

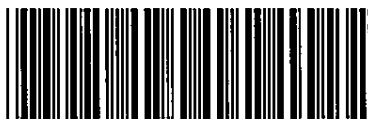
# Squarepink Limited

Report and Accounts

31 December 2008

*Registered Number: 5088596*

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**DIRECTORS' REPORT**

The Directors present their report and Financial Statements for the year to 31 December 2008. The financial statements have been prepared on a break-up basis reflecting the group restructuring undertaken on 25<sup>th</sup> November 2009.

Results and Dividends

The Directors report an Operating Loss of £7,227,000 for the year (2007: Operating Loss £3,676,000) after amortisation of goodwill of £277,000 (2007: £277,000) and exceptional costs of £8,150,000 (2007: £4,938,000).

The net loss for the year amounted to £11,922,000 (2007: loss £6,731,000) which will be transferred to reserves. The Directors do not recommend payment of a dividend.

Events After the Balance Sheet Date

On 25<sup>th</sup> November 2009 the Company sold its subsidiaries to Broomco (4207) Ltd. The amounts realised were used to repay all borrowings due to Barclays Bank plc. The Company continued to have obligations in respect of its other borrowings. Following the disposal of the trading subsidiaries the Company had no assets, and ceased to trade.

Principal Activities and Review of the Business

The principal activity of the Company is to act as an investment holding company. The principal activity of the Group 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, and related products.

As noted above, the Group has ceased to trade since the year end.

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

	2008 £000	2007 £000	Change %
Turnover	62,518	64,827	(4)%
Operating profit before exceptional items and goodwill amortisation	1,200	1,539	(22)%
Operating loss	(7,227)	(3,676)	(96)%
Loss before tax	(11,922)	(6,453)	(85)%
Loss after tax	(11,922)	(6,731)	(77)%
Shareholders' deficit	(17,480)	(5,558)	(214)%
Average number of employees	349	401	(13)%

This year the Group experienced pressure on sales and operating margins. In response the Group underwent a major re-organisation which reduced annual overheads by £4,200,000. The Group invested £1,700,000 mainly in new product tooling and £610,000 in customer tooling. Most of the investment was spent on updating and improving the flagship public sector market leading System 10 product and rolling it out to the Group's customers. The investment formed part of an overall £3,200,000 investment in System 10 to be spent in 2008 and 2009.

The exceptional costs disclosed this year relate primarily to re-organising the Group. Exceptional costs include the impairment of the Group's goodwill and the loss on disposal of the Newdawn and Sun business

Principal Risks and Uncertainties

The Group has cease to trade and therefore no longer has any significant risks or uncertainties.

Likely Future Developments

The Company no longer has any subsidiary undertakings and has ceased to trade. It is proposed that the company is struck off once due processes are completed

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**DIRECTORS' REPORT**Directors

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

DA Coltman	(resigned 14 April 2008)
PWG Duguid	(resigned 20 September 2008)
KN Franklin	(resigned 20 March 2008)
E Patterson	(resigned 20 March 2008)
NJ Richmond	(resigned 17 June 2008)
C J Baranowski	(appointed 29 April 2008)
M Aldridge	(appointed 29 April 2008)
J Putt	(appointed 29 April 2008 and resigned 28 November 2008)
K Beaty	(appointed 29 April 2008)
J M Holland	(appointed 20 October 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 Group'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.

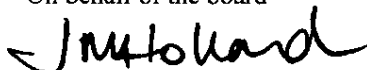
Employee Involvement

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 Group developments. Employees everywhere are encouraged to be aware of the performance of their business and of the Group as a whole. The diverse nature of the Group'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 Group's profitability is encouraged through locally based bonus and executive bonus schemes.

The Group 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 Group'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.

On behalf of the board



J Holland  
Director

18 January 2010

## Squarepink Limited

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### 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 group and of the profit or loss of the group 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 group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SQUAREPINK LIMITED**

We have audited the group and parent company financial statements (the "financial statements") of Squarepink Limited for the year ended 31 December 2008 which comprise the Group Profit and Loss Account, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Cash Flows and the related notes 1 to 24, which have been prepared on the accounting bases and policies set out on pages 10 to 11. The financial statements for the Group and the Company have been prepared under the break-up basis.

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 Annual Report and 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 group's and 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 SQUAREPINK 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 group's and the parent company's affairs as at 31 December 2008 and of the group's 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

18 January 2010

# Squarepink Limited

## GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
<b>GROUP TURNOVER</b>	2	62,518	64,827
Operating charges excluding exceptional costs and amortisation of goodwill		(61,318)	(63,288)
Operating profit before exceptional costs and amortisation of goodwill		1,200	1,539
Amortisation of goodwill	6	(277)	(277)
Exceptional costs	3	(8,150)	(4,938)
Total operating costs	3	(69,745)	(68,503)
<b>OPERATING LOSS</b>	3	(7,227)	(3,676)
Provision for losses on cessation of business	3	(1,835)	-
Bank interest receivable		-	76
Interest payable and similar charges	4	(2,860)	(2,853)
<b>LOSS BEFORE TAXATION</b>		(11,922)	(6,453)
Taxation	5	-	(278)
<b>LOSS FOR THE FINANCIAL YEAR</b>		(11,922)	(6,731)

The results set out above are in respect of continuing operations. As set out in notes 1 and 24 the Group has ceased to trade and the financial statements have been prepared on a break up basis.

There are no recognised gains or losses other than those reported above.



# Squarepink Limited

## GROUP BALANCE SHEET at 31 December 2008

	Notes	2008 £000	2007 £000
<b>FIXED ASSETS</b>			
Intangible assets	6	-	4,527
Tangible assets	7	-	9,912
		<u>-</u>	<u>14,439</u>
<b>CURRENT ASSETS</b>			
Stocks	9	4,048	6,099
Debtors	10	21,765	13,430
Cash at bank and in hand		53	2,379
		<u>25,866</u>	<u>21,908</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(43,346)</u>	<u>(17,186)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(17,480)</u>	<u>4,722</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(17,480)</u>	<u>19,161</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12	-	(21,353)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	-	(3,366)
<b>NET ASSETS</b>		<u><u>(17,480)</u></u>	<u><u>(5,558)</u></u>
 Called up share capital	16	175	175
Share premium account	17	348	348
Profit and loss account	17	(18,003)	(6,081)
 <b>SHAREHOLDERS' FUNDS</b>	17	<u><u>(17,480)</u></u>	<u><u>(5,558)</u></u>

As explained in note 1 the financial statements have been prepared on a break up basis.

Approved by the Board



J Holland  
18 January 2010

# Squarepink Limited

## COMPANY BALANCE SHEET at 31 December 2008

	Notes	2008 £000	2007 £000
<b>FIXED ASSETS</b>			
Investment in subsidiaries	8	-	12,135
<b>CURRENT ASSETS</b>			
Investment in subsidiaries	8	12,135	-
Debtors	10	-	2
<b>CREDITORS: amounts falling due within one year</b>	11	(36,492)	(10,583)
<b>NET CURRENT LIABILITIES</b>		(24,357)	(10,581)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(24,357)	1,554
<b>CREDITORS: amounts falling due after more than one year</b>	12	-	(21,353)
<b>NET LIABILITIES</b>		(24,357)	(19,799)
Called up share capital	16	175	175
Share premium account	17	348	348
Profit and loss account	17	(24,880)	(20,322)
<b>SHAREHOLDERS' FUNDS</b>	17	(24,357)	(19,799)

As explained in note 1 the financial statements have been prepared on a break up basis.

Approved by the Board



J Holland  
18 January 2010

# Squarepink Limited

## GROUP STATEMENT OF CASHFLOWS for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>18(a)</b>	<b>1,143</b>	<b>(1,438)</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Net interest paid		(1,132)	(937)
<b>TAXATION PAID</b>		<b>-</b>	<b>(35)</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(1,738)	(1,424)
Receipts from sales of tangible fixed assets		1	260
		<b>(1,737)</b>	<b>(1,164)</b>
<b>NET CASH OUTFLOW BEFORE FINANCING</b>		<b>(1,726)</b>	<b>(3,574)</b>
<b>FINANCING</b>			
Repayment of long term loans		(1,100)	(1,850)
New long-term loan		500	-
		<b>(600)</b>	<b>(1,850)</b>
<b>DECREASE IN CASH</b>	<b>18(b)</b>	<b>(2,326)</b>	<b>(5,424)</b>

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<i>Notes</i>	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
Decrease in cash		(2,326)	(5,424)
Cash outflow from change in debt financing		600	1,850
Change in net debt resulting from cash flows		<b>(1,726)</b>	<b>(3,574)</b>
Non-cash movement		-	(342)
<b>MOVEMENT IN NET DEBT</b>		<b>(1,726)</b>	<b>(3,916)</b>
<b>NET DEBT AT START OF THE YEAR</b>		<b>(16,671)</b>	<b>(12,755)</b>
<b>NET DEBT AT END OF THE YEAR</b>	<b>18(b)</b>	<b>(18,397)</b>	<b>(16,671)</b>

# Squarepink Limited

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 1. ACCOUNTING POLICIES

#### *Basis of preparation*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements have been prepared on a break-up basis reflecting the group restructuring undertaken on 25 November 2009, as explained in note 24. Accordingly, adjustments have been made to provide for the diminution in value of all fixed assets so as to reduce their carrying value to their estimated realisable amount, to provide for any further liabilities which will arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

#### *Basis of consolidation*

The Group accounts consolidate the accounts of the holding company and all its subsidiary undertakings drawn up to 31 December 2008. The Group's share of the results of subsidiary undertakings acquired during the year is consolidated from the effective date of acquisition. No profit and loss account is presented for the holding company as permitted by section 230 of the Companies Act 1985. Its loss for the year amounted to £4,558,000 (2007: loss £3,253,000).

#### *Turnover*

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

#### *Goodwill*

Goodwill arising on acquisitions, representing the excess of the fair value of the consideration over the fair values attributed to the Group'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.

#### *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.

#### *Finance Costs*

The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

# Squarepink Limited

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 1. ACCOUNTING POLICIES *(continued)*

#### ***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.

#### ***Warranty Provision***

A provision is set up to cover costs in respect of those products of the Group which are covered by a warranty. This is calculated by reference to the product guaranteed, the experience of costs actually incurred and the length of the warranty period.

#### ***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, except that 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 an undiscounted 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.

#### ***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 year end. All differences are taken to the profit and loss account.

#### ***Leasing***

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

#### ***Pensions***

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

### 2. SEGMENTAL ANALYSIS

The whole of the Group's turnover and loss arises in the United Kingdom and all of its net assets are located there. With the exception of £2,360,000 (2007: £3,013,000) of turnover to the Irish Republic, the destination of all turnover is the United Kingdom.

# Squarepink Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 3a). OPERATING PROFIT

	2008 £000	2007 £000
This is stated after charging/(crediting):		
Decrease/(Increase) in overhead element of stocks of finished goods and work in progress	465	(158)
Raw materials	32,117	32,820
Staff costs (note 3b)	10,634	12,347
Depreciation - owned assets	2,082	2,302
Amortisation of goodwill	277	277
Operating lease rentals - equipment	1,596	1,949
- land and buildings	1,767	1,757
Auditors' remuneration - audit services	47	64
- taxation and other services	8	22
Other operating charges	22,348	18,284
Other operating income	(1,596)	(1,161)
	<u>69,745</u>	<u>68,503</u>

Other operating income includes rentals receivable of £494,000 (2007: £252,000).

Exceptional items included in other operating charges are:

	2008 £000	2007 £000
Business restructuring	2,845	2,447
Property closure provision	1,055	446
Impairment of goodwill	4,250	-
Bad debt and asset write-off in respect of customer in administration	-	2,045
	<u>8,150</u>	<u>4,938</u>

In addition the Group has provided for losses to be incurred up to the date of it ceasing to trade of £1,835,000, principally relating to interest expenses. This exceptional item is presented below operating profit.

### 3b). STAFF COSTS

	2008 £000	2007 £000
Wages and salaries	9,151	10,693
Social security costs	1,012	1,125
Other pension costs - defined contribution schemes	471	529
	<u>10,634</u>	<u>12,347</u>
Number of staff:		
	2008 No.	2007 No.
Manufacturing and production	158	200
Selling, administration and distribution	191	201
	<u>349</u>	<u>401</u>

# Squarepink Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 3c). DIRECTORS' EMOLUMENTS

These amounts are paid by Bowater Building Products Limited for services to the Group:

	2008 £000	2007 £000
Emoluments	723	911
Compensation for loss of office	811	-
Company contributions paid to money purchase pension schemes	64	81
	No.	No.
Members of the money purchase pension schemes	5	3

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

	2008 £000	2007 £000
Emoluments	144	293
Company contributions paid to money purchase pension schemes	17	-

### 4. INTEREST PAYABLE

	2008 £000	2007 £000
Bank loans, overdrafts and other loans	2,612	2,511
Exchange losses	248	-
Amortisation of costs relating to the setting up of loan facilities	-	342
	2,860	2,853

### 5. TAXATION

	2008 £000	2007 £000
(Credit) for the year:		
UK Current tax adjustment in respect of prior years	-	(65)
	-	(65)
Deferred tax		
- on capital allowances	-	199
- on other timing differences	-	144
	-	343
	-	278

# Squarepink Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 5. TAXATION (CONTD)

The tax assessed for the year ended 31 December 2008 varies from the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £000	2007 £000
Loss on ordinary activities before tax	(11,922)	(6,453)
Expected credit at UK average tax rate of 28.5% (2007: 30%)	(3,398)	(1,936)
Effects of:		
Expenses not deductible for tax purposes	2,118	641
Capital allowances lower than depreciation	582	850
Net decrease/( increase) in general provisions	135	9
Unrelieved tax losses carried forward	563	436
Prior period adjustments	-	(65)
Current tax credit	-	(65)

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.

### 6. INTANGIBLE ASSETS

#### Goodwill

	£000
Cost:	
At 1 January and 31 December 2008	5,665
Amortisation:	
At 1 January 2008	1,138
Charge for the year	277
Impairment write-down	4,250
At 31 December 2008	5,665
Net book value at 31 December 2008	-
Net book value at 31 December 2007	4,527



# Squarepink Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 7. TANGIBLE FIXED ASSETS

#### Group

	<i>Short leasehold buildings £000</i>	<i>Plant, machinery and vehicles £000</i>	<i>Total £000</i>
Cost:			
At 1 January 2008	1,618	16,122	17,740
Reclassification	-	874	874
Additions	-	1,650	1,650
Disposals	(19)	(252)	(271)
Transfer to current assets	(1,599)	(18,394)	(19,993)
At 31 December 2008	-	-	-
Depreciation:			
At 1 January 2008	416	7,412	7,828
Reclassification	-	874	874
Provided in the year	137	1,945	2,082
Disposals	(7)	(161)	(168)
Transfer to current assets	(546)	(10,070)	(10,616)
At 31 December 2008	-	-	-
Net book value at 31 December 2008	-	-	-
Net book value at 31 December 2007	1,202	8,710	9,912

The reclassification noted above (which does not affect the net book value of fixed assets) corrects the cost of the assets to the Group and their related depreciation. Differences had arisen as a result of the recording of disposals of assets which had been fair valued when the Group commenced trading with assets acquired from a predecessor company.

### 8. INVESTMENT IN SUBSIDIARIES

#### Company

	<i>£000</i>
Cost:	
At 1 January and 31 December 2008	20,520
Amounts written down:	
At 1 January and 31 December 2008	8,385
Net book value	
At 1 January and 31 December 2008	12,135

As explained in note 1 the financial statements are prepared on a break up basis, and accordingly the investments, which have been realised since the year end, have been reclassified as current assets.

# Squarepink Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the principal investments in which the Company holds the nominal value of any class of share capital are as follows:

Subsidiary undertakings	Proportion of ordinary shares and voting rights	Country of Incorporation
Bowater Building Products Limited (*)	100%	Great Britain
Bowater Windows Pinking Trustee Limited (*)	100%	Great Britain

(\*) Held directly by parent company

The investments represent 100% of the issued share capital of each company, which are unlisted, and are registered in England and Wales.

The principal activity of Bowater Building Products Limited 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, and related products.

The principal activity of Bowater Windows Pinking Trustee Limited during the year was to handle claims regarding the discolouration of extruded profile.

### 9. STOCKS

	<i>Group</i> 2008 £000	<i>Group</i> 2007 £000
Raw materials and consumables	905	1,031
Work in progress and finished goods	3,143	5,068
	<u>4,048</u>	<u>6,099</u>

### 10. DEBTORS

	<i>Group</i> 2008 £000	<i>Company</i> 2008 £000	<i>Group</i> 2007 £000	<i>Company</i> 2007 £000
Trade debtors	9,433	-	9,647	-
Tangible assets (note 7)	9,377	-	-	-
Indemnity receivable from former shareholder	1,329	-	2,094	-
Other debtors	-	-	190	-
Prepayments and accrued income	1,626	-	1,499	2
	<u>21,765</u>	<u>-</u>	<u>13,430</u>	<u>2</u>

The indemnity receivable from a former shareholder is held in trust for warranty claim creditors (see note 14).

# Squarepink Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 11. CREDITORS: amounts falling due within one year

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2008</i>	<i>2008</i>	<i>2007</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank and other loans (note 13)	18,450	18,450	2,100	2,100
Trade creditors	10,011	77	11,757	2
Other taxes and social security costs	1,071	-	589	-
Other creditors	1,414	83	1,022	42
Accruals and deferred income	1,179	427	1,718	276
Bank overdrafts	-	9,745	-	8,163
Provisions for losses (note 3)	1,835	1,835	-	-
Other provisions (note 14)	3,511	-	-	-
Accrued interest	5,875	5,875	-	-
	<u>43,346</u>	<u>36,492</u>	<u>17,186</u>	<u>10,583</u>

### 12. CREDITORS: amounts falling due after more than one year

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2008</i>	<i>2008</i>	<i>2007</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans (note 13)	-	-	9,050	9,050
Other loans (note 13)	-	-	7,900	7,900
Accrued interest	-	-	4,403	4,403
	<u>-</u>	<u>-</u>	<u>21,353</u>	<u>21,353</u>

The bank loans were secured by fixed and floating charges over the Group's assets. See notes 13 and 21.

### 13. LOANS

	<i>Group &amp; Company 2008 £000</i>	<i>Group &amp; Company 2007 £000</i>
Amounts falling due:		
In one year or less or on demand	18,450	2,100
In more than one year but not more than two years	-	3,800
In more than two years but not more than five years	-	13,150
	<u>18,450</u>	<u>19,050</u>
<i>Analysed as:</i>		
Due in one year or less	18,450	2,100
Due in more than one year	-	16,950
	<u>18,450</u>	<u>19,050</u>

As explained in note 1 the financial statements are prepared on a break up basis. Accordingly all loans are classified as falling due within one year.

# Squarepink Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 13. LOANS (continued)

The interest and repayments for the loans held by the Group are as follows:

	Group & Company 2008 £000	Group & Company 2007 £000
<i>Barclays Bank plc</i>		
Senior Debt A loan at Interest Rate Libor plus 3.40% *	6,800	7,900
Mezzanine Debt at Interest Rate Libor plus 5.15% plus 1% PIK margin **	3,250	3,250
	<u>10,050</u>	<u>11,150</u>
<i>3i Group</i>		
Discounted Bonds at 10% Fixed, plus 3.5% rolled up to end of term***	7,169	7,169
Loan Notes at 10% Fixed, plus 2.55% rolled up to end of term ****	1,231	731
	<u>8,400</u>	<u>7,900</u>
	<u>18,450</u>	<u>19,050</u>

The following repayment schedules were previously agreed:

\* Repayable by instalments of £2.8 million in 2009 and £4 million in 2010

\*\* Repayable in instalments of £1.25m in 2010 and £2.0m in 2011

\*\*\* Repayable in a single instalment in 2010

\*\*\*\* Repayable in a single instalment in 2010

Loans amounting to £10,050,000 have been repaid since the year end.

### 14. PROVISIONS FOR LIABILITIES AND CHARGES

	Property Closure £000	Warranty £000	Restructuring £000	Other £000	Total £000
<i>Group</i>					
At 1 January 2008	920	2,109	284	53	3,366
Charge for the year	1,172	-	1,801	37	3,010
Utilised during the year	(803)	(763)	(1,299)	-	(2,865)
Transfer to creditors: amounts falling due within one year	(1,289)	(1,346)	(786)	(90)	(3,511)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2008	-	-	-	-	-

#### *Property Closure*

Provision has been made for anticipated costs likely to be incurred under the terms of the various leases, until such time as the leases expire or may be assigned. These costs are expected to be incurred over periods up to the next nine years.

#### *Warranty*

Some of the Group's manufactured products are sold with a performance warranty for up to ten years from the date of sale or installation. Provision is made for the estimated cost of this commitment. The Group has received an indemnity in respect of certain warranty commitments (see note 10).

#### *Restructuring*

Provision has been made for restructuring within the business. These costs are expected to be incurred primarily within one year.

# Squarepink Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 15. DEFERRED TAX

The potential deferred tax asset not recognised is:

	<i>Group</i> 2008	<i>Group</i> 2007
	£000	£000
Capital allowances	1,540	938
Short-term timing differences	200	74
Tax losses	928	284
	<u>2,668</u>	<u>1,296</u>

The 2008 company tax losses carried forward for Squarepink Ltd were £825,000 (2007: £284,000).

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

### 16. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2008	2008	2008	2008
	No.	£	No.	£
A Ordinary shares of £0.01 each	360,204	3,602	350,000	3,500
B Ordinary share of £1 each	26,096	26,096	26,096	26,096
Ordinary shares of £1 each	150,000	150,000	145,825	145,825
	<u>536,300</u>	<u>179,698</u>	<u>521,921</u>	<u>175,421</u>

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2007	2007	2007	2007
	No.	£	No.	£
A Ordinary shares of £0.01 each	360,204	3,602	350,000	3,500
B Ordinary share of £1 each	26,096	26,096	26,096	26,096
Ordinary shares of £1 each	150,000	150,000	145,825	145,825
	<u>536,300</u>	<u>179,698</u>	<u>521,921</u>	<u>175,421</u>

All Ordinary and B Ordinary shares in issue at the year end were issued at par, and A Ordinary shares at a premium of £0.99 per share, with the following rights attaching:

The Ordinary, A Ordinary and B Ordinary shares all rank equally as if they were a single class, except for on a return of capital or liquidation, when the A Ordinary shares have first claim up to the subscription value of the shares. All shares carry dividend rights and are entitled to one vote per share at meetings, except for the B ordinary shares, which have no voting rights.

# Squarepink Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 17. STATEMENT OF RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>Share Capital £000</i>	<i>Share Premium £000</i>	<i>Profit and Loss Account £000</i>	<i>Shareholders' Funds £000</i>
<i>Group</i>				
At 31 December 2006	175	348	650	1,173
Loss for the year	-	-	(6,731)	(6,731)
At 31 December 2007	175	348	(6,081)	(5,558)
Loss for the year	-	-	(11,922)	(11,922)
At 31 December 2008	175	348	(18,003)	(17,480)
<i>Company</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 31 December 2006	175	348	(17,069)	(16,546)
Loss for the year	-	-	(3,253)	(3,253)
At 31 December 2007	175	348	(20,322)	(19,799)
Loss for the year	-	-	(4,558)	(4,558)
At 31 December 2008	175	348	(24,880)	(24,357)

### 18. NOTES TO THE STATEMENT OF CASH FLOWS

#### (a) Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	<i>2008 £000</i>	<i>2007 £000</i>
Operating loss	(7,227)	(3,676)
Depreciation	2,082	2,302
Loss on disposal of fixed assets	-	656
Amortisation of goodwill	277	277
Impairment of goodwill	4,250	-
Decrease in stocks	2,051	210
Decrease/(increase) in debtors	1,042	(39)
(Decrease) in creditors	(1,579)	(708)
Increase/(decrease) in provisions	247	(460)
Net cash inflow/(outflow) from operating activities	1,143	(1,438)

The Group incurred operating cash outflows of £1,360,000 in respect of exceptional restructuring costs.

# Squarepink Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 18. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

#### (b) Analysis of net debt

	<i>At 1 January</i>	<i>Cash</i>	<i>Non-cash</i>	<i>At</i>
	<i>2007</i>	<i>flow</i>	<i>movement</i>	<i>31 December</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>2007</i>
				<i>£000</i>
2007:				
Cash	7,803	(5,424)	-	2,379
Loans	(20,558)	1,850	(342)	(19,050)
	<u>(12,755)</u>	<u>(3,574)</u>	<u>(342)</u>	<u>(16,671)</u>
	<i>At 1 January</i>	<i>Cash</i>	<i>Non-cash</i>	<i>At</i>
	<i>2008</i>	<i>flow</i>	<i>movement</i>	<i>31 December</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>2008</i>
				<i>£000</i>
2008:				
Cash	2,379	(2,326)	-	53
Loans	(19,050)	600	-	(18,450)
	<u>(16,671)</u>	<u>(1,726)</u>	<u>-</u>	<u>(18,397)</u>

The non-cash movement related to the amortisation of deferred issue costs.

### 19. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £525,000 (2007: £990,000) for the Group and £nil (2007: £nil) for the Company.

### 20. PENSION COMMITMENTS

The companies in the Group operate a money purchase pension scheme. Amounts due to the scheme at the year end were £62,000 (2007: £86,000).

### 21. CONTINGENT LIABILITIES

The Company is a party at the year end, together with its subsidiary Bowater Building Products Limited, to cross guarantees under group banking arrangements with Barclays Bank PLC.

# Squarepink Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 22. OBLIGATIONS UNDER OPERATING LEASE CONTRACTS

Operating lease rentals for the Group payable in 2009 relate to commitments expiring:

	<i>Land &amp; Buildings</i>	<i>Other</i>	<i>Land &amp; Buildings</i>	<i>Other</i>
	<i>2008</i>	<i>2008</i>	<i>2007</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Within one year	124	67	7	138
Within two to five years	117	917	415	924
After more than five years	1,406	4	1,400	-
	<u>1,647</u>	<u>988</u>	<u>1,822</u>	<u>1,062</u>

### 23. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption not to disclose related party transactions with group companies as they are over 90% owned by Squarepink Limited.

Transactions with the Squarebeige Limited Group of companies, which had common shareholders, were as follows:

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Sales to Squarebeige Group	-	3,011
Purchases from Squarebeige Group	-	238
Management expenses and payroll costs recharged to Squarebeige Group	-	2,045
Balance outstanding at the year-end – owing from Squarebeige Group	-	1,941
Less provision for bad debt	-	(1,763)
Net debtor (being VAT recoverable)	<u>-</u>	<u>178</u>

Squarebeige Limited was placed in administration in January 2008.

Transactions with the 3i group of investors were as follows:

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Interest charge:		
- on discounted bonds	865	972
- on loan notes	104	123
Accrued interest:		
- on discounted bonds	4,611	3,030
- on loan notes	636	292

The repayment terms and interest rates payable in respect of the discounted bonds and loan notes are detailed in note 13 above. The principal outstanding increased by £500,000 during the year as a result of an additional amount advanced.



# Squarepink Limited

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### **24. EVENTS SINCE THE BALANCE SHEET DATE**

On 25<sup>th</sup> November 2009 the Company sold its subsidiaries to Broomco (4207) Ltd. The amounts realised were used to repay all borrowings due to Barclays Bank plc. The Company continued to have obligations in respect of its other borrowings. Following the disposal of the trading subsidiaries the Company had no assets, and ceased to trade.