

Cladding & Decking (UK) Limited

**Directors' report and financial
statements**

Registered number 2743517

For the year ended 31 December 2000



Contents

Directors' report	1
Statement of directors' responsibilities	2
Auditors' report to the members of Cladding & Decking (UK) Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors' report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2000.

Principal activities and business review

The company's principal activity during the year was the production and sale of rolled and pressed metal cladding components and systems.

Financial results

The loss on ordinary activities after taxation for the financial year was £878,770 (1999: £1,551,238 loss). The directors do not recommend the payment of a dividend (1999: £Nil).

Directors and directors' interests in shares

The directors who held office during the period were as follows:

RG Harriman

RG Harriman has no interest in the share capital of the company.

Ultimate parent undertaking

The company's ultimate parent undertaking is Corus Group Plc.

By order of the Board



RG Harriman
Director

William Nadin Way
Swadlincote
Derbyshire
DE11 0BB

5 September 2001

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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



2 Cornwall Street
Birmingham
B3 2DL
United Kingdom

Auditors' report to the members of Cladding & Decking (UK) Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

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 affairs of the company as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

5 September 2001

Profit and loss account
for the year ended 31 December 2000

	Notes	2000 £	1999 £
Turnover	2		
Continuing operations		8,270,801	8,902,309
Changes in stocks of finished goods and work in Progress		(1,748)	(35,984)
Raw materials and consumables		(6,207,012)	(6,511,594)
Other external charges		(721,317)	(713,913)
Staff costs		(711,197)	(742,637)
Depreciation and other amounts written off tangible fixed assets	8	(450,651)	(380,911)
Other operating charges		(568,024)	(2,202,433)
		<u>(8,659,949)</u>	<u>(10,587,472)</u>
Operating loss		(389,148)	(1,685,163)
Interest payable and similar charges	6	(358,480)	(336,675)
Interest receivable		40,428	44,978
		<u>(707,200)</u>	<u>(1,976,860)</u>
Loss on ordinary activities before taxation		(707,200)	(1,976,860)
Tax on loss on ordinary activities	7	(171,570)	425,622
		<u>(878,770)</u>	<u>(1,551,238)</u>
Retained loss for the financial year		(878,770)	(1,551,238)
Retained loss brought forward		(1,647,671)	(96,433)
		<u>(2,526,441)</u>	<u>(1,647,671)</u>
Retained loss carried forward		(2,526,441)	(1,647,671)

There are no recognised gains or losses other than those recognised in the profit and loss account above.

In the two years, the company made no acquisitions and had no discontinued operations.

There is no material difference between the result disclosed in the profit and loss account and the result on a historic cost basis and therefore it is not considered necessary to prepare a statement of historical cost profits and losses as required by FRS 3.

Balance sheet
at 31 December 2000

	Notes	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	8		5,676,954		6,294,150
Current assets					
Stocks	9	2,241,989		1,141,484	
Debtors	10	3,266,509		3,858,036	
Cash at bank and in hand		1,164,341		551,701	
		<u>6,672,839</u>		<u>5,551,221</u>	
Creditors: amounts falling due within one year	11	<u>(9,506,234)</u>		<u>(10,343,042)</u>	
Net current liabilities			<u>(2,833,395)</u>		<u>(4,791,821)</u>
Total assets less current liabilities			<u>2,843,559</u>		<u>1,502,329</u>
Creditors: amounts falling due after more than one year	12		-		(250,000)
Provisions for liabilities and charges	13		<u>(720,000)</u>		<u>(1,250,000)</u>
Net assets			<u>2,123,559</u>		<u>2,329</u>
Capital and reserves					
Called up share capital	14		4,500,100		1,500,100
Share premium account	15		149,900		149,900
Profit and loss account			<u>(2,526,441)</u>		<u>(1,647,671)</u>
Equity shareholders' funds			<u>2,123,559</u>		<u>2,329</u>

These financial statements were approved by the board of directors on 5 September 2001 and were signed on its behalf by:



RG Harriman
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

The company is exempt from the requirement of Financial Reporting Standard No 1 (revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Corus Group Plc.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	- 33 years
Plant and machinery	- 5 years to 15 years
Fixtures, fittings and equipment	- 5 years

Freehold land is not depreciated.

Foreign currency transactions

Transactions in foreign currency are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions and other post-retirement benefits

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.

Stocks

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

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Notes (continued)

2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

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

All of the turnover arose on business within the UK.

3 Loss on ordinary activities before taxation

	2000 £	1999 £
<i>The loss on ordinary activities before taxation is stated after charging/(crediting):</i>		
Hire of other assets - operating leases	128,254	120,000

The auditors' remuneration for audit services amounted to £12,000 (1999: £12,000). The auditors' remuneration for non-audit services amounted to £Nil (1999: £11,175).

4 Remuneration of directors

	2000 £	1999 £
Directors emoluments:		
As directors	45,000	40,000

One director is a member of the defined contribution scheme. Contributions paid in 2000 were £3,553 (1999: £3,501).

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2000	1999
Office and management	14	12
Manufacturing	23	25
	37	37

The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	623,623	658,477
Social security costs	55,747	58,585
Other pension costs	31,827	25,575
	711,197	742,637

Notes (continued)

6 Interest payable and similar charges

	2000 £	1999 £
Interest payable to group undertakings	358,480	336,675

7 Taxation

	2000 £	1999 £
UK corporation tax at 30%:		
Group relief receivable	-	(177,538)
Adjustment in respect of prior year	171,570	(108,584)
Deferred tax	-	(139,500)
Net taxation charge/(credit)	171,570	(425,622)

There is no group relief receivable in the current year due to surplus corporation tax losses within the group.

8 Tangible fixed assets

Tangible fixed assets comprise:

	Freehold land and buildings £	Plant, machinery and vehicles £	Fixtures, fittings, tools and equipment £	Total £
Cost				
At beginning of year	2,596,942	4,523,892	125,953	7,246,787
Additions	7,024	99,478	2,277	108,779
Disposals	-	(275,324)	(39,038)	(314,362)
At end of year	2,603,966	4,348,046	89,192	7,041,204
Accumulated depreciation				
At beginning of year	82,090	799,613	70,934	952,637
Charge for the year	66,985	361,411	22,255	450,651
Disposal	-	-	(39,038)	(39,038)
At end of year	149,075	1,161,024	54,151	1,364,250
Net book value				
At 31 December 2000	2,454,891	3,187,022	35,041	5,676,954
At 31 December 1999	2,514,852	3,724,279	55,019	6,294,150

Notes (continued)

9 Stocks

	2000 £	1999 £
Raw materials and consumables	2,132,651	1,033,894
Finished goods and goods for resale	109,338	107,590
	<u>2,241,989</u>	<u>1,141,484</u>

10 Debtors

	2000 £	1999 £
Trade debtors	2,342,075	2,643,542
Amounts owed by group undertakings	357,216	339,999
Other debtors	498,765	790,660
Prepayments and accrued income	68,453	83,835
	<u>3,266,509</u>	<u>3,858,036</u>

11 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	1,335,241	562,963
Amounts owed to group undertakings	7,970,012	9,467,411
Other creditors including taxation and social security:		
Corporation tax	-	7,273
Other taxes and social security	65,900	222,546
Accruals and deferred income	135,081	82,849
	<u>9,506,234</u>	<u>10,343,042</u>

12 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Amounts owed to group undertakings	-	250,000
	<u>-</u>	<u>250,000</u>

The loan bears interest at market rates and was repaid on 30 June 2000.

Notes (continued)

13 Provisions for liabilities and charges

Provisions for liabilities and charges comprise:

	Deferred tax £	Other provisions £	Total £
At 1 January 2000	-	1,250,000	1,250,000
Charge for the year	-	(530,000)	(530,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2000	-	720,000	720,000
	<hr/>	<hr/>	<hr/>

A provision has been recognised for dilapidation and rental cost liabilities in accordance with the contractual terms of a lease over a vacant property. The majority of these costs have been incurred in the period to 5 September 2001.

The components of the deferred tax provision at 30% (1999: 30%), which represents the full potential liability, are as follows:

	2000 Provided £	2000 Unprovided £	1999 Provided £	1999 Unprovided £
Accelerated capital allowances	569,000	-	512,000	-
Other short term timing differences	(255,000)	-	(289,000)	-
Corporation tax losses	(314,000)	(542,000)	(223,000)	(252,000)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	(542,000)	-	(252,000)
	<hr/>	<hr/>	<hr/>	<hr/>

14 Called up share capital

	2000 £	1999 £
<i>Authorised, allotted, called up and fully paid:</i>		
4,500,100 ordinary shares of £1 each (1999: 1,500,100 ordinary shares of £1 each)	4,500,100	1,500,100
	<hr/>	<hr/>

On 11 July 2000, the company's authorised share capital was increased by the creation of 3,000,000 ordinary shares of £1 each. On the same day, the 3,000,000 ordinary shares were issued at par to the immediate parent undertaking, Hoogovens (UK) Limited.

15 Share premium account

	£
At start and end of year	149,900
	<hr/>

16 Reconciliation of movement in shareholders' funds

	2000 £	1999 £
At start of year	2,329	1,553,567
Loss for the year	(878,770)	(1,551,238)
Increase in share capital	3,000,000	-
	<hr/>	<hr/>
At end of year	2,123,559	2,329
	<hr/>	<hr/>

Notes (continued)

17 Commitments

- (i) The company has contracted new plant and machinery to the amount of £70,000 (1999: £Nil) at the end of the financial year.
- (ii) Annual commitments under non-cancellable operating leases are as follows:

	2000 Land and buildings £	2000 Other £	1999 Land and buildings £
Operating leases which expire:			
In the next year	60,000	-	-
In the second to fifth years inclusive	-	11,352	120,000
	<u>60,000</u>	<u>11,352</u>	<u>120,000</u>

18 Pension scheme

The company operates a defined contribution scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £31,827 (1999: £25,575).

There were outstanding contributions at the end of the financial year amounting to £7,333 (1999: £Nil).

19 Related party transactions

The company has taken advantage of the exemption in FRS 8 which exempts wholly owned subsidiaries from disclosing related party transactions with other wholly owned subsidiaries within the same group. These transactions are eliminated on consolidation in the accounts of the ultimate controlling party, Corus Group Plc. There are no other related party transactions.

20 Contingent liabilities

The company has no contingent liabilities at 31 December 2000 (1999: £Nil).

21 Ultimate parent company and parent undertaking of larger group of which the company is a member

The largest group in which the results of the company are consolidated is that headed by the ultimate parent company Corus Group Plc, a public company incorporated in the United Kingdom. The consolidated accounts of this company are available to the public from the registered office.