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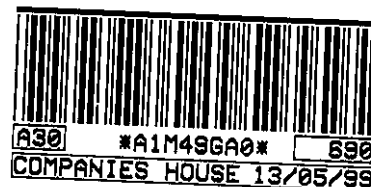
BUDGET WINDOWS LIMITED

Company No. 2058629

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 1998



BUDGET WINDOWS LIMITED

COMPANY INFORMATION

DIRECTORS:

Mr. A.J. Percy
Mr. C.J. Percy

SECRETARY:

Mr. C.J. Percy

REGISTERED OFFICE:

The Gatehouse,
Harper Lane,
Shenley,
Herts. WD7 9HL

BANKERS:

National Westminster Bank Plc.,
P.O. Box 490,
84 Watling Street,
Radlett,
Herts. WD7 7HG

REPORTING ACCOUNTANTS:

Fenlon & Co.,
25 Sandridge Road,
St. Albans,
Herts. AL1 4AE

BUDGET WINDOWS LIMITED
REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and financial statements for the year ended 31st December 1998.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company throughout the year was that of window installers.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

RESULTS AND DIVIDEND

The results of the company for the year are set out on Page 4.

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

	<u>Ordinary Shares of £1 Each</u>	
	<u>31/12/98</u>	<u>1/1/98</u>
Mr. A.J. Percy	40	40
Mr. C.J. Percy	50	50

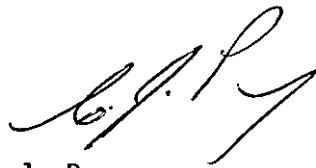
CASHFLOW STATEMENT

In the opinion of the directors the company qualifies as a small company and as such no cashflow statement has been prepared.

EXEMPTION STATEMENT

The directors have decided to take advantage of the provisions of Section 249A of the Companies Act 1985 and therefore an audit has not been carried out for the year under review.

By Order of the Board


C.J. Percy
Secretary

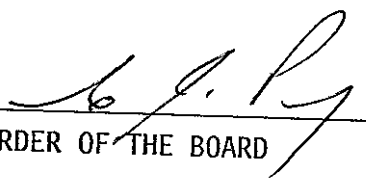
23rd April 1999

BUDGET WINDOWS LIMITEDSTATEMENT OF DIRECTORS RESPONSIBILITIES

We are required under company law to prepare financial 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 period. In preparing those financial accounts we are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial accounts;
- prepare the financial 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 financial 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.


BY ORDER OF THE BOARD

BUDGET WINDOWS LIMITEDACCOUNTANTS REPORT TO THE SHAREHOLDERS

We have examined, without carrying out an audit, the Accounts for the year ended 31st December 1998 set out on Pages 4 to 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND REPORTING ACCOUNTANTS

As described on Page 2, the company's directors are responsible for the preparation of the Accounts, and they believe that the company is exempt from an audit. It is our responsibility to examine the Accounts and based on our examination to report our opinion, as set out below, to the shareholders.

BASIS OF OPINION

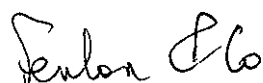
We conducted our examination in accordance with the appropriate standards for reporting Accountants issued by the Auditing Practices Board. This examination, consisted of comparing the Accounts with the accounting records kept by the company and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report.

The examination was not an audit conducted in accordance with Auditing Standards. Accordingly, we do not express an audit opinion on the Accounts. Therefore our examination does not provide any assurance that the accounting records and the Accounts are free from material misstatement.

OPINION

In our opinion:-

- (a) The accounts are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- (b) Having regard only to, and on the basis of, the information contained in those accounting records:-
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the period specified in Section 249A(4) of the Act and did not at any time within that period, fall within any of the categories of the companies not entitled to the exemption specified in Section 249B(1).



Fenlon & Co.,
 Certified Accountants,
 25 Sandridge Road,
 St. Albans,
 Herts. AL1 4AE

23rd April 1999

BUDGET WINDOWS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
TURNOVER	2	211,139	250,263
Cost of Sales		(142,051)	(175,978)
<u>GROSS PROFIT</u>		69,088	74,285
Administrative Expenses		(55,976)	(65,392)
<u>OPERATING PROFIT</u>	3	13,112	8,893
Interest Payable & Similar Charges	4	(2,670)	(3,629)
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		10,442	5,264
Taxation		-	-
<u>RETAINED PROFIT TRANSFERRED TO RESERVES</u>	12	10,442	5,264

All amounts relate to continuing activities.

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

BUDGET WINDOWS LIMITED
BALANCE SHEET AT 31ST DECEMBER 1998

	<u>Notes</u>	<u>£</u> <u>1998</u>	<u>£</u> <u>1997</u>
<u>FIXED ASSETS</u>			
Tangible Fixed Assets	6	3,288	8,870
<u>CURRENT ASSETS</u>			
Stock & Work in Progress	7	6,611	6,804
Debtors	8	<u>9,486</u>	<u>19,508</u>
		16,097	26,312
<u>CREDITORS: Amounts Falling Due Within One Year</u>	9	(46,123)	(65,464)
<u>NET CURRENT (LIABILITIES)</u>		(30,026)	(39,152)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		(26,738)	(30,282)
<u>CREDITORS: Amounts Falling Due After More Than One Year</u>	10	-	(6,898)
		<u>(26,738)</u>	<u>(37,180)</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	12	100	100
Profit & Loss Account	12	<u>(26,838)</u>	<u>(37,280)</u>
<u>Shareholders' Funds</u>		<u>(26,738)</u>	<u>(37,180)</u>

The Directors confirm that:-

- (a) for the year in question the company was entitled to exemption under subsection (2) of Section 249A of the Companies Act 1985,
- (b) no notice has been deposited under Section 249B(2) in relation to its accounts for the financial year, and
- (c) they acknowledge their responsibilities for:-
 - (i) ensuring that the company keeps accounting records which comply with Section 221, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226,
 and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

Approved by the Board on 23rd April 1999

Mr. A.J. Percy

Mr. C.J. Percy

} Directors

BUDGET WINDOWS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1998

1. PRINCIPAL ACCOUNTING POLICIES

Accounting Basis and Standards

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

Basis of Preparing the Financial Statements

The financial statements have been prepared on a going concern basis. At the Balance Sheet date the company had net current liabilities of £30,026. However, its unaudited accounts for the ensuing period show that it is continuing to fund its activities by meeting its day to day working capital requirements through overdraft facilities and taking advantage of the credit period offered by its creditors. The Directors believe that the company is able to continue to trade on this basis for the foreseeable future.

Turnover

Turnover represents the invoiced value of goods sold and services provided net of Value Added Tax.

Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset over its expected useful life as follows:-

Motor Vehicles	-	25% Reducing Balance
Fixtures and Fittings	-	20% Reducing Balance

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition, including where appropriate, a proportion of manufacturing overheads.

Deferred Taxation

Deferred tax is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Pension Scheme Arrangements

The company operates a pension scheme for the benefit of its employees. The company makes contributions to a defined contribution scheme, the assets of the scheme being held separately from the assets of the company. The pension cost charge represents contributions payable to the scheme.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of the rental obligations is charged to the Profit and Loss Account over the period of the lease (and represents a constant proportion of the balance of capital repayments outstanding). Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

BUDGET WINDOWS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1998

2. TURNOVER

Turnover is attributable to the one principal activity of the company which arose wholly in the United Kingdom.

	<u>1998</u> £	<u>1997</u> £
3. <u>OPERATING PROFIT</u>		
The operating profit is stated after charging:-		
Directors Remuneration	21,600	23,700
Depreciation - Owned Tangible Fixed Assets	822	1,045
Depreciation - Assets Held Under Finance Leases	-	1,653
(Profit)/Loss on Disposal of Assets	(841)	631
Operating Lease Rentals - Motor Vehicles	<u>3,731</u>	<u>3,102</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

Hire Purchase Interest	511	696
Bank Interest	<u>2,159</u>	<u>2,933</u>
	<u>2,670</u>	<u>3,629</u>

5. DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:-

Wages and Salaries	24,394	28,927
Social Security Costs	2,150	2,088
Other Pension Costs - Defined Contributions Scheme	<u>3,100</u>	<u>3,200</u>
	<u>29,644</u>	<u>34,215</u>

The average weekly number of persons employed by the company, including directors, during the year was 3 (1997: 3). Due to the size of the company there is no formal classification of duties.

BUDGET WINDOWS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1998

6. TANGIBLE FIXED ASSETS

	<u>Fixtures & Fittings</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<u>COST</u>			
At 1st January 1998	7,020	22,315	29,335
Additions	999	-	999
Disposals	-	(22,315)	(22,315)
At 31st December 1998	8,019	-	8,019
<u>DEPRECIATION</u>			
At 1st January 1998	3,909	16,556	20,465
Charge for the Year	822	-	822
Eliminated on Disposal	-	(16,556)	(16,556)
At 31st December 1998	4,731	-	4,731
<u>NET BOOK VALUE</u>			
At 31st December 1998	3,288	-	3,288
At 31st December 1997	3,111	5,759	8,870

The net book value of fixed assets includes an amount of £Nil (1997: £4,959) in respect of assets held under hire purchase contracts.

	<u>1998</u> £	<u>1997</u> £
7. <u>STOCK & WORK IN PROGRESS</u>		
Finished Goods & Consumables	4,611	6,804
Work in Progress	2,000	-
	6,611	6,804
8. <u>DEBTORS</u>		
Trade Debtors	5,989	14,084
Other Debtors	3,090	4,769
Prepayments & Accrued Income	407	655
	9,486	19,508
9. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		
Bank Loans & Overdrafts	17,144	20,988
Trade Creditors	8,234	14,228
Social Security & Other Taxes	13,994	15,412
Other Creditors	4,860	11,845
Hire Purchase Creditor	-	1,591
Accruals & Deferred Income	1,891	1,400
	46,123	65,464

The bank overdraft is secured by a legal mortgage over a freehold property owned by A.J. Percy, a director of the company.

BUDGET WINDOWS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1998

	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
10. <u>CREDITORS: AMOUNTS FALLING DUE AFTER</u> <u>MORE THAN ONE YEAR</u>		
Bank Loans	-	1,556
Hire Purchase Creditor	-	5,342
	<u>-</u>	<u>6,898</u>
11. <u>FUTURE FINANCIAL COMMITMENTS</u>		
(a) <u>Operating Leases</u>		
At 31st December 1998, the company had annual commitments under operating leases as set out below:-		
Operating Leases which expire within one year	<u>3,102</u>	<u>-</u>
Operating Leases which expire in the second to fifth year	<u>1,887</u>	<u>3,102</u>
(b) <u>Finance Leases and Hire Purchase Contracts</u>		
Hire Purchase Contracts in respect of a motor vehicle are analysed as follows:-		
Due Within One Year (Note 9)	-	1,591
Due After More Than One Year (Note 10)	-	5,342
	<u>-</u>	<u>6,933</u>
12. <u>SHAREHOLDERS FUNDS</u>		
At Beginning of Year	(37,180)	(42,444)
Profit for the Year	<u>10,442</u>	<u>5,264</u>
At End of Year	<u>(26,738)</u>	<u>(37,180)</u>
The share capital comprises:-		
<u>Authorised:</u>		
10,000 Ordinary Shares of £1 Each	<u>10,000</u>	<u>10,000</u>
<u>Called Up, Allotted and Fully Paid</u>		
100 Ordinary Shares of £1 Each	<u>100</u>	<u>100</u>
13. <u>CONTROLLING PARTY</u>		
The company is controlled by Mr. A.J. Percy and Mr. C.J. Percy by virtue of their shareholding.		