Status Systems (PVCu) Limited

Report and Financial Statements

31 December 2002

Registered No: 00699857

Directors
G Morton
R Shipley
C De Meersman
D Demeulemeester
S Powell
C Foreman

Secretary
Ovalsec Limited

Auditors
Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

Bankers
National Westminster Bank plc
P O Box No 305
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Solicitors
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2 Temple Bank East
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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 amounted to £4,211,000 (2001: £121,000). The directors do not recommend the payment of any dividends (2001: £nil).

Principal activities and review of the business

The principal activity of the company during the year was that of manufacturing and wholesaling of PVCu building materials.

Despite margins coming under pressure throughout the industry the directors consider the performance of the company to be acceptable.

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:

G Morton
R Shipley
C De Meersman
D Demeulemeester
S Powell
C Foreman

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

Auditors

The company has passed an elective resolution under section 366A of the Companies Act 1985 to dispense with the requirement to hold an Annual General Meeting.

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

By order of the board

C Foreman

Director

24th 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 Status Systems (PVCu) 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 Status Systems (PVCu) 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

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	23,348	22,097
Change in stocks of finished goods and work in progress		48	27
Purchase of raw materials, consumables and finished goods		(11,683)	(10,871)
Other external charges		(241)	(241)
Staff costs	4	(3,148)	(2,909)
Depreciation		(777)	(852)
Other operating charges		(5,020)	(6,908)
		(20,821)	(21,754)
Other income		3,579	-
Operating profit	3	6,106	343
Interest payable	6	(68)	(179)
Interest receivable		16	-
Profit on ordinary activities before taxation		6,054	164
Tax on profit on ordinary activities	7	1,843	43
Profit retained for the financial year	17	4,211	121

Statement of total recognised gains and losses

There were no recognised gains and losses in the year ended 31 December 2002 or the year ended 31 December 2001, other than the profit stated above.

Balance sheet
at 31 December 2002

	Notes	2002 £000	2001 £000
Fixed assets			
Tangible assets	8	2,195	2,870
Current assets			
Stocks	9	1,223	1,392
Debtors	10	9,830	3,141
Cash in hand		3,432	1,157
		14,485	5,690
Creditors: amounts falling due within one year	11	6,058	4,400
Net current assets		8,427	1,290
Total assets less current liabilities		10,622	4,160
Creditors: amounts falling due after more than one year	12	1,222	1,311
Provisions for liabilities and charges	14	4,249	1,909
		5,151	940
Capital and reserves			
Called up share capital	16	20	20
Profit and loss account	17	5,131	920
Equity shareholders' funds	17	5,151	940

Director

24th March 2004

Notes to the financial statements
at 31 December 2002

1. Accounting policies (continued)

1. Accounting policies

Basis of preparation

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

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 Range Valley Extrusions Limited . The ultimate parent undertaking is Deceuninck N.V 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 companies of the Deceuninck group of companies.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, 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:

Plant & Machinery	10 -20%
Computer and Office Equipment	33 $^{1}/_{3}$%

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life.

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.

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 a non-discounted 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.

Notes to the financial statements
at 31 December 2002

1. Accounting policies (continued)

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.

Finance lease agreements
Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight-line basis, and the capital element which reduces the outstanding obligation for future instalments.

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 represents the invoiced price of goods sold (excluding VAT) less trade discounts allowed to customers during the year, and is derived entirely within the United Kingdom.

Notes to the financial statements
at 31 December 2002

3. Operating profit

This is stated after charging/(crediting):

	2002 £000	2001 £000
Auditors' remuneration - audit services	26	26
Directors' emoluments	312	246
Depreciation of owned fixed assets	777	852
Profit on disposal of fixed assets	–	(9)
Operating lease rentals - plant and machinery	311	318
Amortisation of government grant	(24)	(24)
Net warranty (income)/ cost	(3,579)	1,800

The company concluded a settlement of £5,500,000 in respect of the current warranty claims from suppliers.

In addition, management have incurred costs of £670,000 during the year and have therefore reviewed the claims payable to customers and have increased the existing provision by £2,591,000. (See note 14).

4. Staff costs

	2002 £000	2001 £000
Wages and salaries	2,780	2,582
Social security costs	243	252
Pension costs	125	75
	3,148	2,909

The average monthly number of persons employed by the company, (including executive directors), during the year was as follows:

	2002 No.	2001 No.
Directors	3	2
Administrative and drawing office staff	34	33
Maintenance staff	10	9
Production, delivery and others	85	73
	132	117

Notes to the financial statements
at 31 December 2002

5. Directors' emoluments

	2002 *£000*	*2001* *£000*
Emoluments	312	246
Value of company pension contributions to money purchase schemes	16	15

The number of directors to whom benefits are accruing under money purchase pension schemes was as follows:

	2002 *No*	*2001* *No*
Directors	3	2

The contributions are paid to the Directors own money purchase arrangements.

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

	2002 *£000*	*2001* *£000*
Emoluments	192	171
Company pension contributions to a money purchase scheme	10	12

6. Interest payable

	2002 *£000*	*2001* *£000*
Bank interest payable	–	30
On loans from other group companies	68	149
	68	179

Notes to the financial statements
at 31 December 2002

7. Tax

(a) Analysis of charge in year

Current tax:

	2002 *£000*	*2001* *£000*
UK corporation tax	1,871	74
Tax over provided in previous years	(2)	-
	1,869	74

Deferred tax:

Origination and reversal of timing differences	(26)	(31)
Tax on profit/loss on ordinary activities	1,843	43

(b) Factors affecting current tax charge

The differences are reconciled below:

	2002 *£000*	*2001* *£000*
Profit/(loss) on ordinary activities before tax	6,054	164
Profit/(loss) on ordinary activities at standard rate of taxation In the UK of 30%	1,816	49
Effect of:		
Disallowed expenses and non-taxable income	18	22
Capital allowances in excess of depreciation	39	6
Other timing differences	(2)	(6)
Adjustments in respect of previous periods	(2)	3
Total current tax (note 7 (a))	1,869	74

(c) Factors affecting future tax charges

Deferred tax of £83,000 (2001: £109,000) has been provided for (note 14).

Notes to the financial statements
at 31 December 2002

8. Tangible fixed assets

	Plant & Machinery £000	*Equipment £000*	*Total £000*
Cost:			
At 1 January 2002	8,326	340	8,666
Additions	78	24	102
At 31 December 2002	8,404	364	8,768
Depreciation:			
At 1 January 2002	5,517	279	5,796
Provided during the year	762	15	777
At 31 December 2002	6,279	294	6,573
Net book value:			
At 31 December 2002	2,125	70	2,195
At 3 December 2001	2,809	61	2,870

9. Stocks

	2002 £	*2001 £*
Raw materials	272	174
Finished goods	951	1,218
	1,223	1,392

Notes to the financial statements
at 31 December 2002

10. Debtors

	2002 *£000*	*2001* *£000*
Trade debtors	2,668	2,260
Amounts owed by group undertakings	1,468	670
Other debtors	5,572	–
Corporation tax	–	104
Prepayments and accrued income	122	107
	9,830	3,141

Included within the amount owed by group undertakings is a loan to the immediate parent undertaking, Range Valley Extrusions Limited. The loan is unsecured, interest free and has no specific repayment terms.

11. **Creditors:** amounts falling due within one year

	2002 *£000*	*2001* *£000*
Trade creditors	1,240	1,013
Amounts owed to group undertakings	2,254	2,142
Corporation tax	937	–
Other taxation and social security	722	752
Accruals and deferred income	905	493
	6,058	4,400

12. **Creditors:** amounts falling due after more than one year

	2002 *£000*	*2001* *£000*
Amounts owed to group undertakings	1,187	1,276
Accruals and deferred income	35	35
	1,222	1,311

13. Loans

	2002 *£000*	*2001* *£000*
Group loans	1,187	1,276

The group loan of £1,187,000 is from Deceuninck Ireland Limited, a company incorporated in Eire. The loan is repayable on 11 February 2004 and is subject to interest at a rate of 5.46% per annum. The loan is unsecured. The loan has therefore been shown as an amount due after more than one year.

Notes to the financial statements
at 31 December 2002

14. Provisions for liabilities and charges

	Other provisions	*Warranty costs £000*	*Deferred taxation £000*	*Total £000*
At 1 January 2002	-	1,800	109	1,909
Utilised in the year	-	(670)	-	(670)
Charge/(credit) for the year	445	2,591	(26)	3,010
At 31 December 2002	445	3,721	83	4,249

The company makes a provision for the product liability costs that may fall on sales made in the year. The provision represents the directors best estimate of the costs expected to be incurred.

Deferred taxation:

	2002 £000	*2001 £000*
Tax effect of timing differences because of:		
Excess of capital allowances over depreciation	83	109
	83	109

15. Related party transactions
The company has taken advantage of the exemption in the FRS 8 No 8 'Related Party Transactions, not to disclose transactions with group company's on the grounds that the ultimate parent company undertaken prepares consolidated accounts which are publicly available. (See note 19).

During the year the company sold materials to Godiva Windows Limited, a fellow subsidiary amounting to £203 (2001:£2,484). At the balance sheet date there was no outstanding balance (2001:Nil).

16. Share capital

		Authorised
	2002 £000	*2001 £000*
Ordinary shares of £1 each	20	20

	Allotted, called up and fully paid			
		2002		*2001*
	No.	*£000*	*No.*	*£000*
Ordinary shares of £1 each	20,000	20	20,000	20

Notes to the financial statements
at 31 December 2002

17. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£000	*£000*	*£000*
At 1 January 2001	20	799	819
Profit for the year	–	121	121
At 31 December 2001	20	920	940
Profit for the year	–	4,211	4,211
At 31 December 2002	20	5,131	5,151

18. Other financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Other 2002	*Other 2001*
	£000	*£000*
Expiring within one year	307	2
Expiring between two and five years inclusive	406	813
	713	815

19. Parent company

The company's immediate parent undertaking is Range Valley Extrusions Limited, a company incorporated in England and Wales.

The company's ultimate parent undertaking is Deceunick N.V. a company incorporated in Belgium.

The smallest and the largest group in which the company's results are consolidated is that of Deceuninck N.V. Copies of group accounts are available from 374 Brugsesteenweg, 8800 Roeselare, Belgium.

20. Ultimate controlling party

In the opinion of the directors the ultimate controlling party is Deceuninck N.V, a company incorporated in Belgium.

21. Subsequent Event

On the 24 January 2003 the immediate parent, Range Valley Extrusions Ltd sold its shares in Status Systems (PVCu) Ltd to another Group company, Deceuninck Ltd, for a consideration of £13,446,000.