

WALKER PROFILES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

Company Registration Number SC173084

Tenon Limited
1 Royal Terrace
Edinburgh
EH7 5AD



WALKER PROFILES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

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WALKER PROFILES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2005

The board of directors	J C Campbell D A Fairfoull
Company secretary	J C Campbell
Registered office	Carriden Sawmills Carriden Industrial Estate Bo'ness West Lothian EH51 9SQ
Auditors	Tenon Audit Limited 1 Royal Terrace Edinburgh EH7 5AD
Accountants	Tenon Limited 1 Royal Terrace Edinburgh EH7 5AD
Bankers	National Westminster Bank Plc 8 George Street Edinburgh EH2 2SB
Solicitors	Dundas & Wilson CS Saltire Court 20 Castle Terrace Edinburgh EH1 2EN

WALKER PROFILES LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2005

The directors present their report and the financial statements of the company for the year ended 31 March 2005.

Principal activities and business review

The company's principal activity continued to be the manufacture and installation of PVCu windows and doors.

The directors view the results for the period as satisfactory but are of the opinion that trading conditions will become more challenging over the coming year.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2005 £	2004 £
Proposed dividends on ordinary shares	35,002	47,186

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 March 2005	At 1 April 2004
J C Campbell	A Ordinary	—	—
	B Ordinary	—	—
D A Fairfoull	A Ordinary	—	—
	B Ordinary	—	—

The interests of J C Campbell in the shares of the parent undertaking are disclosed in the financial statements of that company. D A Fairfoull is not a director of the parent undertaking and holds no shares in that company.

Directors' responsibilities

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

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

WALKER PROFILES LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 MARCH 2005

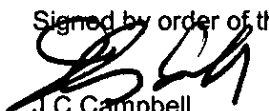
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding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

Auditors

On 28 February 2005 our auditors, Blueprint Audit Limited changed their name to Tenon Audit Limited and have signed the audit report in their new name.

Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

Signed by order of the directors


J C Campbell
Company Secretary

Approved by the directors on 30 August 2005

WALKER PROFILES LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WALKER
PROFILES LIMITED
YEAR ENDED 31 MARCH 2005

We have audited the financial statements of Walker Profiles Limited for the year ended 31 March 2005 on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

WALKER PROFILES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WALKER
PROFILES LIMITED *(continued)***

YEAR ENDED 31 MARCH 2005

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor

1 Royal Terrace
Edinburgh
EH7 5AD

Date: *13/12/05*

WALKER PROFILES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2005

	Note	2005 £	2004 £
Turnover	2	6,134,955	6,850,225
Cost of sales		(2,971,004)	(3,166,206)
Gross profit		<u>3,163,951</u>	<u>3,684,019</u>
Administrative expenses		(2,977,310)	(3,370,116)
Operating profit	3	<u>186,641</u>	<u>313,903</u>
Interest receivable	5	53,077	37,740
Interest payable and similar charges	6	(5,033)	(3,975)
Profit on ordinary activities before taxation		<u>234,685</u>	<u>347,668</u>
Tax on profit on ordinary activities	7	(59,674)	(109,241)
Profit on ordinary activities after taxation		<u>175,011</u>	<u>238,427</u>
Dividends	8	(35,002)	(47,186)
Retained profit for the financial year		<u>140,009</u>	<u>191,241</u>
Balance brought forward		670,014	478,773
Balance carried forward		<u>810,023</u>	<u>670,014</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 14 form part of these financial statements.


WALKER PROFILES LIMITED

BALANCE SHEET

31 MARCH 2005

	Note	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	9		144,586		41,277
Current assets					
Stocks	10	395,036		311,334	
Debtors	11	1,341,249		2,167,147	
Cash at bank		334,331		—	
		<u>2,070,616</u>		<u>2,478,481</u>	
Creditors: Amounts falling due within one year	12	<u>(1,405,079)</u>		<u>(1,849,644)</u>	
Net current assets			665,537		628,837
Total assets less current liabilities			<u>810,123</u>		<u>670,114</u>
Capital and reserves					
Called-up share capital	16		100		100
Profit and loss account			810,023		670,014
Shareholders' funds	17		<u>810,123</u>		<u>670,114</u>

These financial statements were approved by the directors on the 30 August 2005 and are signed on their behalf by:



J C Campbell
Director



D A Fairfoull
Director

The notes on pages 8 to 14 form part of these financial statements.

WALKER PROFILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

1. Accounting policies

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Plant and machinery	- 10% and 20% straight line
Motor vehicles	- 20% Straight line
Computer equipment	- 14% Straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is determined on a first-in, first-out basis. Net realisable value is based on estimated selling price, less any further costs of realisation.

Work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost consists of direct materials, labour and attributable overheads. Net realisable value is based on estimated selling price, less any further costs of realisation.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

WALKER PROFILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

1. Accounting policies (continued)

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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 that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

No deferred tax is provided in the financial statements as the amounts involved are not material.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2005	2004
	£	£
United Kingdom	<u>6,134,955</u>	<u>6,850,225</u>

3. Operating profit

Operating profit is stated after charging:

	2005	2004
	£	£
Depreciation of owned fixed assets	32,738	17,290
Loss on disposal of fixed assets	2,465	-
Auditors' remuneration	2,150	2,150
Operating lease costs:		
-Land and buildings	67,000	67,000
-Plant and equipment	<u>11,771</u>	<u>11,771</u>

WALKER PROFILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2005	2004
	No	No
Number of production staff	36	45
Number of administrative staff	39	40
Number of management staff	2	2
	<u>77</u>	<u>87</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	2,052,860	2,044,808
Social security costs	167,043	186,242
Other pension costs	38,436	86,539
	<u>2,258,339</u>	<u>2,317,589</u>

5. Interest receivable

	2005	2004
	£	£
Bank interest receivable	<u>53,077</u>	<u>37,740</u>

6. Interest payable and similar charges

	2005	2004
	£	£
Other similar charges payable	<u>5,033</u>	<u>3,975</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2005	2004
	£	£
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	<u>59,674</u>	<u>109,241</u>

WALKER PROFILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

7. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005	2004
	£	£
Profit on ordinary activities before taxation	<u>234,685</u>	<u>347,668</u>
Profit on ordinary activities by rate of tax	70,406	104,300
Effects of:		
Expenses not deductible for tax purposes	1,253	15,619
Capital allowances for period in excess of depreciation	<u>(11,985)</u>	<u>(10,678)</u>
Total current tax (note 7(a))	<u>59,674</u>	<u>109,241</u>

8. Dividends

The following dividends have been proposed in respect of the year:

	2005	2004
	£	£
Proposed dividend on ordinary shares	<u>35,002</u>	<u>47,186</u>

9. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost				
At 1 April 2004	277,050	26,598	46,023	349,671
Additions	79,300	42,201	20,312	141,813
Disposals	—	(14,414)	—	(14,414)
At 31 March 2005	<u>356,350</u>	<u>54,385</u>	<u>66,335</u>	<u>477,070</u>
Depreciation				
At 1 April 2004	243,975	18,396	46,023	308,394
Charge for the year	18,959	10,877	2,902	32,738
On disposals	—	(8,648)	—	(8,648)
At 31 March 2005	<u>262,934</u>	<u>20,625</u>	<u>48,925</u>	<u>332,484</u>
Net book value				
At 31 March 2005	<u>93,416</u>	<u>33,760</u>	<u>17,410</u>	<u>144,586</u>
At 31 March 2004	<u>33,075</u>	<u>8,202</u>	<u>—</u>	<u>41,277</u>

WALKER PROFILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

10. Stocks

	2005 £	2004 £
Raw materials	227,157	152,907
Work in progress	23,893	11,401
Finished goods	143,986	147,026
	<u>395,036</u>	<u>311,334</u>

11. Debtors

	2005 £	2004 £
Trade debtors	632,821	702,815
Amounts owed by fellow subsidiary undertakings	644,669	1,411,795
Prepayments and accrued income	63,759	52,537
	<u>1,341,249</u>	<u>2,167,147</u>

12. Creditors: Amounts falling due within one year

	2005 £	2004 £
Bank overdraft	–	73,305
Trade creditors	675,739	342,913
Amounts owed to fellow subsidiary undertakings	–	120,000
Amounts owed to parent undertaking	–	300,000
Corporation tax	59,674	109,241
PAYE and social security	62,398	58,138
VAT	57,176	176,019
Dividends payable	35,002	47,186
Other creditors	67,463	112,261
Accruals and deferred income	447,627	510,581
	<u>1,405,079</u>	<u>1,849,644</u>

At the year end there was an inter company guarantee and set off arrangement to National Westminster Bank Plc between Guildway Limited, Woodbridge Timber Limited, Patrick and Thompsons Limited, Cox Long Limited, Walker Profiles (North East) Limited and Walker Profiles Limited.

The bank overdraft is secured by a bond and floating charge over all of the company's assets.

13. Pensions

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £38,436 (2004 - £86,539). No amounts were outstanding at the year end (2004 - £nil).

WALKER PROFILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

14. Deferred taxation

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows:

Excess of taxation allowances over depreciation on fixed assets	<u>28,000</u>	<u>40,000</u>
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The amount unprovided represents a contingent asset at the balance sheet date and is calculated using a tax rate of 30% (2004 - 30%).

15. Commitments under operating leases

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	2005		2004	
	Land & buildings £	Other items £	Land & buildings £	Other items £
Operating leases which expire:				
Within 1 year	—	5,776	—	—
Within 2 to 5 years	—	—	—	11,771
After more than 5 years	67,000	—	67,000	—
	<u>67,000</u>	<u>5,776</u>	<u>67,000</u>	<u>11,771</u>

16. Share capital

Authorised share capital:

	2005	2004
	£	£
90 A Ordinary shares shares of £1 each	90	90
10 B Ordinary shares shares of £1 each	10	10
	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
A Ordinary shares shares of £1 each	90	90	90	90
B Ordinary shares shares of £1 each	10	10	10	10
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

"A" and "B" ordinary shares rank pari passu.

WALKER PROFILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

17. Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	175,011	238,427
Dividends	(35,002)	(47,186)
	<u>140,009</u>	<u>191,241</u>
Opening shareholders' equity funds	670,114	478,873
Closing shareholders' equity funds	<u>810,123</u>	<u>670,114</u>

18. Parent undertaking

The company's ultimate parent undertaking is James Walker (Leith) Limited which is registered in Scotland. In the directors' opinion the company has no ultimate controlling party.

As a subsidiary of James Walker (Leith) Limited, advantage has been taken of the exemption granted by Financial Reporting Standard 8, Related Party Disclosures, not to report details of the transactions with entities which are more than 90% controlled by a common parent undertaking.