

Report of the Directors and
Financial Statements for the Year Ended 31 December 2002
for
Grinterley Limited



J Vince & Co
Chartered Accountants and
Registered Auditors
Financial Chambers
2 London Road
Horndean
Hampshire

Grinterley Limited - Group accounts

Contents of the Financial Statements
for the Year Ended 31 December 2002

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	3
Consolidated Profit and Loss Account	4
Statement of Total Recognised Gains and Losses	5
Consolidated Balance Sheet	6
Company Balance Sheet	7
Notes to the Financial Statements	8
Consolidated Trading and Profit and Loss Account	16

Grinterley Limited - Group accounts

Company Information
for the Year Ended 31 December 2002

DIRECTORS:
R A Jeffery
C J Avery
D R Yellop
R B Gamble

SECRETARY:
R A Jeffery

REGISTERED OFFICE:
2 Lancer House
Hussar Court
Waterlooville
Hampshire

REGISTERED NUMBER:
1680736 (England and Wales)

BANKERS:
Bank of Scotland
144 High Street
Southampton
Hampshire

AUDITORS:
J Vince & Co
Chartered Accountants and
Registered Auditors
Financial Chambers
2 London Road
Horndean
Waterlooville
Hampshire PO8 0BZ

Grinterley Limited - Group accounts

Report of the Directors **for the Year Ended 31 December 2002**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2002.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the manufacture and sale of roofing and ventilation products.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors during the year under review were:

R A Jeffery
C J Avery
D R Yellop
R B Gamble

The beneficial interests of the directors holding office on 31 December 2002 in the issued share capital of the company were as follows:

	31.12.02	1.1.02
Ordinary £1 shares		
R A Jeffery	5,745	5,745
C J Avery	3,745	3,745
D R Yellop	3,957	3,957
R B Gamble	8,936	8,936

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 the group and of the profit or loss of the group 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;
- prepare the financial statements 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 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, J Vince & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


R A Jeffery, Secretary

Dated: 10 April 2003

Grinterley Limited - Group accounts

**Report of the Independent Auditors to the Members of
Grinterley Limited - Group accounts**

We have audited the financial statements of Grinterley Limited - Group accounts for the year ended 31 December 2002 on pages four to fifteen. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of 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 Report of the Directors 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 the Report of the Directors 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

J Vince & Co.

J Vince & Co
Chartered Accountants and
Registered Auditors
Financial Chambers
2 London Road
Horndean

Dated: 14 April 2003

Grinterley Limited - Group accounts

**Consolidated Profit and Loss Account
for the Year Ended 31 December 2002**

		31.12.02		31.12.01	
	Notes	£	£	£	£
TURNOVER			8,856,125		8,514,595
Cost of sales			<u>6,278,238</u>		<u>5,805,143</u>
GROSS PROFIT			2,577,887		2,709,452
Distribution costs		547,543		572,939	
Administrative expenses		<u>1,633,088</u>		<u>1,718,579</u>	
			<u>2,180,631</u>		<u>2,291,518</u>
			397,256		417,934
Other operating income			<u>25,000</u>		<u>-</u>
OPERATING PROFIT	2		422,256		417,934
Interest receivable and similar income			<u>1,197</u>		<u>330</u>
			423,453		418,264
Interest payable and similar charges			<u>144,970</u>		<u>156,737</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			278,483		261,527
Tax on profit on ordinary activities	3		<u>56,434</u>		<u>47,278</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			222,049		214,249
Dividends	5		<u>15,000</u>		<u>12,000</u>
RETAINED PROFIT FOR THE YEAR FOR THE GROUP			<u>£207,049</u>		<u>£202,249</u>

The notes form part of these financial statements

Grinterley Limited - Group accounts

Statement of Total Recognised Gains and Losses
for the Year Ended 31 December 2002

	<u>31.12.02</u>	<u>31.12.01</u>
	£	£
PROFIT FOR THE FINANCIAL YEAR	222,049	214,249
Revaluation	<u>172,555</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES		
RELATING TO THE YEAR	<u><u>£394,604</u></u>	<u><u>£214,249</u></u>

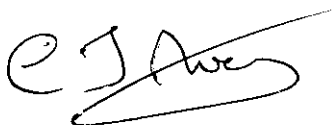
NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

Grinterley Limited - Group accounts**Consolidated Balance Sheet**
31 December 2002

		31.12.02		31.12.01	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	6		106,094		123,771
Tangible assets	7		2,196,893		1,515,522
Investments	8		<u>6,475</u>		<u>6,475</u>
			2,309,462		1,645,768
CURRENT ASSETS					
Stocks		1,116,350		913,075	
Debtors	9	2,081,995		911,843	
Cash at bank and in hand		<u>17,482</u>		<u>468</u>	
		3,215,827		1,825,386	
CREDITORS					
Amounts falling due within one year	10	<u>3,238,177</u>		<u>2,017,187</u>	
NET CURRENT LIABILITIES			<u>(22,350)</u>		<u>(191,801)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,287,112		1,453,967
CREDITORS					
Amounts falling due after more than one year	11		<u>599,206</u>		<u>143,487</u>
			<u>£1,687,906</u>		<u>£1,310,480</u>
CAPITAL AND RESERVES					
Called up share capital	13		50,000		50,000
Revaluation reserve	14		172,555		-
Capital redemption reserve	14		3,745		3,745
Other reserves	14		367,509		369,688
Profit and loss account	14		<u>1,094,097</u>		<u>887,047</u>
SHAREHOLDERS' FUNDS			<u>£1,687,906</u>		<u>£1,310,480</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:


C Avery - Director

Approved by the Board on 10 April 2003

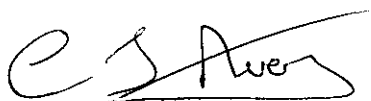
The notes form part of these financial statements

Grinterley Limited - Group accounts**Company Balance Sheet
31 December 2002**

		31.12.02		31.12.01	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	7		427,897		-
Investments	8		<u>324,347</u>		<u>324,347</u>
			752,244		324,347
CURRENT ASSETS					
Debtors	9	218		-	
Cash at bank		<u>5,199</u>		<u>-</u>	
		5,417		-	
CREDITORS					
Amounts falling due within one year	10	<u>149,246</u>		<u>68,409</u>	
NET CURRENT LIABILITIES			<u>(143,829)</u>		<u>(68,409)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			608,415		255,938
CREDITORS					
Amounts falling due after more than one year	11		<u>342,000</u>		<u>-</u>
			<u>£266,415</u>		<u>£255,938</u>
CAPITAL AND RESERVES					
Called up share capital	13		50,000		50,000
Capital redemption reserve	14		3,745		3,745
Other reserves	14		206,374		206,374
Profit and loss account	14		<u>6,296</u>		<u>(4,181)</u>
SHAREHOLDERS' FUNDS			<u>£266,415</u>		<u>£255,938</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:



C Avery - Director

Approved by the Board on 10 April 2003

The notes form part of these financial statements

Grinterley Limited - Group accounts

Notes to the Financial Statements **for the Year Ended 31 December 2002**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 0, is being written off evenly over its estimated useful life of nil years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost and not provided
Plant and machinery	- at variable rates between 5% and 25% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The group operates a defined benefit pension scheme. The regular pension cost is charged to the profit and loss account and is based on the expected pension costs over the service life of the employees. The current pension surplus is spread in the profit and loss account over the remaining service lives of current employees, currently estimated at nil years.

Grinterley Limited - Group accounts

Notes to the Financial Statements
for the Year Ended 31 December 2002

2. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.02	31.12.01
	£	£
Depreciation - owned assets	165,510	151,692
Loss on disposal of fixed assets	13,496	-
Goodwill written off	25,132	21,245
Patents and licences written off	4,435	848
Auditors remuneration	10,312	4,500
Pension costs	<u>107,323</u>	<u>80,819</u>

Directors' emoluments and other benefits etc	<u>352,003</u>	<u>299,861</u>
--	----------------	----------------

3. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.02	31.12.01
	£	£
Current tax:		
UK corporation tax	<u>56,434</u>	<u>47,278</u>
Tax on profit on ordinary activities	<u>56,434</u>	<u>47,278</u>

4. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £25,477 (2001 - £1,471).

5. DIVIDENDS

	31.12.02	31.12.01
	£	£
Final	<u>15,000</u>	<u>12,000</u>

Grinterley Limited - Group accounts**Notes to the Financial Statements
for the Year Ended 31 December 2002****6. INTANGIBLE FIXED ASSETS****Group**

	Goodwill £	Other intangible assets £	Totals £
COST:			
At 1 January 2002	258,538	21,143	279,681
Additions	-	11,889	11,889
At 31 December 2002	258,538	33,032	291,570
AMORTISATION:			
At 1 January 2002	149,204	6,705	155,909
Charge for year	25,132	4,435	29,567
At 31 December 2002	174,336	11,140	185,476
NET BOOK VALUE:			
At 31 December 2002	84,202	21,892	106,094
At 31 December 2001	109,334	14,438	123,772

7. TANGIBLE FIXED ASSETS**Group**

	Freehold property £	Improvements to property £	Plant and machinery £
COST OR VALUATION:			
At 1 January 2002	128,822	107,877	1,766,836
Additions	427,897	12,501	249,364
Revaluations	166,178	-	-
At 31 December 2002	722,897	120,378	2,016,200
DEPRECIATION:			
At 1 January 2002	6,377	12,229	677,000
Charge for year	1,288	5,847	106,879
Revaluation adjustment	(6,377)	-	-
At 31 December 2002	1,288	18,076	783,879
NET BOOK VALUE:			
At 31 December 2002	721,609	102,302	1,232,321
At 31 December 2001	122,445	95,648	1,089,836

Grinterley Limited - Group accounts**Notes to the Financial Statements
for the Year Ended 31 December 2002****7. TANGIBLE FIXED ASSETS - continued****Group**

	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION:			
At 1 January 2002	346,871	91,506	2,441,912
Additions	7,990	-	697,752
Disposals	-	(64,528)	(64,528)
Revaluations	-	-	166,178
At 31 December 2002	<u>354,861</u>	<u>26,978</u>	<u>3,241,314</u>
DEPRECIATION:			
At 1 January 2002	193,504	37,282	926,392
Charge for year	32,006	19,490	165,510
Eliminated on disposal	-	(41,104)	(41,104)
Revaluation adjustment	-	-	(6,377)
At 31 December 2002	<u>225,510</u>	<u>15,668</u>	<u>1,044,421</u>
NET BOOK VALUE:			
At 31 December 2002	<u>129,351</u>	<u>11,310</u>	<u>2,196,893</u>
At 31 December 2001	<u>153,367</u>	<u>54,224</u>	<u>1,515,520</u>

Cost or valuation at 31 December 2002 is represented by:

	Freehold property £	Improvements to property £	Plant and machinery £
Valuation in 2002	166,178	-	-
Cost	<u>556,719</u>	<u>120,378</u>	<u>2,016,200</u>
	<u>722,897</u>	<u>120,378</u>	<u>2,016,200</u>

	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2002	-	-	166,178
Cost	<u>354,861</u>	<u>26,978</u>	<u>3,075,136</u>
	<u>354,861</u>	<u>26,978</u>	<u>3,241,314</u>

Freehold land and buildings were valued on an open market basis on 20 May 2002 by Allied Souter Jaffrey.

Grinterley Limited - Group accounts

Notes to the Financial Statements
for the Year Ended 31 December 2002

7. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £
COST:	
Additions	<u>427,897</u>
At 31 December 2002	<u>427,897</u>
NET BOOK VALUE:	
At 31 December 2002	<u>427,897</u>

8. FIXED ASSET INVESTMENTS

Group

	Unlisted investments £
COST:	
At 1 January 2002 and 31 December 2002	<u>6,475</u>
NET BOOK VALUE:	
At 31 December 2002	<u>6,475</u>
At 31 December 2001	<u>6,475</u>

Company

	Unlisted investments £
COST:	
At 1 January 2002 and 31 December 2002	<u>324,347</u>
NET BOOK VALUE:	
At 31 December 2002	<u>324,347</u>
At 31 December 2001	<u>324,347</u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiary

Hambleside Danelaw Limited

Country of incorporation: England

Nature of business: manufacture and sale of roofing and ventilation

Class of shares: %
holding

Ordinary shares 100.00

Grinterley Limited - Group accounts**Notes to the Financial Statements
for the Year Ended 31 December 2002****9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.12.02	31.12.01	31.12.02	31.12.01
	£	£	£	£
Trade debtors	1,805,525	598,587	-	-
Other debtors	276,470	313,256	218	-
	<u>2,081,995</u>	<u>911,843</u>	<u>218</u>	<u>-</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.02	31.12.01	31.12.02	31.12.01
	£	£	£	£
Bank loans and overdrafts	205,525	336,343	-	3,760
Hire purchase contracts	116,132	66,714	-	-
Factor account	1,296,162	-	-	-
Trade creditors	1,258,702	1,286,559	-	-
Amounts owed to group undertakings	28,841	11,626	118,691	40,324
Taxation	56,948	49,215	-	-
Social security and other taxes	218,020	196,670	8,668	7,059
Proposed dividends	15,000	12,000	15,000	12,000
Other creditors	5,500	13,593	-	-
Accrued expenses	37,347	44,467	6,887	5,266
	<u>3,238,177</u>	<u>2,017,187</u>	<u>149,246</u>	<u>68,409</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31.12.02	31.12.01	31.12.02	31.12.01
	£	£	£	£
Bank loans - 1-2 years	31,250	75,000	-	-
Bank loans - 2-5 years	-	31,250	-	-
Bank loans more 5 yr by instalments	342,000	-	342,000	-
Hire purchase contracts	225,956	37,237	-	-
	<u>599,206</u>	<u>143,487</u>	<u>342,000</u>	<u>-</u>

Amounts falling due in more than five years:

	Group		Company	
	31.12.02	31.12.01	31.12.02	31.12.01
	£	£	£	£
Repayable by instalments				
Bank loans more than 5 years by instalments	<u>342,000</u>	<u>-</u>	<u>342,000</u>	<u>-</u>

Grinterley Limited - Group accounts**Notes to the Financial Statements
for the Year Ended 31 December 2002****12. SECURED DEBTS**

The following secured debts are included within creditors:

	Group	
	31.12.02	31.12.01
	£	£
Bank overdraft	130,525	261,343
Bank loans	<u>448,250</u>	<u>181,250</u>
	<u>578,775</u>	<u>442,593</u>

The Bank of Scotland overdraft facility is secured by an unlimited debenture over the company's assets which is subject to a waiver in favour of Lloyds TSB Commercial Finance Limited T/A Alex Lawrie in respect of the company's trade debtors.

13. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.02	31.12.01
		£1	£	£
50,000	Ordinary		<u>50,000</u>	<u>50,000</u>

14. RESERVES**Group**

	Profit and loss account	Revaluation reserve	Capital redemption reserve	Other reserves	Totals
	£	£	£	£	£
At 1 January 2002	887,048	-	3,745	206,374	1,097,167
Retained profit for the year	207,049	-	-	-	207,049
Proposed dividend	-	-	-	33,419	205,974
Movement in year	<u>-</u>	<u>172,555</u>	<u>-</u>	<u>127,716</u>	<u>127,716</u>
At 31 December 2002	<u>1,094,097</u>	<u>172,555</u>	<u>3,745</u>	<u>367,509</u>	<u>1,637,906</u>

Company

	Profit and loss account	Capital redemption reserve	Other reserves	Totals
	£	£	£	£
At 1 January 2002	(4,181)	3,745	206,374	205,938
Retained profit for the year	<u>10,477</u>	<u>-</u>	<u>-</u>	<u>10,477</u>
At 31 December 2002	<u>6,296</u>	<u>3,745</u>	<u>206,374</u>	<u>216,415</u>

Grinterley Limited - Group accounts

Notes to the Financial Statements
for the Year Ended 31 December 2002

15. POST BALANCE SHEET EVENTS

On the 24th February 2003, the Company suffered a major fire at one of its production units at Inverness. Whilst the fire interrupted production of some of the Company's products, the Company's factories in Daventry have not been effected and it has been able to ensure continuity of supply of all products in the intervening period. The operations at Inverness are scheduled to resume by the end of April 2003. Whilst the Factory at Dalcross suffered severe damage, much of the plant and equipment was salvaged and is in the process of full refurbishment. The Company's insurance levels will provide sufficient cover to meet all costs involved in the reinstatement where appropriate of both buildings and equipment plus increased cost of working and or loss of gross profit that may result from the fire.