

Registered Number 2609772

Griffin Windows Limited
Annual report and financial statements
for the period ended 31 December 2001

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Griffin Windows Limited

Annual report and financial statements for the period ended 31 December 2001

Contents

Officers and professional advisers for the period ended 31 December 2001	1
Directors' report for the period ended 31 December 2001	2
Statement of directors' responsibilities	3
Independent auditors' report to the members of Griffin Windows Limited	4
Profit and loss account for the period ended 31 December 2001	5
Balance sheet as at 31 December 2001.....	6
Notes to the financial statements for the period ended 31 December 2001	7-16

Griffin Windows Limited

Officers and professional advisers

Directors

W Devine

G Guy (resigned 21 March 2002)

M Andrews (resigned 21 March 2002)

A Stevenson (resigned 21 March 2002)

G Evans (resigned 21 March 2002)

D Kent

G Balls

Secretary

J Bignall

Registered Office

111-113 Great Portland Street

London

W1W 6QQ

Bankers

Barclays Bank Plc

91 Taff Street

Pontypridd

Auditors

PricewaterhouseCoopers

1 Kingsway

Cardiff

CF10 3PW

Griffin Windows Limited

Directors' report for the period ended 31 December 2001

The directors present their report and the audited financial statements of the company for the period ended December 2001.

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 period to be satisfactory.

Results and Dividends

The company's retained profit for the financial period was £1,058,043 (31 May 2001: £995,729). The directors have paid an interim dividend in respect of the ordinary shares in the period of £1,000,000 (31 May 2001: £nil) and an interim dividend in respect of the ordinary 'A' shares in the period of £nil (31 May 2001: £1,800,000). The final proposed dividend is £nil (31 May 2001: £nil).

Directors

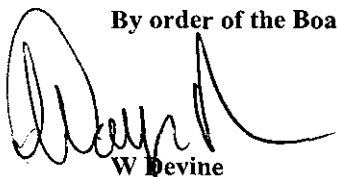
The directors who held office during the year are given below:

W Devine
G Guy (resigned 21 March 2002)
M Andrews (resigned 21 March 2002)
A Stevenson (resigned 21 March 2002)
G Evans (resigned 21 March 2002)
D Kent
G Balls

Auditors

The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



W Devine

Director

Date: 26 October 2002

Griffin Windows Limited

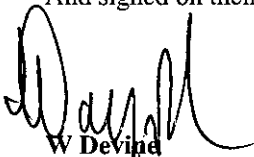
Statement of directors' responsibilities

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 period ended 31 December 2001 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.

Approved by the directors
And signed on their behalf



Director

Date: 24 October 2002

Griffin Windows Limited

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 which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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.

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.

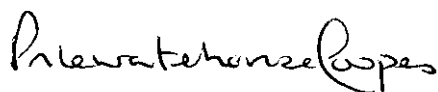
Basis of audit opinion

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 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 at 31 December 2001 and of the company's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Cardiff, 28 October 2002

Griffin Windows Limited

Profit and loss account for the period ended 31 December 2001

	Note	7 months ended 31 December 2001 £	12 months ended 31 May 2001 £
Turnover	2	16,819,044	24,037,434
Cost of sales		(10,506,744)	(15,006,384)
Gross profit		6,312,300	9,031,050
Distribution costs		(691,627)	(1,030,567)
Administrative expenses		(2,695,990)	(3,881,851)
Operating profit	5	2,924,683	4,118,632
Interest receivable and similar income		35,688	150,659
Interest payable and similar charges	6	(57,522)	(174,862)
Profit on ordinary activities before taxation		2,902,849	4,094,429
Tax on profit on ordinary activities	7	(844,806)	(1,256,860)
Profit on ordinary activities after taxation		2,058,043	2,837,569
Equity minority interests		-	(41,840)
Dividends	8	(1,000,000)	(1,800,000)
Retained profit for the financial period	18	1,058,043	995,729

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.

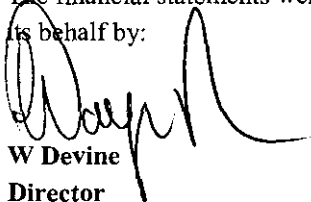
There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

Griffin Windows Limited

Balance sheet as at 31 December 2001

	Note	31 December 2001 £	31 May 2001 £
Fixed assets			
Tangible assets	9	4,027,043	3,389,609
Investments	10	714,483	714,483
		4,741,526	4,104,092
Current assets			
Stock	11	598,111	695,214
Debtors	12	4,998,515	4,526,797
Cash at bank and in hand		1,676,668	2,110,651
		7,273,294	7,332,662
Creditors – amounts falling due within one year	13	(6,491,354)	(6,818,615)
Net current assets		781,940	514,047
Total assets less current liabilities		5,523,466	4,618,139
Creditors – amounts falling due after more than one year	14	(1,673,313)	(1,863,084)
Provisions for liabilities and charges	16	(68,721)	(31,666)
		3,781,432	2,723,389
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	1,498,348	440,305
Total equity shareholders' funds	19	3,781,432	2,723,389

The financial statements were approved by the board of directors on 26 October 2002 and were signed on its behalf by:


W Devine
Director

Griffin Windows Limited

Notes to the financial statements for the period ended 31 December 2001

1 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.

(1) Accounting convention

The financial statements are prepared under the historical cost convention.

(2) 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

(3) Investments

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

(4) Stocks and work in progress

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

(5) Deferred taxation

Provision for deferred taxation is made using the liability method. Provision is only made to the extent that there is reasonable probability that a liability or asset will crystallise in the foreseeable future.

(6) 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.

(7) 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.

(8) 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.

Griffin Windows Limited

2 Turnover

Turnover represents the invoiced value of goods and services supplied, excluding value added tax and trade discounts.

3 Directors' emoluments

The emoluments of Mr G Balls and Mr D Kent are paid by the parent company, Masco Corporation Limited, which makes no recharge to the company.

	7 months ended 31 December 2002 £	12 months ended 31 May 2001 £
Aggregate emoluments	615,757	1,972,074
Company pension contributions to money purchase scheme	4,200	31,009
	619,957	2,003,083

Retirement benefits are accruing to 3 (2000: 2) directors under a money purchase scheme.

Highest paid director:

	7 months ended 31 December 2002 £	12 months ended 31 May 2001 £
Aggregate emoluments	184,684	317,538
Company pension contributions to money purchase scheme	-	-
	184,684	317,538

Griffin Windows Limited

4 Staff numbers and costs

	7 months ended 31 December 2002 No	12 months ended 31 May 2001 No
The average monthly number of employees during the period were:		
Production staff	329	280
Management and administration staff	57	60
Transport and sales	29	26
	415	366

	£	£
The aggregate payroll costs of these persons was as follows:		
Wages and salaries	3,770,267	5,390,736
Social security costs	429,902	466,110
Pension	19,614	31,919
	4,219,783	5,888,765

5 Operating profit

	7 months ended 31 December 2002 £	12 months ended 31 May 2001 £
Operating profit is stated after charging/(crediting)		
Depreciation		
- Owned assets	313,029	417,463
- Assets under finance leases	113,607	236,194
(Profit) on disposal of fixed assets	(5,211)	(39,621)
Operating lease rentals		
- Plant and machinery	133,448	84,534
Auditors remuneration		
- audit services	12,000	12,000
- non audit services	-	-
Amortisation of grant income	(87,500)	(37,500)

Griffin Windows Limited

6 Interest payable and similar charges

	7 months ended 31 December 2002 £	12 months ended 31 May 2001 £
Interest payable on bank loans and overdrafts	33,004	72,793
Interest payable on other loans	-	64,414
Interest payable on finance leases	24,518	37,655
	57,522	174,862

7 Tax on profit on ordinary activities

	7 months ended 31 December 2002 £	12 months ended 31 May 2001 £
Current tax:		
UK corporation tax at 30% (12 months ended 31 May 2001: 30%)	858,951	1,254,822
Adjustments in respect of previous periods	(51,200)	-
Deferred tax:		
Origination and reversal of timing differences	35,963	-
Adjustments in respect of previous periods	1,092	2,038
	844,806	1,256,860

8 Dividends

	7 months ended 31 December 2002 £	12 months ended 31 May 2001 £
Dividend paid:		
Dividend on ordinary shares at £1 (31 May 2001 : £nil) per share	1,000,000	-
Dividend on 'A' ordinary shares at £nil (31 May 2001: £600) per share	-	1,800,000
	1,000,000	1,800,000

Griffin Windows Limited

9 Tangible fixed assets

	Freehold land and buildings £	Plant and Equipment £	Office equipment £	Motor vehicles £	Total £
Cost					
At 1 June 2001	1,742,274	3,064,875	375,970	347,265	5,530,384
Additions	21,406	940,126	25,217	92,110	1,078,859
Disposals	-	-	-	(114,325)	(114,325)
At 31 December 2001	1,763,680	4,005,001	401,187	325,050	6,494,918
Depreciation					
At 1 June 2001	206,930	1,509,790	237,032	187,023	2,140,775
Charge for the period	39,826	292,260	48,639	45,911	426,636
Disposals	-	-	-	(99,536)	(99,536)
At 31 December 2001	246,756	1,802,050	285,671	133,398	2,467,875
Net book amount					
At 31 December 2001	1,516,924	2,202,951	115,516	191,652	4,027,043
At 31 May 2001	1,535,344	1,555,085	138,938	160,242	3,389,609

Included in fixed assets are assets held under finance lease or hire purchase contracts amounting to £948,574 (31 May 2001: £1,354,974) with accumulated depreciation of £255,855 (31 May 2001: £368,657). The depreciation charge for the period on the assets is £113,607 (31 May 2001: £236,194).

10 Investments

	31 December 2001 £	31 May 2001 £
WRU debentures	13,883	13,883
Investment in subsidiary undertaking	700,600	700,600
	714,483	714,483

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.

Griffin Windows Limited

11 Stocks

	31 December 2001 £	31 May 2001 £
Raw materials and consumables	418,614	509,547
Work in progress	31,148	-
Finished goods	148,349	185,667
	598,111	695,214

12 Debtors

	31 December 2001 £	31 May 2001 £
Trade debtors	4,353,035	3,622,424
Amounts owed by group undertakings	213,789	200,000
Prepayments and accrued income	431,691	704,373
	4,998,515	4,526,797

Included in amounts owed by group undertakings is a loan of £200,000 to Techniglass Limited, a subsidiary company registered in England and Wales. This loan is due after more than one year, has no fixed terms of repayment and is interest free.

Griffin Windows Limited

13 Creditors – Amounts falling due within one year

	31 December 2001 £	31 May 2001 £
Directors' loan accounts	101,474	101,474
Bank loans and overdrafts	411,711	388,176
Trade creditors	2,992,201	2,992,403
Amounts owed to group undertakings	78,010	600
Obligations under finance lease and hire purchase contracts	237,838	240,588
Corporation tax	955,197	710,559
Other taxes and social security	887,050	761,051
Accruals and deferred income	827,873	1,623,764
	6,491,354	6,818,615

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.

14 Creditors – Amounts falling due after more than one year

	31 December 2001 £	31 May 2001 £
Loans	1,219,714	1,444,482
Obligations under finance lease and hire purchase contracts	278,599	418,602
Deferred income	175,000	-
	1,673,313	1,863,084

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

15 Loans and other borrowings

	31 December 2001 £	31 May 2001 £
Hire purchase and finance lease:		
Within one year or on demand	237,838	240,588
Within one to two years	146,514	225,281
Between two and five years	132,085	193,321
	516,437	659,190
Loans and overdrafts:		
Within one year or on demand	411,711	388,176
Within one to two years	419,849	392,915
Between two and five years	693,587	743,425
Over five years	106,278	308,142
	1,631,425	1,832,658

16 Provisions for liabilities and charges

Deferred taxation	31 December 2001 £	31 May 2001 £
As at 1 June	31,666	29,628
Charged/(credited) to the profit and loss account	37,055	2,038
As at 31 December/May	68,721	31,666

Deferred taxation provided in the accounts comprises:	Provided 31 December 2001 £	Provided 31 May 2001 £	Not provided 31 December 2001 £	Not provided 31 May 2001 £
Accelerated capital allowances	74,047	40,966	-	-
Other	(5,326)	(9,300)	-	-
As at 31 December/May	68,721	31,666	-	-

Griffin Windows Limited

17 Called up share capital

	31 December 2001 £	31 May 2001 £
Authorised		
1,000,000 (31 May 2001 : 1,000,000) ordinary shares of £1 each	1,000,000	1,000,000
	1,000,000	1,000,000
Called up, allotted and fully paid		
1,000,000 (31 May 2001 : 1,000,000) ordinary shares of £1 each	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 June 2001	1,278,854	4,230	440,305	1,000,000	2,723,389
Retained profit for the year	-	-	1,058,043	-	1,058,043
At 31 December 2001	1,278,854	4,230	1,498,348	1,000,000	3,781,432

19 Reconciliation of movement in shareholders' funds

	31 December 2001 £	31 May 2001 £
Profit for the year	2,058,043	2,795,729
Dividends	(1,000,000)	(1,800,000)
Retained profit for the financial year	1,058,043	995,729
Issue of shares in the year	-	993,500
Repurchase of own shares	-	(1,614,888)
Net movement in shareholders funds	1,058,043	374,341
Opening shareholders funds	2,723,389	2,349,048
Closing shareholders funds	3,781,432	2,723,389

Griffin Windows Limited

20 Operating leases

At 31 December 2001 the Company had the following annual commitments under non-cancellation operating leases:

	31 December 2001 Vehicles, plant and equipment £	31 May 2001 Vehicles, plant and equipment £
Leases which expire:		
Within one year	51,999	38,359
Within one to two years	105,329	17,160
Between two and five years	102,274	13,183
	260,274	68,702

21 Related party transactions

In accordance with the exemption afforded by FRS8 ("related party transactions") there is no disclosure in these financial statements of transactions with entities that are part of the Masco Corporation Limited group.

22 Cash flow statement

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, in accordance with Financial Reporting Standard No 1 (revised).

23 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, 111-113 Great Portland Street, London, W1W 6QQ.

The ultimate parent undertaking and controlling party is Masco Corporation Inc., which is the parent undertaking of the largest group to consolidate these financial statements and is registered in the United States.