

FEDERATED WINDOWS & DOORS LIMITED

FINANCIAL STATEMENTS for the year ended 31 March 1999

267731

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The following pages do not form part of the statutory statements:

Detailed Trading and Profit and Loss account	Appendix 1
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FEDERATED WINDOWS & DOORS LIMITED

COMPANY INFORMATION

31 MARCH 1999

Incorporated in England on 15 August 1932

Number: 267731

DIRECTORS: P. W. Johnson
E. W. Johnson
J. Chamberlain
D. P. Edwards

SECRETARY: W. Grundy

REGISTERED OFFICE: Green Lane
Old Swan
Liverpool
L13 7ED

BANKERS: Midland Bank plc
24 Norton Street
Liverpool
L69 3BB

AUDITORS: TAIT'S
Chartered Accountants
Lakeside Building
Alexandra Park
Prescot Road
St Helens
WA10 3TT

FEDERATED WINDOWS & DOORS LIMITED

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITY

The principal activity of the company throughout the year was the design, manufacture and installation of metal windows and doors.

BUSINESS REVIEW

Results show benefits from the increase in activity, and from the previous year's cost reduction.

FUTURE DEVELOPMENTS

Activity levels can expect to be sustained by a healthy order book.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 4.

A preference dividend amounting to £3,200 (1998:£3,200) was paid during the year. The directors do not propose payment of an ordinary dividend.

FIXED ASSETS

Changes in fixed assets during the year are set out in the notes to the accounts.

DIRECTORS AND THEIR INTERESTS

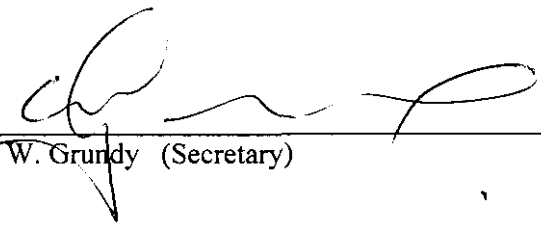
The directors who have served the company during the year, together with their interests in the shares of the company at the beginning and the end of the year, were as follows:-


	Ordinary Shares of £1 each	
	31 March 1999	31 March 1998
P. W. Johnson	68,800	68,800
E. W. Johnson	9,700	9,700
J. Chamberlain	21,375	21,375
D. P. Edwards	-	-

AUDITORS

Taits have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be reappointed auditors to the company for the ensuing year.

By Order of the Board


W. Grundy (Secretary)

 22 December 1999

FEDERATED WINDOWS & DOORS LIMITED

DIRECTORS' RESPONSIBILITIES AND REPORT OF THE AUDITORS

Statement of 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 and of the profit or loss of the company for that period.

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; and prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 enable them to ensure that the financial statements 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.

Auditors Report to the Members of Federated Windows & Doors Limited

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described above, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and report our opinion to you.

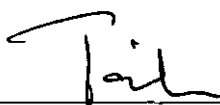
Basis of opinion

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 the company's affairs as at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



TAITS

Chartered Accountants and Registered Auditors
Lakeside Building, Alexandra Park, St Helens WA10 3TT

22 December 1999

FEDERATED WINDOWS & DOORS LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 March 1999

	Note	1999 £	1998 £
TURNOVER	2	2,763,646	2,621,238
COST OF SALES		(<u>1,682,260</u>)	(<u>1,804,617</u>)
GROSS PROFIT		1,081,386	816,621
NET OPERATING EXPENSES			
Distribution costs		(53,537)	(36,148)
Administrative expenses		(<u>806,964</u>)	(<u>754,537</u>)
OPERATING PROFIT	3	220,885	25,936
Rent receivable		3,861	-
Income from investments		9,743	6,846
Interest receivable and similar income	6	11,274	4,954
Interest payable and similar charges	7	(<u>77,560</u>)	(<u>62,877</u>)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		168,203	(25,141)
Taxation	8	(<u>811</u>)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		167,392	(25,141)
Dividends (non-equity interests)	9	(<u>3,200</u>)	(<u>3,200</u>)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		164,192	(28,341)
Profit brought forward		<u>101,679</u>	<u>130,020</u>
RETAINED PROFIT CARRIED FORWARD		<u>265,871</u>	<u>101,679</u>

Movements in reserves are shown in note 16.

None of the company's activities were acquired or discontinued during the above two financial years.

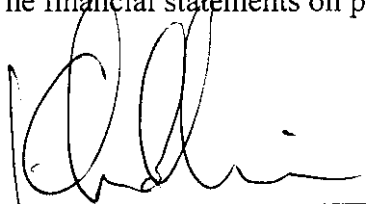
There are no recognised gains or losses in the above two financial years other than the profit/(loss) for the year.

FEDERATED WINDOWS & DOORS LIMITED

BALANCE SHEET AS AT 31 MARCH 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Tangible assets	10	55,543	53,368
Investments	11	<u>313,572</u>	<u>388,572</u>
		369,115	441,940
CURRENT ASSETS			
Stocks	12	474,379	584,150
Debtors	13	260,847	205,536
Cash at bank and in hand		<u>353,029</u>	<u>75,755</u>
		1,088,255	865,441
CREDITORS: Amounts falling due within one year	14	<u>415,268</u>	<u>327,149</u>
NET CURRENT ASSETS		<u>672,987</u>	<u>538,292</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,042,102	980,232
CREDITORS: Amounts falling due after more than one year	15	(<u>652,709</u>)	(<u>755,031</u>)
TOTAL NET ASSETS		<u>389,393</u>	<u>225,201</u>
CAPITAL AND RESERVES			
Called up share capital	16	146,875	146,875
Share premium account	16	113,075	113,075
Revaluation reserve	16	(136,428)	(136,428)
Profit and loss account	16	<u>265,871</u>	<u>101,679</u>
TOTAL SHAREHOLDERS' FUNDS		<u>389,393</u>	<u>225,201</u>

The financial statements on pages 4 to 14 were approved by the board on


 J. Chamberlain (Director)

22/12/99

FEDERATED WINDOWS & DOORS LIMITED

CASH FLOW STATEMENT for the year ended 31 March 1999

	Note	1999 £	1998 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	1	351,364	79,485
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		24,878	11,800
Interest paid		(77,560)	(62,877)
Dividends paid		(<u>3,200</u>)	(<u>3,200</u>)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(55,882)	(54,277)
TAXATION			
Corporation tax paid (including ACT)		(811)	(1,083)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			
Payments to acquire tangible fixed assets		(19,728)	(20,769)
Receipts from sales of tangible fixed assets		<u>2,331</u>	<u>7,195</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(<u>17,397</u>)	(<u>13,574</u>)
INCREASE IN CASH	2	<u>277,274</u>	<u>10,551</u>

FEDERATED WINDOWS & DOORS LIMITED

NOTES TO THE CASH FLOW STATEMENT for the year ended 31 March 1999

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1999 £	1998 £
Operating profit	220,885	25,936
Depreciation charges	15,783	16,732
Profit on sale of tangible fixed assets	(561)	(1,845)
Decrease/(increase)in stocks	109,771	(163,130)
(Increase)/decrease in debtors	(55,311)	105,501
(Decrease)/increase in creditors	(14,203)	96,291
Reduction in value of investments	<u>75,000</u>	<u>-</u>
Net cash inflow from operating activities	<u>351,364</u>	<u>79,485</u>

2. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS

	1999 £	1998 £
Increase in cash during the year	277,274	10,551
Net funds at 1 April 1998	<u>75,755</u>	<u>65,204</u>
Net funds at 31 March 1999	<u>353,029</u>	<u>75,755</u>

Net funds at 31 March 1999 comprises cash at bank: £351,490 (1998: £75,007) and cash in hand: £1,539 (1998: £748).

FEDERATED WINDOWS & DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1999

1. ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Depreciation

Depreciation is calculated to write off fixed assets over their anticipated working life as follows:-

Plant and machinery	20%	p.a. on reducing balance
Motor vehicles	33 $\frac{1}{3}$ %	p.a. on reducing balance
Fixtures and fittings	33 $\frac{1}{3}$ %	p.a. on reducing balance

(c) Stocks and work in progress

Raw materials are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis.

Factory work in progress is valued at the lower of cost and net realisable value. Cost includes all production overheads, depreciation, and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Long-term contract work in progress is valued at net cost less foreseeable losses.

(d) Turnover

Turnover represents the invoiced value of goods and services provided net of value added tax.

(e) Deferred taxation

No provision is made for deferred taxation due to accelerated capital allowances and other timing differences, as in the opinion of the directors any tax arising is insignificant and will not become payable.

(f) Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

(g) Pension

The company makes contributions to the Rea Windows Pension Scheme, a defined benefit scheme and to the Rea Retirement Benefits Scheme, a defined contribution schemes. The assets of both schemes are held separately from the assets of the company. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of each scheme.

(h) Group accounts

It is the policy of the company to take advantage of the exemption conferred by section 248 of the Companies Act 1985 from preparing group accounts.

(i) Accounts

These financial statements present information about the company only, and not about the group of companies as a whole.

FEDERATED WINDOWS & DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1999

2. TURNOVER

Turnover represents completed sales less discounts allowed, geographically split as follows:-

	1999 £	1998 £
United Kingdom	2,755,046	2,620,758
Non United Kingdom	<u>8,600</u>	<u>480</u>
	<u>2,763,646</u>	<u>2,621,238</u>

Contracts in progress are taken to turnover only on completion of the contract and agreement of the final account. The operating profit is derived from the principal activity of the company.

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	1999 £	1998 £
Staff Costs (note 4)	949,110	884,115
Auditors' remuneration	10,780	9,500
Auditors remuneration for non-audit services	828	64
<i>Depreciation of tangible fixed assets (note 10):</i>		
Owned tangible assets	13,096	14,044
Assets held under hire purchase contracts	<u>2,687</u>	<u>2,688</u>

4. EMPLOYEE INFORMATION

Staff costs including directors' emoluments:

	1999 £	1998 £
Wages and salaries	891,465	826,916
Social security costs	45,668	41,352
Pension costs	<u>11,977</u>	<u>15,847</u>
	<u>949,110</u>	<u>884,115</u>

Average number employed including executive directors:

	<i>Number</i>	<i>Number</i>
Production staff	33	33
Office and management	8	9
Sales and contracts	11	11
Fixers	<u>1</u>	<u>1</u>
	<u>53</u>	<u>54</u>

5. DIRECTORS' EMOLUMENTS

	1999 £	1998 £
Emoluments and benefits in kind	<u>131,883</u>	<u>108,681</u>

The directors are members of the Rea Windows Pension Scheme, a defined benefit scheme.

FEDERATED WINDOWS & DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1999

6. INTEREST RECEIVABLE AND SIMILAR INCOME	1999	1998
	£	£
Bank interest received	<u>11,274</u>	<u>4,954</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES	1999	1998
	£	£
Other loan interest paid	76,967	62,444
Hire purchase interest	577	433
Other interest	<u>16</u>	<u>-</u>
	<u>77,560</u>	<u>62,877</u>

8. TAXATION	1999	1998
	£	£
Corporation tax at the rate of 21% on rental income received in the year	<u>811</u>	-

9. DIVIDENDS	1999	1998
	£	£
Preference dividend paid and proposed	<u>3,200</u>	<u>3,200</u>

10. TANGIBLE FIXED ASSETS

Motor	Plant &	Fixtures <u>Vehicles</u>	<u>Machinery</u>	<u>& Fittings</u>	<u>Total</u>
		£	£	£	£
Cost or valuation					
As at 1 April 1998		101,966	301,803	133,586	537,355
Additions in year		16,330	1,137	2,261	19,728
Disposals in year		(<u>27,578</u>)			(<u>27,578</u>)
As at 31 March 1999		<u>90,718</u>	<u>302,940</u>	<u>135,847</u>	<u>529,505</u>
Depreciation					
As at 1 April 1998		79,930	275,262	128,795	483,987
Charge for year		8,465	5,302	2,016	15,783
Disposals		(<u>25,808</u>)			(<u>25,808</u>)
At 31 March 1999		<u>62,587</u>	<u>280,564</u>	<u>130,811</u>	<u>473,962</u>
Net book value					
As at 31 March 1999		<u>28,131</u>	<u>22,376</u>	<u>5,036</u>	<u>55,543</u>
As at 31 March 1998		<u>22,036</u>	<u>26,541</u>	<u>4,791</u>	<u>53,368</u>

The net book value of fixed assets of £55,543 (1998: £53,368) includes an amount of £5,375 (1998: £8,063) in respect of assets held under finance leases.

FEDERATED WINDOWS & DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1999

11. FIXED ASSET INVESTMENTS	Investment in Subsidiaries	Property Enterprise Trusts	Total
Cost	£	£	£
As at 1 April 1998	25,000	500,000	525,000
Disposals	<u> </u>	<u>75,000</u>	<u>75,000</u>
As at 31 March 1999	<u>25,000</u>	<u>425,000</u>	<u>450,000</u>
Amounts written off			
As at 1 April 1998 and 31 March 1999	<u>22,428</u>	<u>114,000</u>	<u>136,428</u>
Net book value			
As at 31 March 1999	<u>2,572</u>	<u>311,000</u>	<u>313,572</u>
As at 31 March 1998	<u>2,572</u>	<u>386,000</u>	<u>388,572</u>

The company owns the whole of the ordinary share capital of Secco Profiles Limited, a company incorporated in England, to promote Secco window systems in the U.K. and Ireland. Net liabilities at 31 March 1999 were £3,339 (1998:£4,335).

The company owns the whole of the ordinary share capital of Rea Metal Windows Limited and of Monk Metal Windows Limited, both companies incorporated in England. Both companies are dormant and the investment in them by Federated Windows & Doors Limited has been fully written off.

12. STOCKS	1999	1998
	£	£
Factory work in progress	52,531	74,159
Raw materials	176,585	152,128
Long term contract work in progress	<u>2,225,596</u>	<u>1,879,210</u>
	2,454,712	2,105,497
Payments on account	(<u>1,980,333</u>)	(<u>1,521,347</u>)
	<u>474,379</u>	<u>584,150</u>
13. DEBTORS	1999	1998
	£	£
Trade debtors	216,586	171,249
Other debtors	-	4,374
ACT recoverable	1,793	1,804
Prepayment and accrued income	<u>42,468</u>	<u>28,109</u>
	<u>260,847</u>	<u>205,536</u>

FEDERATED WINDOWS & DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1999

14. CREDITORS: Amounts falling due within one year	1999	1998
	£	£
Trade creditors	229,756	206,525
Amounts owed to group undertakings	-	90
Corporation tax	-	-
Social security and other taxes	55,349	68,401
Obligations under hire purchase contracts	2,322	2,322
Accruals and deferred income	<u>127,841</u>	<u>49,811</u>
	<u>415,268</u>	<u>327,149</u>
15. CREDITORS: Amounts falling due after more than one year	1999	1998
	£	£
Other loans from Rea Windows Pension Scheme	650,000	750,000
Obligations under hire purchase contracts	<u>2,709</u>	<u>5,031</u>
	<u>652,709</u>	<u>755,031</u>
<i>Amounts repayable by instalments:</i>		
Between one and two years	2,322	2,322
Between two and five years	<u>387</u>	<u>2,709</u>
	<u>2,709</u>	<u>5,031</u>
<i>Amounts wholly repayable:</i>		
Between one and two years	-	100,000
Between two and five years	650,000	500,000
After five years	<u>-</u>	<u>150,000</u>
	<u>650,000</u>	<u>750,000</u>

Included in other loans from Rea Windows Pension Scheme is £550,000 which is secured by a chattel mortgage over the company's plant and equipment and a debenture containing fixed and floating charges over the company's other assets.

16. SHAREHOLDERS' FUNDS

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total
	£	£	£	£	£
Balance at 1 April 1998	146,875	113,075	(136,428)	101,679	225,201
Retained profit for the year	<u> </u>	<u> </u>	<u> </u>	<u>164,192</u>	<u>164,192</u>
Balance at 31 March 1999	<u>146,875</u>	<u>113,075</u>	<u>(136,428)</u>	<u>265,871</u>	<u>389,393</u>

The revaluation reserve relates to a deficit on revaluation of fixed asset investments (Note 11).

Continued.....

FEDERATED WINDOWS & DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1999

16. SHAREHOLDERS' FUNDS (continued)

The authorised share capital comprises:

	1999 £	1998 £
Authorised:		
160,000 Ordinary shares of £1 each	160,000	160,000
40,000 Cumulative 10% preference shares of £1 each	<u>40,000</u>	<u>40,000</u>
	<u>200,000</u>	<u>200,000</u>
Allotted, called up and fully paid:		
106,875 Ordinary shares of £1 each	106,875	106,875
40,000 Cumulative 10% preference shares of £1 each	<u>40,000</u>	<u>40,000</u>
	<u>146,875</u>	<u>146,875</u>

The movements in shareholders' funds in the previous year are set out below:

	<u>Called up share capital</u> £	<u>Share premium account</u> £	<u>Revaluation reserve</u> £	<u>Profit and loss account</u> £	<u>Total</u> £
Balance at 1 April 1998	146,875	113,075	(136,428)	130,020	253,542
Retained loss for the year				(28,341)	(28,341)
Balance at 31 March 1999	<u>146,875</u>	<u>113,075</u>	(<u>136,428</u>)	<u>101,679</u>	<u>225,201</u>

17. FUTURE FINANCIAL COMMITMENTS

(a) Finance leases

At 31 March 1999 the company had obligations under hire purchase contracts, which are set out below:

	1999 £	1998 £
<i>Gross amount payable:</i>		
within one year	2,899	2,899
between one and two years	2,899	2,899
between two five years	<u>484</u>	<u>3,383</u>
	6,282	9,181
<i>Deduct:</i>		
finance charges allocated to future periods	<u>1,251</u>	<u>1,828</u>
	<u>5,031</u>	<u>7,353</u>
<i>Hire purchase contracts are analysed as follows:</i>		
due within one year (note 14)	2,322	2,322
due after more than one year (note 15)	<u>2,709</u>	<u>5,031</u>
	<u>5,031</u>	<u>7,353</u>

Obligations under finance leases and hire purchase contracts are secured on the relevant fixed assets.

continued.....

FEDERATED WINDOWS & DOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1999

17. FUTURE FINANCIAL COMMITMENTS (continued)

(b) Pension commitments

Defined Contribution Scheme

The company operates a defined contribution scheme administered by Norwich Union. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the funds and amounted to £11,977 (1998: £15,847). Contributions totalling £990 were paid to the fund in advance at 31 March 1999 and are included in debtors (1998 contributions payable £380).

Defined Benefit Scheme

The company has not made any contribution to Rea Windows Pension Scheme during the year or the previous year.

18. RELATED PARTY TRANSACTIONS

- (a) The company occupies freehold properties valued at £615,000, which are owned by the Rea Windows Pension Scheme and pays annual rent on normal commercial terms of £91,000 (1998: £91,000).
- (b) The company paid loan interest of £76,967 (1998: £62,444) to Rea Windows Pension Scheme in respect of loans received by the company, on normal commercial terms, from Rea Windows Pension Scheme:

The balance due on these loans at 31 March 1999 was £650,000 (1998: £750,000) and is repayable as follows:

Date of repayment £	Amount of loan repayable £
31 March 2001	150,000
31 March 2002	200,000
31 March 2003	150,000
31 March 2004	150,000

- (c) The group has taken advantage of the exemption conferred by FRS 8 para. 3c not to make disclosures concerning related parties.