

STATUS SYSTEMS (PCVU) LIMITED

Report and Accounts

31 December 2001

 ERNST & YOUNG



Status Systems (PVCu) Limited

Registered No: 00699857

DIRECTORS

G Morton
R Shipley
C De Meersman
D Demeulemeester
S Powell

SECRETARY

Ovalsec Limited

REGISTERED OFFICE

2 Temple Back East
Temple Quay
Bristol
BS1 6EG

BANKERS

National Westminster Bank plc
P O Box No 305
Spring Gardens
Manchester
M60 2DB


SOLICITORS

Osborne Clark
2 Temple Back East
Temple Quay
Bristol
BS1 6EG

Hammond Suddards
2 Park Lane
Leeds
LS3 1ES

AUDITOR

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

 **ERNST & YOUNG**

Status Systems (PVCu) Limited

DIRECTORS' REPORT

The directors present their report and audited accounts for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The principal activity of the company was that of the manufacturing and wholesaling of PVC-u building materials.

REVIEW OF OPERATIONS

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

Despite margins coming under pressure throughout the industry the directors consider the performance of the company to be acceptable. The company is expected to return to profit during the year ended 31 December 2001.

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

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £121,000 (2000: loss £479,000).

An interim dividend of £nil (2000: £445,000) was paid during the year and the directors do not recommend the payment of a final dividend (2000: £nil).

DIRECTORS

The directors of the company during the year and at 31 December 2001 are set out on page 2.

DIRECTORS INTERESTS

No directors held any beneficial interests in the shares of the company at 31 December 2001 and at any other time throughout the year. 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 requirements to hold an Annual General Meeting.

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. 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



S Powell
Director

Date: 21 January 2003

Status Systems (PVCu) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STATUS SYSTEMS (PVCu) LIMITED**

We have audited the company's financial statements for the year ended 31 December 2001 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Shareholders' Funds and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

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.

This report has been prepared for the members of the company pursuant to Section 235 of the Companies Act 1985 (the "Act") and for no other purpose.

No person is entitled to rely on this report unless such person:

- i) is a person who is entitled to rely on this report by virtue of and for the purposes of the Act; or
- ii) has been expressly authorised to do so by our prior written consent

Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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

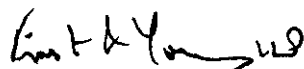
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 AUDITOR'S REPORT
TO THE MEMBERS OF STATUS SYSTEMS (PVCU) LIMITED**

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 2001 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
Manchester

Date: 21/1/02

Status Systems (PVCu) Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

	Notes	2001 £000	2000 £000
TURNOVER	2	22,097	18,455
Change in stocks of finished goods and work in progress		27	55
Purchase of raw materials, consumables and finished goods		(10,871)	(11,047)
Trade loan written off		-	-
Other external charges		(241)	(215)
Staff costs	4	(2,909)	(2,863)
Depreciation		(852)	(869)
Other operating charges		(6,908)	(3,752)
		<u>(21,754)</u>	<u>(18,691)</u>
OPERATING PROFIT/(LOSS)	3	343	(236)
Interest payable and similar charges	6	(179)	(183)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		164	(419)
Tax on profit/(loss) ordinary activities	7	43	(60)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		121	(479)
Dividends	17 8,17	-	(445)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>121</u>	<u>(924)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2001

There are no recognised gains and losses other than the profit for the year.

Status Systems (PVCu) Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

STATEMENT OF HISTORICAL COST PROFITS AND LOSSES

For the year ended 31 December 2001

	2001 £000	2000 £000
Reported profit/(loss) on ordinary activities before taxation	164	(419)
Difference between historical cost profit on disposal of property and the profit on disposal calculated with the revalued amount	-	108
Historical cost profit/(loss) on ordinary activities before taxation	<u>164</u>	<u>(311)</u>
Retained historical cost profit/(loss) for the year	<u>121</u>	<u>(816)</u>

Status Systems (PVCu) Limited

BALANCE SHEET

as at 31 December 2001

	Notes	2001 £000	2000 £000
FIXED ASSETS			
Tangible assets	9	2,870	3,057
CURRENT ASSETS			
Stocks	10	1,392	1,279
Debtors	11	3,141	2,721
Cash at bank and in hand		1,157	365
		<u>5,690</u>	<u>4,365</u>
CREDITORS: amounts falling due within one year	12	4,400	(5,218)
NET CURRENT ASSETS		<u>1,290</u>	<u>(853)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,160</u>	<u>2,204</u>
CREDITORS: amounts falling due after more than one year	13	(1,311)	(1,245)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(1,909)	(140)
NET ASSETS		<u>940</u>	<u>819</u>
CAPITAL AND RESERVES			
Called up share capital	16,17	20	20
Revaluation reserve	17	-	-
Profit and loss account	17	920	799
EQUITY SHAREHOLDER'S FUNDS	17	<u>940</u>	<u>819</u>

The financial statements were approved by the board of directors on 21 January 2003 and signed on its behalf by:

G Morton - Director



Status Systems (PVCu) Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 2001

1. PRINCIPAL ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost or valuation of fixed assets on a straight line basis over the expected useful lives of the assets concerned, based upon the original cost of the assets to the company owning those assets. The principal annual rates for this purpose are:

	%
Freehold land	Nil
Freehold buildings	5
Plant, machinery and fixtures	10-20
Computer and office equipment	33 $\frac{1}{3}$

Plant and machinery additions are depreciated from the year in which commercial levels of production are achieved.

Stocks and work in progress

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

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

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

Deferred taxation

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

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

Foreign currencies

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

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

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

Status Systems (PVCu) Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 2001

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Pension

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. The assets of the scheme are administered by trustees in a fund independent from those of the company.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Where fixed assets are financed by leasing agreements, which transfer to the company substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Cashflow

The company has taken advantage of the exemption contained within FRS 1 (Revised) and has not prepared a cash flow statement on the grounds that its ultimate parent undertaking produces consolidated financial statements which are publicly available which include the cash flows of the group.

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.

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 with the United Kingdom.

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	Notes	2001 £000	2000 £000
Depreciation of tangible owned fixed assets	9	852	869
Amortisation of government grant		(24)	(24)
Auditors' remuneration for audit		26	26
Profit on disposal of fixed assets		9	-
Hire of assets - operating leases:			
- Plant and machinery		318	362
Discolouration claims provision		1,800	149

Status Systems (PVCu) Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 2001

4. STAFF COSTS

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

	2001 No.	2000 No.
Directors	2	2
Administrative and drawing office staff	33	42
Maintenance staff	9	3
Production, delivery and others	73	70
	<u>117</u>	<u>117</u>

	2001 £000	2000 £000
Wages and salaries	2,582	2,491
Social security costs	252	237
Other pension costs	75	135
	<u>2,909</u>	<u>2,863</u>

5. DIRECTORS' EMOLUMENTS

The remuneration paid to the directors of the company for management services, was as follows:

	2001 £000	2000 £000
Salaries (including benefits in kind)	<u>246</u>	<u>290</u>
Company pension contributions to a money purchase scheme	<u>15</u>	<u>49</u>

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

	2001 No.	2000 No.
Directors	<u>2</u>	<u>3</u>

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

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

	2001 £000	2000 £000
Emoluments	<u>171</u>	<u>178</u>
Company pension contributions to a money purchase scheme	<u>12</u>	<u>43</u>

Status Systems (PVCu) Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 2001

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £000	2000 £000
On bank overdraft and other loans repayable within five years, not by instalments	30	19
On loans from other group companies	149	164
	<u>179</u>	<u>183</u>

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2001 £000	2000 £000
Tax on profit on ordinary activities:		
United kingdom corporation tax at 30% (1999: 31%):		
- current	74	-
- deferred	3	64
Under/(over) provision in respect of prior years:		
- deferred	(34)	(4)
	<u>43</u>	<u>60</u>

The tax charge for the year has been reduced by losses surrendered free of charge by Range Valley Extrusions Limited.

8. DIVIDENDS

	2001 £000	2000 £000
Interim paid – equity shares	-	445

Status Systems (PVCu) Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 2001

9. TANGIBLE FIXED ASSETS

	<i>Computer and office equipment £000</i>	<i>Plant, machinery and fixtures £000</i>	<i>Total £000</i>
Cost or valuation:			
At 1 January 2001	340	7,772	8,112
Additions	-	665	665
Disposals	-	(111)	(111)
At 31 December 2001	340	8,326	8,666
Depreciation:			
At 1 January 2001	260	4,795	5,055
Charge for year	19	833	852
Disposals	-	(111)	(111)
At 31 December 2001	279	5,517	5,796
Net book value:			
At 31 December 2001	61	2,809	2,870
At 31 December 2000	80	2,977	3,057

10. STOCKS

	<i>2001 £000</i>	<i>2000 £000</i>
Raw materials	174	88
Finished goods for resale	1,218	1,191
	1,392	1,279

11. DEBTORS

	<i>2001 £000</i>	<i>2000 £000</i>
Trade debtors	2,260	1,872
Loan to immediate parent undertaking	500	500
Amounts owed from parent undertakings	33	43
Amounts owed from fellow subsidiaries	137	26
Corporation tax recoverable	104	98
Prepayments and accrued income	107	182
	3,141	2,721

The loan to the immediate parent undertaking, Range Valley Extrusions Limited, is unsecured, interest free and has no specific repayment terms.

Status Systems (PVCu) Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 2001

12. CREDITORS: amounts falling due within one year

	Notes	2001 £000	2000 £000
Trade creditors		1,013	1,030
Amounts owed to fellow subsidiaries		1,992	1,402
Amounts owed to immediate parent undertaking		150	75
Amounts owed to parent undertakings		-	1,490
Corporation tax payable		-	-
Other taxation and social security		752	604
Accruals and deferred income		493	617
		<u>4,400</u>	<u>5,218</u>

13. CREDITORS: amounts falling due after more than one year

	Notes	2001 £000	2000 £000
Loan from fellow subsidiary undertaking	14	1,276	1,186
Accruals and deferred income		35	59
		<u>1,311</u>	<u>1,245</u>

14. LOANS

	2001 £000	2000 £000
Group loans	1,276	1,186

The group loan of £1,276,000 is from Deceuninck Ireland Limited, a company incorporated in Eire. The loan is repayable on 11 February 2002, however since the year end the loan has been refinanced and the loan is now repayable in full 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.

Status Systems (PVCu) Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 2001

15. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Warranty costs £000</i>	<i>Deferred taxation £000</i>	<i>Total £000</i>
At 1 January 2001	-	140	140
Charge for the year	1,800	3	1,803
Movement relating to prior periods	-	(34)	(34)
At 31 December 2001	1,800	109	1,909

Deferred taxation provided in the financial statements and the total potential liability are as follows:

	<i>Amount provided</i>		<i>Amount unprovided</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	109	145	-	-
Other timing differences	-	(5)	-	-
	109	140	-	-

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.

16. CALLED UP SHARE CAPITAL

	<i>Authorised allotted and fully paid 2001 and 2000 No.</i>	<i>Authorised allotted and fully paid 2001 and 2000 £000</i>
Ordinary shares of £1 each	20,000	20

Status Systems (PVCu) Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 2001

17. RESERVES AND RECONCILIATION OF SHAREHOLDERS FUNDS

	Share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £000
At 1 January 2000	20	108	1,615	1,743
Transfer from revaluation reserve to profit and loss reserve	-	(108)	108	-
Loss for the year	-	-	(479)	(479)
Dividends	-	-	(445)	(445)
At 31 December 2000	20	-	799	819
Loss for the year	-	-	121	121
At 31 December 2001	20	-	920	940

18. CAPITAL COMMITMENTS

Capital commitments contracted for not provided for amount to £nil (2000: £250,000).

19. OTHER FINANCIAL COMMITMENTS

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

	2001 £'000	Other 2000 £'000
Expiring within one year	2	78
Expiring between two and five years inclusive	813	270
	815	348

Status Systems (PVCu) Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 2001

20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in the FRS No 8 "Related Party Transactions" not to disclose transactions with group company's on the grounds that the ultimate parent undertaking prepares consolidated accounts which are publicly available.

During the year the company sold materials to Godiva Windows Limited a fellow subsidiary, amounting to £2,484 (2000: £46,162). At the balance sheet date Godiva Windows Limited owed the company £Nil (2000: £Nil).

21. PARENT UNDERTAKING

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 Deceuninck N.V., a company incorporated in Belgium.

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

22. ULTIMATE CONTROLLING PARTY

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