Grant Thornton

Financial statements General All Purpose Plastics Group Limited

For the year ended 31 May 2011

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Company No. 5635001

Company information

Company registration number	5635001
Registered office	Partnership Way Shadsworth Business Park Blackburn Lancashire BB1 2QP
Directors	A D Greensmith S D Bird S M T Brayshaw
Secretary	A D Greensmith
Bankers	Yorkshire Bank Plc 40 Church Street Blackburn Lancashire BB1 5AW
Solicitors	Zatman & Co 1 The Cottages Deva Centre Trinity Way Manchester M3 7BE
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Royal Liver Building Merseyside Liverpool L3 1PS

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Report of the directors

The directors present their report together with the audited financial statements for the year ended 31 May 2011

Principal activity

The principal activity of the group is the distribution and manufacture of PVCu doors and window accessories and building products

The company operates as the group's holding company and has not traded in either year

Results and dividends

The loss for the year after taxation and minority interest amounted to £60,124 (2010 loss £219,547) The directors do not recommend the payment of a dividend

Business review and future developments

The directors are satisfied with the results for the year and consider that both market share and profitability can be increased over the long term, resulting in greater shareholder value The group will continue to invest further resources into its customer service and support programmes to ensure that the growth strategy adopted by the directors can be delivered

The principle Key Performance Indictors ("KPIs") which are monitored by the directors include rate of growth, profitability and cash flow derived from operating activities

The directors believe the future prospects for the group to be satisfactory

Post balance sheet event

On 2 September 2011 the minority shares of the G A P Scotland Limited were bought by General All Purpose Plastics Limited and the trade and assets were subsequently hived up

Directors

The directors of the company are listed below All served on the Board throughout the year unless otherwise stated

A D Greensmith
S D Bird
S M T Brayshaw

Report of the directors (continued)

Financial risk management objectives and policies

The group uses various financial instruments which include cash and various items, such as trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the group's operations

The main risks arising from the group's financial instruments are market risk, currency risk, liquidity risk, cash flow interest rate risk and credit risk The directors review and agree policies for managing each of these risks and they are summarised below

Market risk
Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk The group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the sub-section entitled "interest rate risk" below

Currency risk
The group has minimal exposure to translation and transaction foreign exchange risk as all of the group's sales are to customers based in the United Kingdom and only a relatively small percentage of purchases are from outside the United Kingdom Consequently, no formal hedging policy is in place

Liquidity risk
The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably Short-term flexibility is achieved by the availability of directors' loan accounts and bank overdrafts

The group finances its investment in tangible fixed assets partly through finance lease and hire purchase contracts

Interest rate risk
The group finances its operations through a combination of retained profits, finance lease contracts, directors' loan accounts and trust loans The group manages its exposure to interest rate fluctuations on its finance leases by entering into fixed rate agreements

Credit risk
The group's principal financial assets are cash and trade debtors The principal credit risk therefore arises from its trade debtors In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history

Report of the directors (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

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 group and company and of the profit or loss of the group and company for that year In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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, and
- 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 adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and of the group and enable them to ensure that the financial statements comply with the Companies Act 2006 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

In so far as each of the directors is aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate

Employee involvement

During the year the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance Regular meetings are held between local management and employees to allow a free flow of information and ideas

Report of the directors (continued)

Auditor

Grant Thornton UK LLP offer themselves for re-appointment as auditor in accordance with Section 485 of the Companies Act 2006

BY ORDER OF THE BOARD

A D Greensmith
Secretary
29th February 2012

Grant Thornton

Report of the independent auditor to the members of General All Purpose Plastics Group Limited

We have audited the financial statements of General All Purpose Plastics Group Limited for the year ended 31 May 2011 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated balance sheet, the balance sheet, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company and group's affairs as at 31 May 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Report of the independent auditor to the members of General All Purpose Plastics Group Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Emma Stoddart
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
29 February 2012

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards The principal accounting policies of the group have remained unchanged from the previous year and are set out below

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 May 2011 Profits or losses on intra-group transactions are eliminated in full

Going concern

The group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the group will trade within its current facilities After making enquiries, the directors are confident that the group has adequate resources to continue to trade and expect all loans and facilities to be available for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Goodwill

Purchased goodwill is capitalised and is amortised on a straight line basis over its estimated useful economic life

As a matter of accounting policy, purchased goodwill first accounted for in accounting years ended before 23 December 1998, the implementation date of FRS 10, was eliminated from the financial statements by immediate write-off on acquisition against reserves Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates

Consolidated goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life It is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstance indicate that the carrying value may not be recoverable

Amortisation - 10 years straight line

Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms

Fixed assets

All fixed assets are recorded at cost, less depreciation and any provision for impairment

Principal accounting policies (continued)

Government grants

Government grants or assistance of a revenue nature are credited to the profit and loss account in the same period as the related expenditure

Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful economic lives The rates generally applicable are

Leasehold improvements	-	over the term of the lease
Fixtures and fittings	-	4 - 15% per annum, straight line
Computer equipment	-	33% per annum, straight line
Plant and machinery	-	15% per annum, straight line
Motor vehicles	-	25% per annum, straight line

Stocks

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items

Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date Deferred tax is not discounted

Contributions to pension schemes

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting year

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease All other leases are regarded as operating leases

Principal accounting policies (continued)

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities Shares containing such obligations are classified as financial liabilities

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves

Compound instruments

Compound instruments comprise both a liability and an equity component The elements of a compound instrument are classified in accordance with their contractual provisions The liability component is recorded at fair value, which is estimated using the prevailing market interest rate for a similar debt instrument without the equity feature At each year end the value of the liability continues to be presented on a net present value basis, with any changes arising from the re-measurement of the instrument being recognised in finance costs in the profit and loss account

Provision for liabilities

Provisions (other than provisions for post retirement benefits and deferred taxation) are recognised when the group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably

Provisions for the estimated cost of repairing or replacing products which may be returned under warranty are based upon historical warranty data and are recognised when the underlying products are sold

Investments

Investments are stated at cost less amounts written off

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is included as an exchange gain or loss in the profit and loss account Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction

Consolidated profit and loss account

	Note	2011 £	2010 £
Turnover	1	**40,671,943**	43,001,463
Cost of sales		**(24,848,325)**	(28,303,401)
Gross profit		**15,823,618**	14,698,062
Other operating income and charges	1	**(15,226,168)**	(14,587,011)
Operating profit	2	**597,450**	111,051
Interest receivable and similar income		**157**	122
Interest payable and similar charges	4	**(336,545)**	(282,318)
Profit/(loss) on ordinary activities before taxation		**261,062**	(171,145)
Tax on profit/(loss) on ordinary activities	5	**-**	(112,599)
Profit/(loss) on ordinary activities before minority interest		**261,062**	(283,744)
Minority interest	18	**(321,186)**	64,197
Retained loss transferred to reserves	19	**(60,124)**	(219,547)

All of the activities of the group are classed as continuing

The accompanying accounting policies and notes form an integral part of these financial statements

Consolidated balance sheet

	Note	2011	2010
		£	£
Fixed assets			
Intangible fixed assets	7	**304,500**	345,798
Investments	9	**1,000,000**	1,000,000
Tangible assets	8	**4,223,725**	4,648,021
		5,528,225	5,993,819
Current assets			
Stocks	10	**5,292,980**	5,665,636
Debtors	11	**10,393,634**	10,661,876
Cash at bank and in hand		**2,822,481**	344,315
		18,509,095	16,671,827
Creditors amounts falling due within one year	12	**(16,769,669)**	(15,595,738)
Net current assets		**1,739,426**	1,076,089
Total assets less current liabilities		**7,267,651**	7,069,908
Creditors. amounts falling due after more than one year	13	**(5,620,008)**	(5,587,015)
Provisions for liabilities	14	**(430,480)**	(526,792)
Net assets		**1,217,163**	956,101
Capital and reserves			
Called up share capital	16	**1,000,400**	1,000,400
Profit and loss account	17	**41,044**	101,168
Shareholders' funds	19	**1,041,444**	1,101,568
Minority interest	18	**175,719**	(145,467)
Equity shareholders' funds		**1,217,163**	956,101

The financial statements were approved by the Board of Directors and authorised for issue on [illegible] February 2012 and signed on behalf of the Board of Directors by

A D Greensmith Director

S D Bird Director

The accompanying accounting policies and notes form an integral part of these financial statements

Company balance sheet

	Note	2011 £	2010 £
Fixed assets			
Investments	9	275	275
		275	275
Current assets			
Debtors	11	**1,000,200**	1,000,200
		1,000,200	1,000,200
Creditors: amounts falling due within one year	12	**(75)**	(75)
Net current assets		**1,000,125**	1,000,125
Total assets less current liabilities		**1,000,400**	1,000,400
Capital and reserves			
Called up share capital	16	**1,000,400**	1,000,400

The financial statements were approved by the Board of Directors and authorised for issue on 21 February 2012 and signed on behalf of the Board of Directors by

A D Greensmith Director

S D Bird Director

Consolidated cash flow statement

	Note	2011 £	2010 £
Net cash inflow from operating activities	20	**5,613,985**	1,478,855
Returns on investments and servicing of finance			
Interest received		**149**	122
Bank interest paid		**(41,116)**	(44,189)
Other interest paid		**(241,473)**	(185,110)
Finance lease interest paid		**(5,958)**	(4,547)
Net cash outflow from returns on investments and servicing of finance		**(288,398)**	(233,724)
Taxation		**4,199**	(4,020)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(810,698)**	(1,924,091)
Sale of tangible fixed assets		**208,338**	67,874
Net cash outflow from capital expenditure and financial investment		**(602,360)**	(1,856,217)
Net cash inflow/(outflow) before financing		**4,727,426**	(615,106)
Financing			
Capital element of finance lease rentals	22	**(219,380)**	(275,174)
Repayment of debt	22	**-**	85,000
Net cash outflow from financing		**(219,380)**	(190,174)
Increase/(decrease) in cash	21	**4,508,046**	(805,280)

The accompanying accounting policies and notes form an integral part of these financial statements

Consolidated statement of total recognised gains and losses

	2011	2010
	£	£
Loss for the financial year	**(60,124)**	(219,547)
Prior year adjustment (see note 6)	**-**	(205,781)
Total recognised gains and losses since the last financial statements	**(60,124)**	(425,328)

Notes to the financial statements

1 Turnover and other operating income and charges

The turnover and profit/(loss) on ordinary activities before taxation is attributable to the principal activity of the group All turnover is derived from the United Kingdom

	2011	2010
	£	£
Distribution costs	**7,573,720**	7,984,694
Administrative costs	**7,652,448**	7,092,317
Other operating income	**-**	(490,000)
	15,226,168	14,587,011

2 Operating profit

The operating profit is stated after charging/(crediting)

	2011	2010
	£	£
Depreciation - of owned fixed assets	**1,102,336**	926,179
- of assets held under finance lease	**64,150**	140,003
Amortisation of goodwill	**41,298**	308,682
Auditor's remuneration payable for other services		
Audit of the company's subsidiaries	**38,750**	43,000
Taxation and advisory services	**89,950**	49,050
Operating leases		
Land and buildings	**1,206,385**	1,205,474
Other	**11,479**	-
Profit on disposal of tangible fixed assets	**(39,832)**	(19,074)
Loss on foreign currency translation	**20,132**	29,344

3 Directors and employees

Staff costs during the year were as follows

	2011	2010
	£	£
Wages and salaries	**9,123,205**	9,178,829
Social security costs	**858,604**	879,464
Pension costs	**129,170**	119,608
	10,110,979	10,177,901

The average number of employees during the year was

	2011	2010
	No.	No
Administration	**59**	63
Production, selling and distribution	**355**	394
	414	457

Notes to the financial statements

3 Directors and employees (continued)

The total amounts of directors' remuneration and other benefits was as follows

	2011 £	2010 £
Emoluments	231,244	-
Company pension contributions	3,300	-
	234,544	-

During the year retirement benefits were accruing to 1 (2010 Nil) director in respect of defined contribution pension schemes

The directors' remuneration shown above included the following amounts payable in respect of the highest paid director

	2011 £	2010 £
Emoluments	97,910	-

4 Interest payable and similar charges

	2011 £	2010 £
Bank loans and overdrafts	50,606	44,189
Finance lease interest	18,645	32,473
Other interest	257,294	193,656
	326,545	270,318
Finance charges on shares classed as financial liabilities	10,000	12,000
	336,545	282,318

5 Tax on profit/(loss) on ordinary activities

(a) The taxation charge is based on the profit/(loss) for the year and represents:

	2011 £	2010 £
Current tax		
UK income tax on profit/(loss) for the year	-	-
Adjustment in respect of prior years	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	112,599
	-	112,599

Notes to the financial statements

5 Tax on profit/(loss) on ordinary activities (continued)

(b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 27 67% (2010 28%) The differences are explained as follows

	2011	2010
	£	£
Profit/(loss) on ordinary activities before taxation	**261,062**	(171,145)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 27 67 % (2010 28%)	**72,236**	(47,921)
Effect of		
Expenses not deductible for tax purposes	**58,058**	250,201
Capital allowances for the year in excess of depreciation	**(41,931)**	(176,008)
Other short term timing differences	**(9,456)**	(85)
Income not taxable	**(17,843)**	(3,501)
Transfer pricing adjustment	**(60,328)**	(245,357)
Utilisation of tax losses	**(736)**	(46,093)
Tax losses carried forward	**-**	268,764
	-	-

6 Prior year adjustment

In 2010 a prior year adjustment was processed as a result of the directors' assessment that a provision for £259,420 due to HM Revenue & Customs should have been recognised in the year to 31 May 2009 The estimated corporation tax liability at 31 May 2009 was reduced by £53,639 in relation to this

The directors considered the previous incorrect assessment of the tax liability to have been a fundamental error in the 31 May 2009 financial statements and therefore recognised the £259,420 provision and £53,639 credit in the restated 31 May 2009 profit and loss account, with a corresponding decrease to the profit and loss reserve brought forward on 1 June 2009 of £205,781

Notes to the financial statements

7 Intangible fixed assets

Group	Purchased Goodwill	Consolidated Goodwill	Total Goodwill
	£	£	£
Cost			
At 1 June 2010 and 31 May 2011	**755,298**	**310,976**	**1,066,274**
Amortisation			
At 1 June 2010	409,500	310,976	720,476
Provided in the year	41,298	-	41,298
At 31 May 2011	**450,798**	**310,976**	**761,774**
Net book amount			
At 31 May 2011	**304,500**	**-**	**304,500**
At 31 May 2010	345,798	-	345,798

Notes to the financial statements

8 Tangible fixed assets

Group	Leasehold improvements	Plant and machinery	Fixtures and fittings	Motor vehicles	Computer equipment	Total
	£	£	£	£	£	£
Cost						
At 1 June 2010	817,628	4,793,871	1,143,589	2,167,800	728,142	9,651,030
Additions	67,440	403,788	86,020	216,999	54,269	828,516
Disposals	-	-	-	(415,963)	-	(415,963)
At 31 May 2011	**885,068**	**5,197,659**	**1,229,609**	**1,968,836**	**782,411**	**10,063,583**
Depreciation						
At 1 June 2010	279,302	2,066,804	526,334	1,558,395	572,174	5,003,009
Charge for the year	74,895	642,286	128,534	278,561	42,210	1,166,486
Disposals	-	-	-	(329,637)	-	(329,637)
At 31 May 2011	**354,197**	**2,709,090**	**654,868**	**1,507,319**	**614,384**	**5,839,858**
Net book value						
At 31 May 2011	**530,871**	**2,488,569**	**574,741**	**461,517**	**168,027**	**4,223,725**
At 31 May 2010	538,326	2,727,067	617,255	609,405	155,968	4,648,021

The net book value of fixed assets includes an amount of £258,335 (2010 £606,176) in respect of assets held under finance leases and hire purchase contracts The depreciation charged to the accounts in the year in respect of such assets amounted to £64,150 (2010 £140,003)

Notes to the financial statements

9 Fixed asset investments

Group

	Total
	£
Cost and net book value	
At 1 June 2010 and 31 May 2011	**1,000,000**

On 28 August 2007 the group invested £1,000,000 in Soho Square Productions No 11 LLP, a limited liability partnership registered in England and Wales This investment is held by the company's subsidiary General All Purpose Plastics Limited

Company

	Shares in group undertakings
	£
Cost and net book value	
At 1 June 2010 and 31 May 2011	275

The company had the following subsidiary undertakings as at 31 May 2011

Name of subsidiary	Class of share capital held	Proportion held by parent company	Proportion held by group	Nature of business
General All Purpose Plastics Holdings Limited	"A" Ordinary	100%	100%	Holding company
	"B" Ordinary	100%	100%	
G A P Scotland Limited	"A" Ordinary	100%	100%	Distribution of PVCu products
	"B" Ordinary	-	-	
	"C" Ordinary	-	-	
General All Purpose Plastics Limited	"A" Ordinary	-	100%	Distribution of PVCu products
	"B" Ordinary	-	100%	
Rockdoor Limited **	Ordinary	-	90%	Manufacture of PVCu security doors
Proplas Limited *	Ordinary	-	100%	Non trading
Homeline Building Products Limited *	Ordinary	-	100%	Manufacture of PVCu building materials

The above are holdings of ordinary shares and all undertakings are registered in England and Wales

* represents investments held by General All Purpose Plastics Limited
** represents investments held by General All Purpose Plastics Holdings Limited

Notes to the financial statements

10 Stocks

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Raw materials and consumables	1,133,882	1,964,148	-	-
Finished goods and goods for resale	4,159,098	3,701,488	-	-
	5,292,980	5,665,636	-	-

11 Debtors

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade debtors	6,001,611	6,246,684	-	-
Amounts owed by related parties	3,181,808	3,270,560	-	-
Amounts owed by group undertaking	-	-	1,000,000	1,000,000
Other debtors	123,285	142,782	200	200
Prepayments and accrued income	929,342	751,483	-	-
Corporation tax recoverable	34,314	38,514	-	-
Directors' loan accounts	123,274	71,352	-	-
VAT recoverable	-	140,501	-	-
	10,393,634	10,661,876	1,000,200	1,000,200

12 Creditors: amounts falling due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Bank overdraft	480,953	2,510,833	-	-
Trade creditors	5,217,702	5,298,934	-	-
Directors' loan accounts	1,298,058	1,599,229	-	-
Obligations under finance leases and hire purchase contracts	115,649	220,021	-	-
Amounts due to group undertaking	-	-	75	75
Amounts due to related parties	5,648,997	2,530,618	-	-
Other taxation and social security	1,192,059	1,422,930	-	-
Accruals and deferred income	2,486,358	1,696,044	-	-
Other creditors	329,893	317,129	-	-
	16,769,669	15,595,738	75	75

The bank overdraft is secured by a debenture from group companies giving a fixed and floating charge over the group's assets plus a counter indemnity of £60,000 Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate

Accruals include pension contributions of £9,030 (2010 £15,591)

Notes to the financial statements

13 Creditors: amounts falling due after more than one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Debt-related financial instrument	**153,000**	153,000	-	-
Directors' loan accounts	**1,000,000**	1,000,000	-	-
Amounts owed to related parties	**3,484,940**	3,484,940	-	-
Obligations under finance leases and hire purchase contracts	**26,288**	41,295	-	-
Other loan	**955,780**	907,780	-	-
	5,620,008	5,587,015	-	-

The other loan carries interest at 5 5%

On 2 December 2005 G A P Scotland Limited, a subsidiary of the company, issued 13 "B" Ordinary shares of £1 each and 12 "C" Ordinary shares of £1 each The holders of these shares are entitled to receive dividends equal, respectively, to 11 25% and 3 75% of distributable profits of the company for each financial year The company may also elect to pay a discretionary dividend to these shareholders, subject to the conditions detailed in the company's Articles of Association

In accordance with FRS 25, the "B" Ordinary shares and "C" Ordinary shares are considered compound instruments and accordingly have been split into an underlying debt instrument, classified within creditors due after more than one year, and an equity element, classified within equity At the date of issue the underlying debt instrument is presented on a net present value basis At subsequent year ends the value of the debt instrument continues to be presented on a net present value basis, with any changes arising from the re-measurement of the instrument being recognised in finance costs in the profit and loss account

The fair value of the underlying debt element is calculated by discounting the value of the expected future cash flows under the terms of the instrument using a market interest rate of a similar debt instrument

The interest expense on the underlying debt element is calculated by applying the effective interest rate to the debt component of the instrument The difference between any repayments and the interest expense is deducted from the carrying amounts of the liability in the balance sheet

Future commitments under finance leases and hire purchase contracts are as follows

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Within one year	**115,649**	220,021	-	-
Between one and two years	**26,288**	41,295	-	-
	141,937	261,316	-	-

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate

Notes to the financial statements

14 Provisions for liabilities

Group	Warranty claims £	Deferred taxation £	Total £
At 1 June 2010	482,540	44,252	526,792
Charged to profit and loss account	(96,312)	-	(96,312)
At 31 May 2011	**386,228**	**44,252**	**430,480**

£386,228 (2010 £482,540) has been provided for expected warranty claims on products sold by the group

15 Deferred taxation

The amount of potential deferred taxation, all of which is provided, is as follows

	Group 2011 £	Group 2010 £	**Company 2011 £**	Company 2010 £
Fixed asset timing differences	**47,790**	47,790	**-**	-
Short term timing differences	**(3,538)**	(3,538)	**-**	-
	44,252	44,252	**-**	-

The movement in the deferred taxation account during the year was

	Group 2011 £	Group 2010 £	**Company 2011 £**	Company 2010 £
At 1 June 2010 - in provisions/(debtors)	**44,252**	(50,509)	-	-
Charged to profit and loss account	**-**	112,599	-	-
Included in debtors in the year	**-**	(17,838)	-	-
At 31 May 2011	**44,252**	44,252	-	-

The group has an unprovided deferred tax asset in relation to trade tax losses carried forward which totals £1,046,127 (2010: £1,192,466)

Notes to the financial statements

16 Called up share capital

	2011	2010
	£	£
Authorised share capital		
500 "A" Ordinary shares of £1 each	**500**	500
500 "B" Ordinary shares of £1 each	**500**	500
1,000,000 Redeemable Preference shares of £1 each	**1,000,000**	1,000,000
	1,001,000	1,001,000
Allotted, called up and fully paid		
200 "A" Ordinary shares of £1 each	**200**	200
200 "B" Ordinary shares of £1 each	**200**	200
1,000,000 Redeemable Preference shares of £1 each	**1,000,000**	1,000,000
	1,000,400	1,000,400

The "A" and "B" Ordinary shares carry the respective voting rights to appoint and remove directors and be subject to the restrictions on transfer as provided in the Articles of Association but rank pari passu in all other respects

The rights attached to the Preference shares are set out below

Income

The holders of the Preference shares shall not be entitled to receive any preferential dividend

Capital

On a return of assets the assets and retained profits of the company available for distribution amongst the members shall be applied first in paying to each of the holders of Preference shares the total Issue Price of the Preference shares held by them respectively, with any balance paid to the holders of the Ordinary shares in proportion to the number of Ordinary shares held by them respectively

Voting

The holders of the Preference shares shall have no right to receive notice of or to attend and vote at any general meeting of the company or in writing up any resolution of the company

Redemption

The company may at any time redeem the Preference shares either in their entirety or in part, subject to giving notice in writing to the members holding the Preference shares, and the company shall pay on each Preference share redeemed an amount equal to its Issue Price In the case of a post redemption, the company shall redeem the same proportion for each member's registered holding of the Preference shares

Notes to the financial statements

17 Profit and loss account

	Group 2011 £	2010 £
At 1 June 2010 as previously reported	**101,168**	526,496
Prior year adjustment (note 6)	**-**	(205,781)
At 1 June 2010 as restated	**101,168**	320,715
Loss for the year	**(60,124)**	(219,547)
At 31 May 2011	**41,044**	101,168

18 Minority interest

	2011 £	2010 £
At 1 June 2010	**(145,467)**	(81,270)
Share of profit/(loss) for the year	**321,186**	(64,197)
At 31 May 2011	**175,719**	(145,467)

19 Reconciliation of movements in shareholders' funds

	Group		Company	
	31 May 2011 £	31 May 2010 £	31 May 2011 £	31 May 2010 £
Opening shareholders' funds as previously reported	**1,101,568**	1,526,896	**1,000,400**	1,000,400
Prior year adjustment (note 6)	**-**	(205,781)	**-**	-
Opening shareholders' funds (as restated)	**1,101,568**	1,321,115	**1,000,400**	1,000,400
Loss for the year	**(60,124)**	(219,547)	**-**	-
Closing shareholders' funds	**1,041,444**	1,101,568	**1,000,400**	1,000,400

20 Net cash inflow from operating activities

	2011 £	2010 £
Operating profit	**597,450**	111,051
Depreciation	**1,166,486**	1,066,182
(Decrease)/increase in warranty provision	**(96,312)**	49,180
Amortisation of intangible fixed assets	**41,298**	308,682
Profit on sale of tangible fixed assets	**(39,832)**	(19,074)
Decrease/(increase) in stocks	**372,656**	(452,215)
Decrease/(increase) in debtors	**264,042**	(191,274)
Increase in creditors	**3,308,197**	606,323
Net cash inflow from operating activities	**5,613,985**	1,478,855

Notes to the financial statements

21 Reconciliation of net cash flow to movement in net debt

	2011	2010
	£	£
Increase/(decrease) in cash in the year	**4,508,046**	(805,280)
Cash inflow from changes in net debt	**219,380**	190,174
Change in net debt resulting from cash flows	**4,727,426**	(615,106)
Inception of finance leases	**(100,001)**	(262,608)
Other non-cash movement	**(48,000)**	(48,472)
Movement in net debt in the year	**4,579,425**	(926,186)
Net debt at 1 June	**(7,973,554)**	(7,047,368)
Net debt at 31 May	**(3,394,129)**	(7,973,554)

22 Analysis of changes in net debt

	At 1 June 2010	Cash flow	Non-cash movements	At 31 May 2011
	£	£	£	£
Cash in hand and at bank	344,315	2,478,166	-	**2,822,481**
Overdrafts	(2,510,833)	2,029,880	-	**(480,953)**
	(2,166,518)	4,508,046	-	**2,341,528**
Other debt	(5,392,720)		(48,000)	**(5,440,720)**
Debt-related financial instruments	(153,000)	-	-	**(153,000)**
Hire purchase and finance leases	(261,316)	219,380	(100,001)	**(141,937)**
Total net debt	(7,973,554)	4,727,426	(148,001)	**(3,394,129)**

23 Guarantees and other financial commitments

Leasing commitments

	Land and buildings	
	2011	2010
	£	£
Operating leases which expire		
Within one year	**88,500**	40,125
Within two to five years	**568,274**	506,662
After more than five years	**697,384**	543,925
	1,354,158	1,090,712

Notes to the financial statements

24 Pensions

The group 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 pension charge of £129,170 (2010 £119,608) represents contributions payable by the group to the scheme

25 Related party transactions

The company has taken advantage of the exemptions within Financial Reporting Standard No 8 and has not disclosed transactions with group undertakings where the company is a 100% subsidiary as consolidated accounts are prepared

A D Greensmith and S D Bird are also partners of a partnership named GAP Glass During the year the group purchased goods amounting to £1,248,264(2010 £1,161,131) from GAP Glass At 31 May 2011 GAP Glass owed the group £3,176,880 (2010 £4,132,333) and £nil (2010 £1,721,690) was due to GAP Glass

Purchases from GAP Glass during the year were not made on an arm's length basis Goods were purchased at below market value and have been adjusted for in the corporation tax calculations The approximate difference between market value and book value of the transactions is £218,025 (2010 £876,275)

A D Greensmith and S D Bird are also designated members in Bridgemere Properties LLP Interest is payable on a loan of £500,000 due to Bridgemere Properties LLP at 1% above base rate At 31 May 2011 the group owed Bridgemere Properties LLP £955,375 (2010 £950,761) The movement in the year is in relation to rentals charged from Bridgemere Properties LLP and does not attract interest

At 31 May 2011 the group owed various directors' funded and unapproved retirement benefit schemes £1,250,000 (2010 £1,250,000) as included in other loans Interest is payable on these loans at 4% above base rate

At 31 May 2011 the group owed the Simon Bird 2003 Trust £999,970 (2010 £999,970) and the Andrew Greensmith 2003 Trust £1,234,970 (2010 £1,234,970) as included in other loans Interest is payable on these loans at 3% above base rate

The group made sales to Crown Oil Limited in the year amounting to £6,088 (2010 £161,423) and purchases amounting to £113,566 (2010 £424,359) At 31 May 2011 the group was due £4,928 (2010· £460) from Crown Oil Limited and owed £4,693,622 (2010 £720,400) to Crown Oil Limited

Notes to the financial statements

25 Related party transactions (continued)

Durng the year loans have been made available to the group by the directors Interest is payable on the loans at 3% above base rate At 31 May 2011 the balances outstanding were as follows

Loans from directors	31 May 2011 £	31 May 2010 £	Maximum debtor in year £
A D Greensmith	2,298,058	2,371,248	
S D Bird	(110,165)	(71,352)	(110,165)
A D Greensmith - further loan	-	102,944	
S D Bird - further loan	-	103,404	
S M T Brayshaw	(13,109)	21,633	(13,109)
	2,174,784	2,527,877	

26 Capital commitments

The group had no capital commitments at 31 May 2011 or 31 May 2010

27 Contingent liabilities

The group's overdraft facilities are secured by a cross guarantee supported by debentures from group companies including General All Purpose Plastics Group Limited

No liability is expected to arise under this guarantee The maximum potential liability at 31 May 2011 is £480,953 (2010 £2,166,518)

28 Profit for the financial year

The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements The parent company's profit for the year was £Nil (2010 £Nil)

29 Post balance sheet event

On 2 September 2011 the minority shares of G A P Scotland Limited were bought by General All Purpose Plastics Limited and the trade and assets were subsequently hived up