

Registered Number 2609772

Griffin Windows Limited

**Annual report and financial statements
for the year ended 31 December 2003**



Griffin Windows Limited

Annual report and financial statements for the year ended 31 December 2003

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Griffin Windows Limited

Officers and professional advisers

Directors

W Devine

D Kent (resigned 9 July 2003)

G Balls

Secretary

J Bignall

Registered Office

Fifth Floor

9/10 Market Place

London

W1W 8AQ

Bankers

Barclays Bank Plc

PO Box 2481

Napier Court

Napier Road

Reading

RG1 8FD

Auditors

PricewaterhouseCoopers LLP

1 Kingsway

Cardiff

CF10 3PW

Griffin Windows Limited

Directors' report for the year ended 31 December 2003

The directors present their report and the audited financial statements of the company for the year ended 31 December 2003.

Principal activities

The company's principal activity is the manufacture of double glazed windows and related products.

Review of business and future developments

The company will continue to seek to expand sales through existing markets and the directors consider the profit achieved on ordinary activities before taxation in the year to be satisfactory.

Results and Dividends

The company's profit for the financial year was £4,793,222 (2002: £4,702,393). The directors have paid an interim dividend in respect of the ordinary shares in the year of £750,000 (2002: £1,500,000).

Directors and their interests

The directors who held office during the year are given below:

W Devine
D Kent (resigned 9 July 2003)
G Balls

The directors who held office during the year held no interests in the shares or debentures of the company or any other company within the Masco Corporation Inc. group.

Employees

It is the policy of Griffin Windows Limited, that disabled persons, whether registered or not, should receive full and fair consideration for all job vacancies, bearing in mind the respective aptitudes and abilities of the applicant concerned.

In the event of members of staff becoming disabled, every effort will be made to ensure that employment with the company continues, and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person, should as far as possible, be identical to that of a person with no disabilities.

Consultation with employees or their representatives, takes place at all levels, with an aim of ensuring that their views are taken into account when decisions are made that are likely to effect their interests, and that employees are aware of the financial and economic performance of the business, and of the company as a whole.

Griffin Windows Limited

Directors' report for the year ended 31 December 2003 (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

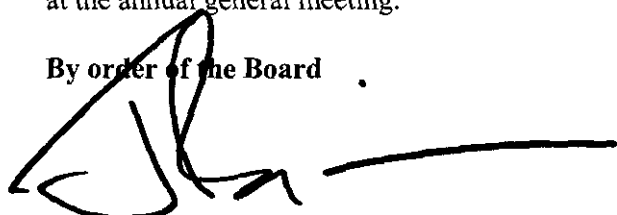
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board .

A handwritten signature in black ink, appearing to be 'J Bignall', followed by a long horizontal line extending to the right.

J Bignall
Company Secretary

27 October 2004

Independent auditors' report to the members of Griffin Windows Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

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 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 United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.


Basis of audit 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 judgments 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 at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cardiff, 27 October 2004

Griffin Windows Limited

Profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	1	33,600,407	30,521,620
Cost of sales		(24,083,917)	(21,552,687)
Gross profit		9,516,490	8,968,933
Distribution costs		(553,567)	(535,251)
Administrative expenses		(2,539,640)	(2,424,760)
Operating profit	5	6,423,283	6,008,922
Interest receivable and similar income		45,780	61,117
Interest payable and similar charges	6	(35,281)	(71,900)
Profit on ordinary activities before taxation		6,433,782	5,998,139
Tax on profit on ordinary activities	7	(1,640,560)	(1,295,746)
Profit on ordinary activities after taxation		4,793,222	4,702,393
Dividends	8	(750,000)	(1,500,000)
Retained profit for the financial period	18	4,043,222	3,202,393

All items dealt with in arriving at operating profit above relate to continuing operations.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Griffin Windows Limited

Balance sheet as at 31 December 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	9	4,367,485	4,592,102
Investments	10	713,883	713,883
		5,081,368	5,305,985
Current assets			
Stock	11	1,110,339	740,436
Debtors – amount falling due within one year	12	11,161,390	6,317,511
Debtors – amounts falling due after more than one year	12	245,563	1,931,375
Cash at bank and in hand		1,464	231,773
		12,518,756	9,221,095
Creditors – amounts falling due within one year	13	(6,344,932)	(6,268,277)
Net current assets		6,173,824	2,952,818
Total assets less current liabilities		11,255,192	8,258,803
Creditors – amounts falling due after more than one year	14	(228,145)	(1,182,660)
Provisions for liabilities and charges	16	-	(92,318)
		11,027,047	6,983,825
Capital and reserves			
Called up share capital	17	1,000,000	1,000,000
Share premium account	18	1,278,854	1,278,854
Capital redemption reserve	18	4,230	4,230
Profit and loss account	18	8,743,963	4,700,741
Total equity shareholders' funds	19	11,027,047	6,983,825

The financial statements on pages 5 to 17 were approved by the board of directors on 27 October 2004 and were signed on its behalf by:

W Devine
Director

Griffin Windows Limited

Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. The particular accounting policies adopted have been applied consistently and are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Masco Europe Sarl, a company incorporated in Luxembourg, which prepares consolidated financial statements that are publicly available.

Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over the expected useful lives on the following basis:

Freehold property	4% per annum
Plant and Equipment	10 – 33 1/3% per annum
Motor vehicles	25% per annum
Office equipment	33 1/3% per annum

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

Deferred taxation

Provision is made for deferred taxation on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease repayment exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation. Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

Pension

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Griffin Windows Limited

Accounting policies (continued)

Grants

Capital grants are treated as deferred income that is credited to the profit and loss account over the related asset's useful economic life.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

Griffin Windows Limited

Notes to the financial statements for the year ended 31 December 2003

1 Segmental reporting

The company's activities consist of the manufacture and sale of PVC windows, conservatories and related products in the United Kingdom with turnover and profit on ordinary activities for the year arising entirely from the company's principal activity.

2 Cash flow statement and related party disclosure

A cash flow statement is not presented since Masco Europe Sarl, an intermediate parent company has prepared a consolidated cash flow statement, including the cash flow of this company such that the company has taken advantage of the exemption from preparing a cash flow statement in accordance with Financial Reporting Standard No. 1 (revised).

In accordance with the exemption afforded by Financial Reporting Standard No. 8 there is no disclosure in these financial statements of transactions with entities that are part of the Masco Europe Sarl sub group or the Masco Corporation Inc. group.

3 Directors' emoluments

The services of Graham Balls and David Kent are of a non executive nature and their emoluments are deemed to be wholly attributable to their services to the company paying their emoluments. Accordingly, the details below do not include emoluments in respect of the aforementioned directors.

	2003	2002
	£	£
Aggregate emoluments	332,718	504,895
Company pension contributions to money purchase scheme	24,000	25,800
	356,718	530,695

Retirement benefits are accruing to 1 (2002: 3) director under a money purchase scheme.

Highest paid director:	2003	2002
	£	£
Aggregate emoluments	332,718	320,148
Company pension contributions to money purchase scheme	24,000	24,000
	356,718	344,148

Griffin Windows Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

4 Staff numbers and costs

	31 December 2003 No	31 December 2002 No
The average monthly number of employees during the period were:		
Production staff	407	349
Management and administration staff	48	67
Transport and sales	38	34
	493	450

The aggregate payroll costs of these persons was as follows:	£	£
Wages and salaries	7,473,766	6,605,452
Social security costs	658,446	550,592
Pension	47,052	38,619
	8,179,264	7,194,663

5 Operating profit

	2003 £	2002 £
Operating profit is stated after charging/(crediting)		
Depreciation		
- Owned assets	909,845	644,861
- Assets under finance leases	103,960	173,955
(Profit)/loss on disposal of fixed assets	(4,521)	1,212
Operating lease rentals		
- Plant and machinery	9,464	4,598
- Other	340,492	208,275
Auditors remuneration		
- audit services	20,475	17,000
- non audit services	3,750	2,000
Amortisation of grant income	(180,000)	(205,000)

Griffin Windows Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

6 Interest payable and similar charges

	2003	2002
	£	£
Interest payable on bank loans and overdrafts	22,008	42,746
Interest payable on finance leases	13,273	29,154
	35,281	71,900

7 Tax on profit on ordinary activities

	2003	2002
	£	£
Current tax:		
UK corporation tax on profits of the period	1,441,708	1,200,577
Adjustments in respect of previous periods	536,733	71,572
Total current tax	1,978,441	1,272,149
Deferred tax:		
Origination and reversal of timing differences	(84,629)	54,657
Adjustments in respect of previous periods	(253,252)	(31,060)
Total deferred tax	(337,881)	23,597
Tax on profit on ordinary activities	1,640,560	1,295,746

The tax for the year is higher than the standard rate of corporation tax applying in the United Kingdom (30%). The differences are explained below:

	2003	2002
	£	£
Profit on ordinary activities before tax	6,433,782	5,998,139
Profit on ordinary activities multiplied by standard rate in the UK 30% (31 December 2002: 30%)	1,930,135	1,799,442
Effects of:		
Expenses not deductible for tax purposes	37,105	21,961
Accelerated capital allowances and other timing differences	81,269	(54,657)
Group relief surrendered not paid	(606,801)	(565,237)
Adjustments to tax charge in respect of previous period	536,733	70,640
Total current tax charge	1,978,441	1,272,149

The company has claimed group relief from other group companies for no consideration. There is no certainty that this practice will be followed in the future.

Griffin Windows Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

8 Dividends

	2003 £	2002 £
Dividend paid:		
Interim dividend: £0.75 per ordinary share (2002: £1.50)	750,000	1,500,000

9 Tangible fixed assets

	Freehold land and buildings £	Plant and Equipment £	Office equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2002	2,073,011	4,911,659	472,017	143,664	7,600,351
Additions	20,319	684,251	103,598	-	808,168
Disposals	-	(125,525)	-	(28,000)	(153,525)
At 31 December 2003	2,093,330	5,470,385	575,615	115,664	8,254,994
Depreciation					
At 1 January 2002	320,306	2,261,299	364,456	62,188	3,008,249
Charge for the year	81,301	825,282	81,032	26,190	1,013,805
Disposals	-	(115,381)	-	(19,165)	(134,546)
At 31 December 2003	401,607	2,971,200	445,488	69,213	3,887,508
Net book amount					
At 31 December 2003	1,691,723	2,499,185	130,127	46,451	4,367,486
At 31 December 2002	1,752,705	2,650,360	107,561	81,476	4,592,102

Included in fixed assets are assets held under finance lease or hire purchase contracts amounting to £519,800 (2002: £917,574) with accumulated depreciation of £295,076 (2002: £429,810). The depreciation charge for the period on the assets is £103,960 (2002: £173,955).

Included within plant and equipment are balances relating to assets under construction amounting to £54,143 (2002: £440,777) with accumulated depreciation of £nil (2002: £nil).

Griffin Windows Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

10 Investments

WRU debentures	13,883	13,883
Investment in subsidiary undertaking	700,000	700,000
	713,883	713,883

Griffin Windows Limited owns 100% of the ordinary shares of Techniglass Limited, a company registered in England and Wales. The principal activity of Techniglass Limited is the manufacture of components for use in double glazed windows.

11 Stocks

	2003	2002
	£	£
Raw materials and consumables	887,397	546,735
Work in progress	55,396	45,334
Finished goods	167,546	148,367
	1,110,339	740,436

12 Debtors

Amounts falling due within one year	2003	2002
	£	£
Trade debtors	5,099,280	4,841,220
Amounts owed by group undertakings	5,558,761	2,882,088
Prepayments and accrued income	503,349	525,109
	11,161,390	8,248,417
Amounts falling due after more than one year		
Deferred tax (Note 16)	245,563	-
Amounts owed by group undertakings	-	1,931,375
	245,563	1,931,375

Included in amounts owed by group undertakings are two loans totalling £1,931,375 to Techniglass Limited, a subsidiary company registered in England and Wales. These are repayable on demand.

Griffin Windows Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

13 Creditors – Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	533,759	391,204
Trade creditors	1,880,543	1,814,287
Amounts owed to group undertakings	653,984	2,074,356
Obligations under finance lease and hire purchase contracts	113,909	146,515
Corporation tax	1,247,611	582,641
Other taxes and social security	1,037,069	441,242
Accruals	698,057	638,032
Deferred income	180,000	180,000
	6,344,932	6,268,277

The finance lease and hire purchase creditors are secured on the assets to which they relate.

14 Creditors – Amounts falling due after more than one year

	2003 £	2002 £
Loans	-	849,750
Obligations under finance lease and hire purchase contracts	18,145	122,910
Deferred income	210,000	210,000
	228,145	1,182,660

The bank loan is secured by way of a fixed and floating legal charge over all of the assets of the company including book debtors.

The finance lease and hire purchase creditors are secured on the assets to which they relate.

Griffin Windows Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

15 Loans and other borrowings

	2003	2002
	£	£
Hire purchase and finance lease:		
Within one year or on demand	113,909	146,515
Within one to two years	18,145	104,791
Between two and five years	-	18,119
	132,054	269,425
Loans and overdrafts:		
Within one year or on demand	533,759	391,204
Within one to two years	-	335,665
Between two and five years	-	382,271
Over five years	-	131,814
	533,759	1,240,954

16 Deferred tax

	2003	2002
	£	£
Deferred taxation		
As at 1 January	92,318	68,721
Charged to the profit and loss account	(337,881)	23,597
As at 31 December	(245,563)	92,318
 Deferred taxation provided in the accounts comprises:	 2003	 2002
	£	£
Accelerated capital allowances	(104,095)	137,336
Other	(141,468)	(45,018)
As at 31 December	(245,563)	92,318

Griffin Windows Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

17 Called up share capital

	2003 £	2002 £
Authorised		
1,000,000 ordinary shares of £1 each		
(31 December 2002 : 1,000,000)	1,000,000	1,000,000
	1,000,000	1,000,000
Called up, allotted and fully paid		
1,000,000 ordinary shares of £1 each		
(31 December 2002 : 1,000,000)	1,000,000	1,000,000
	1,000,000	1,000,000

18 Reserves

	Share premium account £	Capital redemption reserve £	Profit and loss account £	Share capital £	Total £
At 1 January 2003	1,278,854	4,230	4,700,741	1,000,000	6,983,825
Retained profit for the year	-	-	4,043,222	-	4,043,222
At 31 December 2003	1,278,854	4,230	8,743,963	1,000,000	11,027,047

19 Reconciliation of movement in shareholders' funds

	2003 £	2002 £
Profit for the year	4,793,222	4,702,393
Dividends	(750,000)	(1,500,000)
Retained profit for the financial year	4,043,222	3,202,393
Net movement in shareholders funds	4,043,222	3,202,393
Opening shareholders funds	6,983,825	3,781,432
Closing shareholders funds	11,027,047	6,983,825

Griffin Windows Limited

Notes to the financial statements for the year ended 31 December 2003 (continued)

20 Financial commitments

Operating leases

At 31 December 2003 the company had the following annual commitments under non-cancellable operating leases:

	Vehicles, plant and equipment 2003 £	Vehicles, plant and equipment 2002 £
Leases which expire:		
Within one year	62,868	105,329
Within one to two years	81,369	89,435
Between two and five years	112,559	13,511
	256,796	208,275

Capital commitments

	2003 £	2002 £
Contracted	151,800	-

21 Ultimate controlling party

The immediate parent company is Masco Corporation Limited. Copies of the Masco Corporation Limited report and financial statements are available from the Company Secretary, Fifth Floor, 9/10 Market Place, London, W1W 8AQ.

The parent undertaking of the smallest group that prepares group accounts is Masco Corporation Europe Sarl, a company incorporated in Luxembourg. Copies of the group accounts may be obtained from the secretary, Masco Europe, 22 Parc D'Activite Syrdall, L5365 Munsbach, Luxembourg.

The ultimate parent undertaking and controlling party is Masco Corporation Inc., a company incorporated in the United States of America. Copies of the group accounts may be obtained from the Secretary, Masco USA, 21001 Van Born Road, Taylor, Michigan 48180, United States of America.