)
	Notes	£000	£000
FIXED ASSETS			
Intangible assets	9	6,186	6,564
Tangible assets	10	9,912	11,229
		<u>16,098</u>	<u>17,793</u>
CURRENT ASSETS			
Stocks	11	6,099	6,309
Debtors	12	11,077	10,820
Cash at bank and in hand		10,542	12,209
		<u>27,718</u>	<u>29,338</u>
CREDITORS amounts falling due within one year	13	(15,206)	(15,705)
NET CURRENT ASSETS		<u>12,512</u>	<u>13,633</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,610</u>	<u>31,426</u>
PROVISIONS FOR LIABILITIES AND CHARGES	15	(575)	(248)
		<u>28,035</u>	<u>31,178</u>
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Share premium account	18	23,500	23,500
Profit and loss account	18	4,535	7,678
SHAREHOLDERS' FUNDS		<u>28,035</u>	<u>31,178</u>

Approved by the Board



C J Baranowski
Director

26 September 2008

Bowater Building Products Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2007

	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
(Loss)/profit for the year and total gains recognised	(3,143)	3,212

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Opening shareholders' funds	31,178	27,966
(Loss)/profit for the year	(3 143)	3,212
Closing shareholders' funds	28,035	31,178

Bowater Building Products Limited

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

1 ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention, in accordance with applicable accounting standards

Comparative Figures

Prior year comparative figures have been rearranged, where necessary, for the purpose of comparison. The changes have no impact on prior year's profit or shareholders' funds

Cash Flow Statement

The Company has taken advantage of the exemption under FRS1 not to prepare a cashflow statement as its ultimate parent undertaking, Squarepink Limited, publishes consolidated financial statements

Goodwill

Positive goodwill arising on acquisitions, representing the excess of the fair value of the consideration over the fair values attributed to the Company's share of identifiable net assets acquired, is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its estimated useful economic life of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Turnover

Turnover is defined as the net amount receivable (excluding VAT) for goods supplied and services provided

Depreciation

Depreciation is calculated to write-off the book value of tangible assets over their expected lives by equal annual instalments, except that depreciation is not provided on assets under construction

Tangible assets are depreciated at the following rates

Short leasehold property	-	life of lease
Plant, machinery and vehicles	-	10% to 50%

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

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 prior to completion and disposal

Bowater Building Products Limited

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

1. ACCOUNTING POLICIES (continued)

Foreign currencies

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

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end

All differences are taken to the profit and loss account

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 right to pay less or to receive more, tax, with the following exception

- 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 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 the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Leasing

Assets held under finance leases are leases where substantially all the risks and rewards of ownership of the asset have passed to the group. Assets are capitalised in the balance sheet and depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged to the profit and loss account over the period of the lease and represent a constant proportion of the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Pensions

The Company operates a money purchase pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. ULTIMATE PARENT UNDERTAKING

The Company's immediate and ultimate parent undertaking is Squarepink Limited, a company incorporated in England and registered in England and Wales. The results of Bowater Building Products Limited have been included in the group accounts, copies of which can be obtained from Squarepink Limited, Water Orton Lane, Minworth, Sutton Coldfield, B76 9BW.

3. TURNOVER

All of the Company's turnover and profit before taxation arises from the manufacture, distribution and sale of double-glazed windows, conservatories, extruded PVCu profile door units and related products and all of the Company's operating assets are used for this purpose. With the exception of £3,013,000 (2006 £2,623,000) of turnover to the Irish Republic, the destination of all turnover is the United Kingdom.

Bowater Building Products Limited

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

4. OPERATING PROFIT

	2007	2006
	£000	£000
This is stated after charging/(crediting)		
Increase in overhead element of stocks of finished goods and work in progress	(158)	(3)
Raw materials	32,820	32,789
Employee costs (note 5)	12,347	13,989
Depreciation - owned assets	2,302	2,496
Amortisation of goodwill	378	500
Operating lease rentals - equipment	1,949	1,701
- land and buildings	1,757	1,830
Auditors' remuneration - audit services	64	49
- taxation and other services	22	28
Other operating charges	17,434	14,203
Other operating income	(1,161)	(1,175)
	<u>67,754</u>	<u>66,407</u>

Other operating income includes rentals receivable of £252,000 (2006: £261,000)

Exceptional items included in other operating charges are

	2007	2006
	£000	£000
Bad debt and asset write-off in respect of customer in administration	2,045	-
Restructuring of window fabrication business	2,447	-
	<u>4,492</u>	<u>-</u>

5. EMPLOYEES

	2007	2006
	£000	£000
(a) Employee costs		
Wages and salaries	10,693	12,233
Social security costs	1,125	1,199
Other pension costs	529	557
	<u>12,347</u>	<u>13,989</u>
	No	No
(b) Number of employees		
Monthly average number of employees		
Manufacturing and production	200	253
Selling and administration	201	231
	<u>401</u>	<u>484</u>

Bowater Building Products Limited

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

6. DIRECTORS' EMOLUMENTS

A total of £480,000 (2006 £452,000) of the emoluments to three of the directors are recharged to a related company, Bowater Home Improvements Limited a related party in the Squarebeige Limited group of companies

	2007 £000	2006 £000
Emoluments	874	1,038

Company contributions to money purchase pension schemes	78	82
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	2007 No	2006 No
Members of the money purchase pension schemes	3	3

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

	2007 £000	2006 £000
Emoluments	293	348
Company contributions paid to money purchase pension schemes	nil	nil

7 INTEREST PAYABLE

	2007 £000	2006 £000
Finance leases	-	1

8 TAXATION

	2007 £000	2006 £000
Charge/(credit) for the year		
Corporation tax - adjustments in respect of prior years	(65)	(563)
Deferred taxation - on capital allowances	199	(608)
- on other timing differences	144	60
	343	(548)
	278	(1,111)

Bowater Building Products Limited

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

8 TAXATION (CONTD)

The tax assessed for the year ended 31 December 2007 varies from the standard rate of corporation tax in the UK (30 %) The differences are explained below

	2007 £000	2006 £000
(Loss)/profit on ordinary activities before tax	(2,865)	2,101
Expected (credit)/charge at UK average tax rate of 30%	(860)	630
Effects of		
Expenses not deductible for tax purposes	244	243
Capital allowances lower than depreciation	850	24
Net decrease/(increase) in general provisions	9	(1)
Group relief received for nil payment	(243)	(896)
Prior period adjustments	(65)	(563)
Current tax credit	(65)	(563)

With effect from 1 April 2008 the main rate of Corporation Tax has been reduced from 30% to 28% In addition, there have been a number of changes to the capital allowance regime, including a reduction in the rate of capital allowances on plant and machinery from 25% to 20% and the phased withdrawal of Industrial Buildings Allowances over the four years to 31 March 2011

9 INTANGIBLE FIXED ASSETS

	<i>Goodwill</i> £000
Cost	
At 1 January and 31 December 2007	7 677
Amortisation	
At 1 January 2007	1,113
Amortised during the year	
Normal amortisation	378
At 31 December 2007	1,491
Net book value at 31 December 2007	6,186
Net book value at 31 December 2006	6,564

Bowater Building Products Limited

NOTES TO THE ACCOUNTS for the year ended 31 December 2007

10. TANGIBLE FIXED ASSETS

	<i>Short leasehold buildings £000</i>	<i>Plant, machinery and vehicles £000</i>	<i>Total £000</i>
Cost			
Opening balance	1,577	15,773	17,350
Additions	41	1,860	1,901
Disposals	-	(1,511)	(1,511)
At 31 December 2007	1,618	16,122	17,740
Depreciation			
Opening balance	276	5,845	6,121
Charge for year	140	2,162	2,302
Disposals	-	(595)	(595)
At 31 December 2007	416	7,412	7,828
Net book value			
At 31 December 2007	1,202	8,710	9,912
At 31 December 2006	1,301	9,928	11,229

There are no assets held under finance leases

11. STOCKS

	<i>2007 £000</i>	<i>2006 £000</i>
Raw materials	1,031	1,163
Work in progress and finished goods	5,068	5,146
	6,099	6,309

The difference between purchase price or production cost of stocks and their replacement cost is not material

12. DEBTORS

	<i>2007 £000</i>	<i>2006 (Restated) £000</i>
Trade debtors	9,646	8,756
Amount due from parent undertaking	-	57
Amounts due from fellow group undertakings	48	-
Deferred tax asset (note 16)	-	343
Prepayments and accrued income	1,383	1,664
Total debtors due within one year	11,077	10,820

Debtors at 31 December 2006 include the deferred tax asset which was previously presented separately on the face of the balance sheet

Bowater Building Products Limited

NOTES TO THE ACCOUNTS for the year ended 31 December 2007

13 CREDITORS

	2007 £000	2006 £000
Amounts falling due within one year		
Trade creditors	11,578	11,182
Other taxes and social security costs	588	1,309
Amounts due to fellow group undertakings	576	514
Other creditors	1,619	2,232
Corporation tax	-	100
Fixed asset creditors	845	368
	<u>15,206</u>	<u>15,705</u>

14. OBLIGATIONS UNDER OPERATING LEASE CONTRACTS

Operating lease rentals payable in 2008 relate to commitments expiring

	2007 £000	2006 £000
Land and buildings		
Within one year	7	50
Between two and five years	415	377
After five years	1,400	1,184
	<u>1,822</u>	<u>1,611</u>
Equipment		
Within one year	138	130
Between two and five years	924	1,451
After five years	-	-
	<u>1,062</u>	<u>1,581</u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

Movements on the provisions during the year were as follows

	Restructuring £000	Property £000	Other £000	Total £000
Balance at 1 January 2007	-	245	3	248
Utilised during the year	(2,162)	(121)	-	(121)
Charge for the year	2,446	74	90	448
Balance at 31 December 2007	<u>284</u>	<u>198</u>	<u>93</u>	<u>575</u>

Property Closure

Provision has been made for onerous rent costs, defined as the excess payable over a normal market rent for the property in question. These costs are expected to be incurred over the next nine years.

Restructuring

Provision has been made for the cost of restructuring the fabrication facility as outlined in note 4. The balance of the costs is expected to be incurred over the next six years, but predominantly in 2008.

Bowater Building Products Limited

NOTES TO THE ACCOUNTS for the year ended 31 December 2007

16. DEFERRED TAX

The deferred tax asset is as follows

	<i>Capital Allowances £000</i>	<i>Short-term Timing Differences £000</i>	<i>Total £000</i>
Opening balance	199	144	343
Profit and loss account charge for the year	(199)	(144)	(343)
At 31 December 2007	-	-	-

The potential deferred tax asset not provided is

	<i>2007 £000</i>	<i>2006 £000</i>
Capital allowances	938	-
Short-term timing differences	74	-
	<u>1,012</u>	<u>-</u>

The potential deferred tax asset is not recognised due to the uncertainty regarding suitable future taxable profits against which it may be offset

17. SHARE CAPITAL

	<i>2007 No</i>	<i>2006 No</i>	<i>2007 £</i>	<i>2006 £</i>
Ordinary shares of £1 each				
Authorised, allotted, called up and fully paid	4	4	4	4

18. RESERVES

	<i>Share Premium £000</i>	<i>Profit and loss £000</i>	<i>Total £000</i>
At 1 January 2006	23,500	4,466	27,966
Profit for the year	-	3,212	3,212
At 31 December 2006	<u>23,500</u>	<u>7,678</u>	<u>31,178</u>
(Loss) for the year	-	(3,143)	(3,143)
At 31 December 2007	<u>23,500</u>	<u>4,535</u>	<u>28,035</u>

19. CAPITAL EXPENDITURE COMMITMENTS

	<i>2007 £000</i>	<i>2006 £000</i>
Amounts contracted for but not provided	990	1,510

Bowater Building Products Limited

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

20 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption conferred to by FRS8 in that transactions with other group companies are not disclosed. Transactions undertaken with the Squarebeige Group, which has common share ownership, are disclosed in the group accounts prepared by Squarepink Limited.

21. CONTINGENT LIABILITIES

As a member of the Bowater Building Products Limited Group for VAT purposes, the Company has joint and several liability for amounts due to HM Revenue & Customs under this arrangement.

Together with its parent undertaking, Squarepink Limited, the Company was a party at the year end, together with Bourne End One Limited and Squareblack Limited, to cross guarantees under group banking arrangements with Barclays Bank PLC. These totalled £11,150,000 at the year-end (2006 £13,000,000).

22 PENSIONS

The Company operates a money purchase pension scheme. Amounts due to the scheme at the year end were £86,000 (2006 £86,000).

23 EVENTS SINCE THE BALANCE SHEET DATE

Subsequent to the year end a further cost reduction programme was initiated that will result in additional exceptional costs of some £1,000,000 in 2008, but which reduces annual overhead by £2,700,000. Furthermore, the conservatory roof operation, which lost £330,000 in 2007 and traded as Newdawn and Sun, was successfully sold with effect from 29 April 2008, rendering proceeds of £300,000 to the Company and eliminating future losses. This incurred a loss on disposal of around £650,000.