

GRÄNGES BUILDING SYSTEMS LIMITED

ANNUAL REPORT

YEAR ENDED 31st DECEMBER 1999

Co. No. 1029071



GRÄNGES BUILDING SYSTEMS LIMITED

ANNUAL REPORT

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CONTENTS

Page

1.	DIRECTORS' REPORT
4.	REPORT OF THE AUDITORS
5.	ACCOUNTING POLICIES
7.	PROFIT AND LOSS ACCOUNT
8.	BALANCE SHEET
9.	NOTES TO THE FINANCIAL STATEMENTS

GRÄNGES BUILDING SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER 1999

The directors present their report and the audited financial statements for the year ended 31st December 1999.

DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st December 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, that 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 1985, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The profit and loss account for the year is set out on page 7.

The company's principal activity is the marketing and manufacture of architectural aluminium systems for the home improvement and commercial markets.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The business increased its share of all its markets which all showed positive growth. Profitability increased and focus has been placed on innovative product and system developments.

The outlook for the new millennium is positive, with the expectation of growing markets. The company is considered well placed to take advantage of these opportunities.

DIVIDENDS

The directors do not recommend the payment of a final ordinary dividend (1998:£Nil). An interim ordinary dividend of £400,000 was paid during the year (1998:£1,000,000)

RESEARCH AND DEVELOPMENT

The company has maintained its commitment in the area of research and development. Continuity of investment in this area will ensure that the company retains its market leadership role.

GRÄNGES BUILDING SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER 1999

DIRECTORS

The directors of the company at 31st December 1999, all of whom have been directors for the whole of the year ended on that date (except as stated) are listed below:-

D.J. Boast	
S.J. Curtis	
R.A. Greenslade	- Chairman
J. Palethorpe	- Appointed 15 th September 1999
N.K. Sissons	
A. Wilson	
A. Rogers	- Appointed 1st January 1999

No director has had any beneficial interest in the shares of the company during the year ended 31st December 1999.

HEALTH AND SAFETY AT WORK ACT 1974

It is the company's policy that all possible steps will be taken at all times to ensure the health and safety of persons and to prevent damage to the company's property. In accordance with the Act, a comprehensive policy statement together with health and safety rules has been issued within the company to all its employees.

DISABLED EMPLOYEES

Wherever possible it is company policy to employ disabled persons, to offer continuity of employment to employees who become disabled, and to provide career and training opportunities commensurate with their abilities.

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings.

CHARITABLE AND POLITICAL CONTRIBUTIONS

There were no donations to political organisations during the year (1998:£Nil). Charitable donations amounted to £1,795 (1998:£680).

GRÄNGES BUILDING SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER 1999

YEAR 2000

A full programme of investigation and follow up on all potential impacts of the millennium bug upon the business was carried out by the end of the year. Early indications are that the programme was successful and there have been no disruptions from this source.

THE EURO

The company is well aware of the implications of the Euro on our business and has taken the necessary steps to ensure that there will be no disruption from its introduction in Europe.

AUDITORS

In accordance with the Companies Act 1985 (Section 379A) and Section 386, a resolution to dispense with the annual appointment of auditors was made on 9th July 1996.

JOSEPH PITT HOUSE
PITTVILLE CIRCUS ROAD
CHELTENHAM

BY ORDER OF THE BOARD



M.K. SISSONS
COMPANY SECRETARY

GRÄNGES BUILDING SYSTEMS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF GRÄNGES BUILDING SYSTEMS LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 5 and 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom, by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

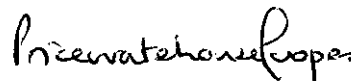
BASIS OF AUDIT OPINION

We conducted our audit in accordance with 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31st December 1999 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PRICEWATERHOUSECOOPERS
CHARTERED ACCOUNTANTS
AND REGISTERED AUDITORS
BRISTOL

18 April 2000

GRÄNGES BUILDING SYSTEMS LIMITED

ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.

2. TURNOVER

Turnover represents the invoiced value of sales, net of trade discounts, excluding value added tax.

3. FIXED ASSETS AND DEPRECIATION

Fixed assets are depreciated on a straight line basis over their estimated useful lives at the following rates:-

Freehold property	2½%
Leasehold property	over the life of the lease
Plant and equipment	10% - 50%
Office equipment and fittings	20% - 50%
Motor vehicles	25% - 50%

Freehold land is not depreciated.

4. INVESTMENTS

Investments in subsidiary undertakings are stated at cost less amounts written off for any permanent diminution of value. Income from subsidiary undertakings is only recognised for dividends receivable.

The company has taken advantage of Section 228 of the Companies Act 1985, whereby consolidated accounts have not been prepared.

5. RESEARCH AND DEVELOPMENT

Research and development expenditure is written off to the profit and loss account as incurred.

6. STOCK

Stocks are stated at the lower of cost and estimated net realisable value. Cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stocks.

7. DEFERRED TAXATION

Deferred tax is computed using the liability method, at the appropriate rate of tax on all material timing differences, to the extent that it is probable that a liability will crystallise in the foreseeable future.

GRÄNGES BUILDING SYSTEMS LIMITED

ACCOUNTING POLICIES

8. PENSIONS

The company participates in the Sapa Holdings Limited Pension and Life Assurance Scheme, a funded defined benefit pension scheme under which contributions are made to a separately administered trust fund.

Contributions are charged to the profit and loss account so as to spread the cost of pensions over the participating employees' working lives within the Group. The regular cost is attributed to individual years using the projected unit method. Any variations identified as a result of actuarial valuations are spread over the anticipated remaining service lives of the participating employees.

The company also participates in the Sapa Holdings Limited 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.

9. FOREIGN CURRENCIES

Transactions involving foreign currency which are covered by forward contract are translated at contract rates. Other foreign currency balances are translated at the rates of exchange ruling at the balance sheet date. All differences arising on translation are taken to the profit and loss account.

10. OPERATING LEASES

The cost of all operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

GRÄNGES BUILDING SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st DECEMBER 1999

		1999 £000	1998 £000
TURNOVER	Note 1	31,663	28,693
Cost of sales		(22,397)	(21,148)
GROSS PROFIT		9,266	7,545
Distribution costs		(882)	(803)
Administrative expenses		(5,850)	(5,073)
OPERATING PROFIT		2,534	1,669
Interest receivable and similar income	4	25	42
Interest payable and similar charges	5	(6)	(9)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	2,553	1,702
Taxation	6	(818)	(392)
PROFIT FOR THE FINANCIAL YEAR		1,735	1,310
Dividend paid on ordinary equity shares		(400)	(1,000)
RETAINED PROFIT FOR THE YEAR	15	1,335	310

All of the above figures are derived from the continuing operations of the company.

A statement of total recognised gains and losses has not been supplied as there were no recognised gains or losses other than the profit for the period.

The reported profit for the year is not materially different from the profit on an unmodified historical cost basis.

GRÄNGES BUILDING SYSTEMS LIMITED

BALANCE SHEET

31st DECEMBER 1999

		1999 £000	1998 £000
	Note		
FIXED ASSETS			
Tangible Assets	7	4,402	4,707
Investments	8	-	85
		<u>4,402</u>	<u>4,792</u>
CURRENT ASSETS			
Stock	9	3,764	3,543
Debtors	10	6,008	5,873
Cash at bank and in hand		1,639	2
		<u>11,411</u>	<u>9,418</u>
CREDITORS: Amounts falling due within one year	11	<u>(5,506)</u>	<u>(5,238)</u>
NET CURRENT ASSETS		<u>5,905</u>	<u>4,180</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,307</u>	<u>8,972</u>
CREDITORS: Amounts falling due after more than one year	12	<u>(6,382)</u>	<u>(6,382)</u>
NET ASSETS		<u>3,925</u>	<u>2,590</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,420	1,420
Profit and loss account	15	2,505	1,170
EQUITY SHAREHOLDERS' FUNDS	15	<u>3,925</u>	<u>2,590</u>

The financial statements on pages 5 to 15 were approved by the Board of Directors on 14 April 2000 and were signed on its behalf by:



D.J. BOAST
DIRECTOR

GRÄNGES BUILDING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 1999

1. TURNOVER

Turnover is mainly attributable to the marketing and manufacture of aluminium systems for the home improvement and commercial markets.

An analysis of the turnover by geographical market is as follows:-

	1999 £000	1998 £000
United Kingdom	31,043	28,311
Europe	611	369
Asia	9	13
	<hr/> 31,663 <hr/>	<hr/> 28,693 <hr/>

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:-

Hire of plant and machinery	46	43
Depreciation of owned fixed assets	558	587
Operating lease rentals - Land and Buildings	262	320
- Plant and equipment	379	273
Research and development	470	407
	<hr/>	<hr/>
Fees paid to auditors:		
Audit fees	12	16
Other fees for non-audit services	4	5
	<hr/> 16 <hr/>	<hr/> 21 <hr/>

GRÄNGES BUILDING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 1999

	1999 £000	1998 £000
3. EMPLOYEES		
Staff costs during the year:-		
Wages and salaries	5,143	4,847
Social security costs	459	433
Pension costs	346	329
	<u>5,948</u>	<u>5,609</u>
	<u>Number</u>	<u>Number</u>
The average weekly number of employees was made up as follows:-		
Production	199	196
Office and administration	113	106
	<u>312</u>	<u>302</u>
DIRECTORS' EMOLUMENTS	£000	£000
Aggregate directors' emoluments		
Aggregate emoluments	385	288
Company pension contributions to money purchase scheme	10	7
Compensation for loss of office	-	141
Highest paid director		
Aggregate emoluments	85	62
Defined benefit scheme:		
Accrued pension at year end	-	4
Retirement benefits are accruing to four of the directors under the company's defined benefit scheme.		
The emoluments of R.A. Greenslade are paid for by Sapa Holdings Limited. His services to Gränges Building Systems Limited are of a non-executive nature and his emoluments are deemed to be wholly attributable to his services to Sapa Holdings Limited. Accordingly the above details include no emoluments in respect of the aforementioned director.		
4. INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank interest receivable	23	41
Other	2	1
	<u>25</u>	<u>42</u>
5. INTEREST PAYABLE AND SIMILAR CHARGES		
On bank overdraft	6	7
Other	-	2
	<u>6</u>	<u>9</u>

GRÄNGES BUILDING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 1999

	1999 £000	1998 £000
6. TAXATION		
Corporation tax on profit for the year at 30.25% (1998:31%)	854	515
Adjustment in respect of prior years - corporation tax	(36)	(123)
	818	392

7. TANGIBLE ASSETS

	Freehold Land and Property £000	Short Leasehold £000	Plant and Equipment £000	Motor Vehicles £000	Total
COST					
1st January 1999	4,381	224	6,058	229	10,892
Additions	-	-	288	-	288
Disposals	-	(62)	(1,039)	(106)	(1,207)
31st December 1999	4,381	162	5,307	123	9,973
DEPRECIATION					
1st January 1999	759	176	5,070	180	6,185
Charge for the year	78	35	431	14	558
Disposals/write off	-	(63)	(1,038)	(71)	(1,172)
31st December 1999	837	148	4,463	123	5,571
NET BOOK VALUE					
31st December 1999	3,544	14	844	-	4,402
31st December 1998	3,622	48	988	49	4,707

Freehold land amounting to £1,250,000 (1998: £1,250,000) has not been depreciated.

GRÄNGES BUILDING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 1999

	1999 £000	1998 £000
8. INVESTMENTS		
Investment in subsidiary undertaking	-	85

The investment was transferred to Sapa Holdings Limited during the year at cost. The investment represented a 100% holding in Ambassador Carports Limited, a company registered in England and Wales.

	1999 £000	1998 £000
9. STOCK		
Raw materials and consumables	1,525	1,583
Work in progress	262	231
Finished goods	1,977	1,729
	3,764	3,543

There is no material difference between the purchase price or production cost of stock and its replacement cost.

	1999 £000	1998 £000
10. DEBTORS		
Trade debtors	5,608	5,247
Amounts owed by group undertakings	1	3
Other debtors	57	46
Prepayments and accrued income	342	327
Advance corporation tax recoverable	-	250
	6,008	5,873

11. CREDITORS: Amounts falling due within one year

Bank overdraft	-	847
Trade creditors	2,313	1,243
Amounts owed to group undertakings	1,426	1,708
Corporation tax	601	535
Taxation and social security	555	149
Other creditors	215	66
Accruals	396	440
Advance corporation tax payable	-	250
	5,506	5,238

The amounts owed to group undertakings include a balance of £Nil (1998: £136,000) in respect of investments.

GRÄNGES BUILDING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 1999

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 1998

		1999	1998
		£000	£000
12.	CREDITORS: Amounts falling due after more than one year		
	Amounts owed to group undertakings	6,382	6,382
		-----	-----
13.	PROVISIONS FOR LIABILITIES AND CHARGES		
	Deferred tax assets not recognised in the financial statements are as follows:		
		Amount	unprovided
		1999	1998
		£000	£000
	Excess of capital allowances over depreciation	(31)	7
	Short term timing differences	(38)	(34)
		-----	-----
		(69)	(27)
		-----	-----
14.	CALLED UP SHARE CAPITAL		
	Authorised		
	Equity		
	2,000,000 ordinary shares of £1 each	2,000	2,000
	Allotted and fully paid		
	Equity		
	1,420,320 ordinary shares of £1 each	1,420	1,420
		-----	-----
15.	MOVEMENTS IN SHAREHOLDERS' FUNDS		
		Profit	
		and Loss	
		Account	
	Share		1999
	Capital		Total
	£000	£000	£000
			1998
			Total
			£000
	At 1st January	1,420	1,170
	Profit for the financial year	-	1,735
	Dividends paid	-	(400)
		-----	-----
	At 31 st December	1,420	2,505
			3,925
			2,590

GRÄNGES BUILDING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 1999

16. FINANCIAL COMMITMENTS

The company is committed to make payments in the next year on non-cancellable operating leases for the following amounts.

	Land and Buildings		Other	
	1999	1998	1999	1998
	£000	£000	£000	£000
Operating leases which expire:				
within one year	-	17	6	34
within two to five years	263	263	468	116
in over five years	23	23	-	-
	-----	-----	-----	-----
	286	303	474	150
	-----	-----	-----	-----

17. PENSION COMMITMENTS

The company participates in Sapa Holdings Limited Pension and Life Assurance Scheme, a funded defined benefit pension scheme under which contributions are made to a separately administered trust fund. This scheme was closed to new members on 1st July 1997.

Contributions to the scheme are determined with the advice of independent qualified actuaries who recommend the projected unit method. The fund is valued every three years by a professionally qualified independent actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The most recent valuation was conducted as at 6th April 1998 the results of which are disclosed in the accounts of Sapa Holdings Limited.

The company also participates in the Sapa Holdings Limited Money Purchase Pension Scheme. This is a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The transactions with the pension schemes during the year were as follows:-

	Contributions		Debtors/(Creditors)	
	1999	1998	1999	1998
	£000	£000	£000	£000
Defined benefit scheme	234	235	-	-
Defined contribution scheme	112	94	-	-

GRÄNGES BUILDING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 1999

18. CONTINGENT LIABILITIES

The company has given an unlimited guarantee over the bank indebtedness of certain group companies.

19. CASH FLOW STATEMENTS

No cash flow statement has been prepared since the company is a wholly owned subsidiary undertaking and is exempt from doing so by the provisions of FRS 1.

20. PARENT COMPANIES

The company is a subsidiary undertaking and is controlled by Gränges Products Limited which is registered in England. The ultimate parent company and controlling party is Sapa AB which is incorporated in Sweden.

The largest undertaking preparing group accounts which include Gränges Building Systems Limited is Sapa AB. Copies of the Sapa AB accounts may be obtained from Corporate Communications, Sapa AB, Box 5505, SE-114 85 Stockholm, Sweden or on the Internet at <http://www.sapa.se>

The smallest undertaking preparing group accounts which include Gränges Building Systems Limited is Sapa Holdings Limited. Copies of the Sapa Holdings Limited accounts may be obtained from The Secretary, Sapa Holdings Limited, Joseph Pitt House, Pittville Circus Road, Cheltenham, Gloucestershire GL52 2QE.

Transactions with entities that are part of the Sapa AB group are not disclosed as the company has taken advantage of exemptions in FRS8, being a 100% owned subsidiary.