Epwin Group Limited
(formerly Epwin (Holdings) Limited)

Directors' report and financial statements

Registered number 7742256

For the period ended 31 December 2012

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Directors' report

The directors present their report and financial statements for the period from 16 August 2011 (the date of incorporation) to 31 December 2012

Company incorporation and acquisitions

The company was incorporated on 16 August 2011 It changed its name to Epwin Group Limited on 6 February 2013

In October 2011, the company purchased the entire share capital of SBP Limited and Venture Building Plastics Limited by means of a S110 restructure

On 16 January 2012, the company purchased the entire share capital of Building Plastics Holdings Limited, CET Glass Processors Holdings Limited and Latium Building Products Holdings Limited by means of a share for share exchange

On 19 January 2012, SBP Limited, a subsidiary company, bought the entire share capital of Shepherds UK Limited

On 22 October 2012, Indigo Products Limited, a subsidiary company, bought the entire share capital of JWD Frames Limited

In December 2012, the company bought the entire share capital of Epwin (Holdings) Limited (formerly Epwin Group Limited) and Epwin Property Holdings Limited These entities were dormant

Principal activities

The principal activity of the company is that of a holding company The principal activities of the group consist of the extrusion of PVC-U and PVC-UE, the manufacture of windows, doors and conservatories, sealed double glazed units, related building materials and the retail, trade and public sector sales of all these products

Business review

The result for the period is shown in the attached profit and loss account

The business performed well during the period, with sales of £300 2m and operating profit after goodwill amortisation and exceptional site closure and redundancy cost of £9 6m

	Period to 31 December 2012
Turnover	£300 2m
Gross profit percentage	28 1%
Operating profit	£9 6m
Shareholders' funds	£32 7m
Average number of employees	2,366
Operating cash flow	£16 5m
Capital expenditure	£5 6m

The Group has developed a reasonable performance in the period Substantial cost savings have been made by management to maintain and increase profitability and cash flow It is by achieving this that the Group's customers, employees and suppliers will continue to prosper for the long term

Directors' report *(continued)*

Business review *(continued)*

The Group will continue to invest in the future by identifying appropriate acquisitions, market or other investment opportunities that will enhance the offer to customers The board believes that an emphasis on sustainability and energy efficiency in developing both products and processes remains key to the future for both the Group and the industry Whilst the directors expect that the challenging market conditions will continue through 2013, they consider the Group remains soundly based for the future

Key Performance Indicators ("KPIs")

The principle KPIs are turnover growth, gross profit percentage, operating profit percentage, operating cashflow, cash conversion and capex In all these areas the Group has performed well during the period

Principal risks and uncertainties

The Group has a wide product portfolio and operates in diverse markets serving many customers, none of whom represent a significant percentage of turnover This is of significant benefit in diversifying the commercial risks faced by the Group as is the Group's commitment to quality, innovation and sustainability within the sector

The Group is exposed to a variety of financial risks in the form of commodity prices, liquidity, foreign exchange and credit The Group has developed processes to continually monitor and manage the impact of these risks on its financial performance

Commodity price risk is managed by contractual review and, where possible, by entering into fixed price contracts The Group controls liquidity risk by managing net cash flow generated by the various businesses and via credit facilities Foreign exchange risks are reduced, where necessary, by the use of forward exchange contracts Credit risk is managed by the use of credit checking and the enforcement of credit limits

The Group remains committed to controlling and minimising its environmental impact and to working in a sustainable manner in compliance with statute and best practice Health and safety risks are actively managed by the Group's Health and Safety Officers

Future developments

There are no planned changes to the nature of the Group's business

Going concern

The Group is profitable and cash generative with the availability of significant bank facilities The directors believe that the Group is well placed to manage its business risk and has adequate resources to continue its operations for the foreseeable future They therefore believe it is appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements

Policy and practice on payment of creditors

The Group acknowledges the contribution that its suppliers make to the success of its operations It is the Group's practice to agree terms of payment in advance and, where accounts are not in dispute, to abide by such terms

At 31 December 2012, the Group had an average of 54 days purchases outstanding in trade creditors

Directors' report *(continued)*

Proposed dividend

The directors do not recommend the payment of a dividend

Directors

The directors who held office during the period and up to the date of the financial statements are shown below

A J Rawson	-	appointed on incorporation, 16 August 2011
B G Kennedy	-	appointed 16 January 2012
J A Bednall	-	appointed 16 January 2012
D J Challinor	-	appointed 16 January 2012

Pension arrangements

The Group offers the possibility of participating in defined contribution pension schemes

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Employees

The group actively encourages employee involvement in the business, developing appropriate channels of communication There are regular management and staff meetings to ensure that there is a regular flow and exchange of information and ideas about the business

Disabled persons

It is the group's policy to ensure that all vacancies are open to disabled persons where the physical requirements of the job permit In the event of an employee becoming disabled the group offers, if appropriate, retraining or suitable alternative employment

Political and charitable contributions

The group made no political contributions or donations to charity during the period

Auditors

KPMG LLP were appointed first auditors of the company by the directors Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

On behalf of the board

S E Rice
Secretary

4 Manor Park Business Centre
Mackenzie Way
Cheltenham
Gloucestershire
GL51 9TX

14 May 2013

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the Group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period

In preparing each of the Group and Company 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 UK 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 group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report to the members of Epwin Group Limited (formerly Epwin (Holdings) Limited)

We have audited the financial statements of Epwin Group Limited for the period ended 31 December 2012 set out on pages 7 to 33 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 Financial Reporting Council's website at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's profit for the period then ended,
- have been properly prepared in accordance with UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Epwin Group Limited (formerly Epwin (Holdings) 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Michael Froom
Senior statutory auditor
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

15 May 2013

Consolidated profit and loss account

for the period ended 31 December 2012

	Note	**Period ended 31 December 2012 £000**
Turnover	*2*	300,201
Cost of sales		(215,732)
Gross profit		**84,469**
Distribution costs		(27,259)
Administrative expenses		(47,921)
Other operating income		331
Operating profit before goodwill amortisation and exceptional administrative expenses		**12,522**
Goodwill amortisation		(1,286)
Exceptional site closure and redundancy costs		(1,616)
Operating profit		**9,620**
Interest receivable and similar income	*5*	3
Interest payable and similar charges	*6*	(1,919)
Profit on ordinary activities before taxation	*7*	**7,704**
Tax on profit on ordinary activities	*8*	(1,983)
Profit for the financial period	*18*	**5,721**

All amounts relate to continuing activities Turnover and operating profit relates to acquisitions made during the period

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historic cost basis There were no recognised gains or losses in the period other than those disclosed in the profit and loss account and therefore no statement of total recognised gains and losses has been presented

In the current period the Group acquired the entire share capital of SBP Limited, Venture Building Plastics Limited, Shepherds UK Limited, Building Plastics Holdings Limited, CET Glass Processors Holdings Limited, Latium Building Products Holdings Limited and JWD Frames Limited and had no discontinued operations

The notes on pages 13 to 33 form part of these financial statements

Consolidated balance sheet
at 31 December 2012

	Note	**2012** **£000**
Fixed assets		
Intangible assets	*9*	24,444
Tangible assets	*10*	26,130
		50,574
Current assets		
Stocks	*12*	20,946
Debtors (including £1,054,000 due after more than one year)	*13*	42,941
Cash at bank and in hand		1,563
		65,450
Creditors: amounts falling due within one year	*14*	(51,877)
Net current assets		**13,573**
Total assets less current liabilities		64,147
Creditors: amounts falling due after more than one year	*15*	(23,169)
Provisions for liabilities and charges	*16*	(8,257)
Net assets		**32,721**
Capital and reserves		
Called up share capital	*17*	37
Share premium account	*18*	11,983
Capital reserve	*18*	14,980
Profit and loss account	*18*	5,721
Shareholders' funds		**32,721**

These financial statements were approved by the board of directors on 14 May 2013 and were signed on its behalf by

A J Rawson
Director

Company registered number 7742256

The notes on pages 13 to 33 form part of these financial statements

Company balance sheet
at 31 December 2012

	Note	2012 £000
Fixed assets		
Investments	11	27,789
		27,789
Current assets		
Debtors	13	25,648
Creditors. amounts falling due within one year	14	(8,166)
Net current assets		**17,482**
Total assets less current liabilities		45,271
Creditors: amounts falling due after more than one year	15	(20,500)
Net assets		**24,771**
Capital and reserves		
Called up share capital	17	37
Share premium account	18	11,983
Capital reserve	18	14,980
Profit and loss account	18	(2,229)
Shareholders' funds		**24,771**

These financial statements were approved by the board of directors on 14 May 2013 and were signed on its behalf by

AJ Rawson

A J Rawson
Director

Consolidated cash flow statement

for the period ended 31 December 2012

	Note	Period ended 31 December 2012 £000
Cash inflow from operating activities	19	16,468
Returns on investments and servicing of finance	20	(1,926)
Taxation		(1,567)
Capital expenditure	20	(4,641)
Acquisitions	20	(29,059)
Cash flow before financing		(20,725)
Financing	20	22,288
Increase in cash in the period		**1,563**

Reconciliation of net cash flow to movement in net debt
for the period ended 31 December 2012

	Note	Period ended 31 December 2012 £000
Increase in cash in the period	21	1,563
Cash flow from new debt financing	20	(28,000)
Repayment of long-term loan	20	3,750
Issue costs of new long-term loan	20	533
Repayment of capital element of finance leases and hire purchase contracts	21	1,962
Change in net debt resulting from cash flows		(20,192)
Finance leases on acquisition		(2,431)
Unamortised loan costs on acquisition		80
Loan cost amortisation		(613)
Movement in net debt in the period		(23,156)
Net debt on incorporation		-
Net debt at the end of the period	21	**(23,156)**

Reconciliation of movements in shareholders' funds

for the period ended 31 December 2012

	Group Period ended 31 December 2012 £000	Company Period ended 31 December 2012 £000
Profit / (loss) on ordinary activities after taxation	5,721	(2,229)
New share capital subscribed	27,000	27,000
Net movement in shareholders' funds	32,721	24,771
Opening shareholders' funds	-	-
Closing shareholders' funds	**32,721**	**24,771**

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 group'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 consolidated and company financial statements have been drawn up on a going concern basis The directors have prepared forecasts for a period in excess of one year from the date of these financial statements which clearly demonstrate that the application of the going concern assumption is appropriate

Basis of consolidation

The financial statements of this group have been prepared using acquisition accounting principles in accordance with FRS 6 'Mergers and Acquisitions' The results of companies acquired during the period are included from the effective date of acquisition using the acquisition method of accounting

The consolidated financial statements include the financial statements of the company and its subsidiaries made up to 31 December 2012

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account The company's loss for the period was £2,228,791

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of twenty years

Impairment of fixed assets and goodwill

Goodwill and fixed assets are reviewed for impairment in accordance with applicable accounting standards if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable

Where the value of the asset is less than the recoverable amount the asset is written down to its recoverable amount

Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment where in the opinion of the directors there has been a diminution in the value of the investment

Notes *(continued)*

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation

Depreciation is provided 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 property	-	25 to 50 years
Long leasehold property	-	life of lease
Leasehold improvements	-	life of lease
Plant and machinery	-	3 to 10 years
Computer equipment	-	3 to 5 years
Motor vehicles	-	4 years

Foreign currencies

Transactions in foreign currencies 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 contracted 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

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors The interest elements of the rental obligations are charged to the profit and loss account over the period of the lease and represent a constant proportion of the balance of capital repayments outstanding Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Post-retirement benefits

The group operates defined contribution pension schemes The assets of the schemes are held separately from those of the Group in independently administered funds The amounts charged against profits represent the contributions payable to the schemes in respect of the accounting period

Stocks

Stocks are stated at the lower of cost and net realisable value The cost of finished goods and work in progress comprises direct materials, direct labour, direct expenses and attributable production overheads incurred in bringing stock to its present location and condition

Taxation

The charge for taxation is based on the profit / (loss) for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Notes *(continued)*

1 ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty The following criteria must also be met before revenue is recognised

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods

Rendering of services

Revenue from the installation of windows, doors and conservatories is recognised by stage of completion

Interest income

Interest is recognised on an accruals basis

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the relevant assets to which they relate

Long-term contracts

Where the outcome of a long term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion This is measured by the proportion that contract costs incurred to date bear to the estimated total contract costs

Notes *(continued)*

2 TURNOVER

Turnover represents the value of goods and services supplied by the Company net of value added tax

Turnover is derived from the group's principal activities and from continuing operations All turnover originates in the United Kingdom and is carried out in the following regions

	Period to 31 December 2012 £000
United Kingdom	284,102
Europe	15,159
Other	940
	300,201

3 REMUNERATION OF DIRECTORS

	Period to 31 December 2012 £000
Directors' emoluments	734,812
Company contributions to money purchase pension schemes	61,527
	796,339

The aggregate emoluments of the highest paid director were £410,359 and company pension contributions of £40,527 were made to a money purchase scheme on his behalf

	Number of directors Period to 31 December 2012
Retirement benefits are accruing to the following number of directors under	
Money purchase schemes	2

Notes *(continued)*

4 STAFF NUMBERS AND COSTS

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

	Period to 31 December 2012
Executive management	5
Production and distribution	1,746
Marketing and administration	615
	2,366

The aggregate payroll costs of these persons were as follows

	£000
Wages and salaries	62,940
Social security costs	5,945
Other pension costs	1,553
	70,438

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	Period to 31 December 2012 £000
Group	
Bank deposits	2
Other	1
	3

Notes *(continued)*

6 INTEREST PAYABLE AND SIMILAR CHARGES

	Period to 31 December 2012 £000
Group	
On bank overdrafts and loans	1,195
Finance charges payable in respect of finance leases and hire purchase contracts	17
Write off of finance costs of new loan issues	533
Other	174
	1,919

7 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Period to 31 December 2012 £000
Profit on ordinary activities before taxation is stated after charging/(crediting)	
Depreciation and other amounts written off tangible fixed assets	
- owned	5,751
- leased	616
Amortisation of goodwill	1,286
Land and buildings – operating leases	5,970
Hire of plant and machinery – operating leases	642
Hire of vehicles – operating leases	1,627

Auditors' remuneration	
Audit of these financial statements	30
Fees payable to the auditor and its associates for other services	
- the audit of the company's subsidiaries pursuant to legislation	145
- other services including taxation	13

In addition to the above amounts payable to the auditor that were charged to the profit and loss account, an additional £225,000 was paid in respect of acquisitions made during the period before KPMG LLP were appointed as auditors and a further £247,000 was paid in respect of acquisitions made during the period after KPMG LLP were appointed as auditors These amounts have been capitalised in the period

During the period £125,000 was paid to the auditor in respect of the audit of the subsidiary undertakings for the year/period ended 31 December 2011

Notes *(continued)*

8 TAXATION

	Period to 31 December 2012 £000
Group	
UK corporation tax	
Current tax on income for the period and total current tax	**2,082**
Deferred tax	
Origination/reversal of timing differences	(619)
Effect of increased/decreased tax rate	520
Total deferred tax	**(99)**
Tax on profit on ordinary activities	**1,983**

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 24 5% The differences are explained below

	Period to 31 December 2012 £000
Current tax reconciliation	
Profit on ordinary activities before tax	**7,704**
Current tax at 24 5%	1,887
Expenses not deductible for tax purposes	320
Differences between depreciation and capital allowances	232
Other timing differences	(357)
Current tax charge on profit for the period	**2,082**

Notes *(continued)*

8 TAXATION *(continued)*

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively This will reduce the company's future current tax charge accordingly The deferred tax asset at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly

Deferred taxation

The deferred taxation included in the balance sheet is as follows

	2012
	£000
Decelerated capital allowances	682
Other timing differences	297
Tax losses	4,603
Included in debtors (see note 13)	**5,582**

	£000
On acquisition	5,483
Deferred tax credited in profit and loss account	99
At 31 December 2012	**5,582**

Notes *(continued)*

9 INTANGIBLE FIXED ASSETS

	Goodwill £000
Group	
Cost	
On incorporation	-
Acquisitions	25,730
At 31 December 2012	**25,730**
Accumulated amortisation	
On incorporation	-
Acquisitions	-
Charge for period	1,286
At 31 December 2012	**1,286**
Net book value	
At 31 December 2012	**24,444**
On incorporation	-

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises

During the period, Epwin Group Limited acquired the entire share capital of SBP Limited and Venture Building Plastics Limited by means of a S110 restructure

The company also acquired the entire share capital of Building Plastics Holdings Limited, CET Glass Processors Holdings Limited and Latium Building Products Holdings Limited by means of a share for share exchange and certain of its subsidiaries acquired the entire share capital of Shepherds UK Limited and JWD Frames Limited for cash consideration

Details of the acquisitions can be found in Note 22

Following a review of the useful life of the goodwill associated with the acquisitions above, the directors are amortising positive goodwill to nil by equal annual instalments over its estimated useful life of twenty years

Notes *(continued)*

10 TANGIBLE FIXED ASSETS

Group	Leasehold Improvements £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost				
On incorporation	-	-	-	-
On acquisition	32	26,213	796	27,041
Additions	-	5,348	210	5,558
Disposals	-	(677)	(351)	(1,028)
At 31 December 2012	**32**	**30,884**	**655**	**31,571**
Accumulated depreciation				
On incorporation	-	-	-	-
Charge for period	8	5,843	516	6,367
Disposals	-	(586)	(340)	(926)
At 31 December 2012	**8**	**5,257**	**176**	**5,441**
Net book value				
At 31 December 2012	**24**	**25,627**	**479**	**26,130**
On incorporation	-	-	-	-

Included in the total net book value is £357,000 in respect of assets held under finance leases Depreciation for the period on these assets was £616,000

Notes *(continued)*

11 FIXED ASSET INVESTMENTS

Company	**Shares in subsidiary undertakings £000**
Cost	
On incorporation	-
Acquisitions	27,789
At 31 December 2012	**27,789**

The above acquisitions are explained in Note 9

The principal subsidiaries in which the Company's interest at the period end is more than 20% are as follows

Subsidiary undertakings	**Country of incorporation**	**Principal activity**	**Class and percentage of shares held**	
SBP Limited *	England	The extrusion of PVC-U and PVC-UE, the manufacture of windows, doors and conservatories, sealed double glazed units, related building materials and the retail, trade and public sector sales of these products	Ordinary and deferred shares	100%
Venture Plastics Limited *	England	Supply of plastic building products	Ordinary shares	100%
CET Glass Processors Holdings Limited *	England	Assembly and supply of insulated glass units	Ordinary shares	100%
Shepherds UK Limited	England	Supply of plastic building products	Ordinary shares	100%
Spectus Systems Limited	England	Manufacture and sale of extruded PVC and cellular foam building products	Ordinary shares	100%
HW Plastics Limited	England	Lease and sub-lease of a property	Ordinary shares	100%

Notes *(continued)*

11 FIXED ASSET INVESTMENTS *(continued)*

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held	
Trentham Logistics Limited	England	Warehouse and distribution facility	Ordinary shares	100%
Indigo Products Limited	England	Fabrication of PVC-U products	Ordinary shares	100%
Kestrel BCE Limited	England	Manufacture and sale of extruded PVC building products	Ordinary shares	100%
Celuform Building Products Limited	England	Manufacture and sale of extruded PVC building products	Ordinary shares	100%
Winep 50 Frames Limited (formerly JWD Frames Limited)	England	Manufacture and sale of windows, double glazing and doors	Ordinary shares	100%

Note that subsidiary undertakings marked with an asterisk (*) are directly held by the Company, the others are held indirectly by intermediate holding companies

12 STOCK

	Group £000
Raw materials	8,942
Work in progress	1,340
Finished goods	10,664
	20,946

In the directors' opinion, the replacement cost and carrying value of stocks does not differ from the balance sheet value by a material amount

Notes *(continued)*

13 DEBTORS

	Group 2012 £000	Company 2012 £000
Trade debtors	31,260	-
Amounts due from group undertakings	-	25,648
Deferred tax (including £1,054,000 due after more than one year)	5,582	-
Other debtors	2,925	-
Prepayments and accrued income	3,174	-
	42,941	**25,648**

14 CREDITORS: amounts falling due within one year

	Group 2012 £000	Company 2012 £000
Bank loans and overdraft	3,750	8,151
Obligations under finance leases and hire purchase contracts (see note 15)	342	-
Trade creditors	29,367	-
Taxation and social security	4,703	-
Other creditors	5,766	-
Accruals and deferred income	7,949	15
	51,877	**8,166**

Notes *(continued)*

15 CREDITORS: amounts falling due after more than one year

	Group 2012 £000	Company 2012 £000
Bank loans	20,500	20,500
Obligations under finance leases and hire purchase contracts (see note 15)	127	-
Other creditors	2,542	-
	23,169	**20,500**

Analysis of bank loans

	Group 2012 £000	Company 2012 £000
Debt can be analysed as falling due		
In one year or less, or on demand	3,750	3,750
Between one and two years	3,750	3,750
Between two and five years	16,750	16,750
	24,250	**24,250**

Included in bank loans are the following

Revolving credit facility

£13 million of the loan included in creditors falling due after more than one year is drawn under the Group's £20 million Revolving Credit facility

The term of the loan is 4 years, until January 2016, with the bank having a fixed and floating charge over the Group's assets This was extended to January 2017 subsequent to the year end and as such the arrangement fees have been charged to the profit and loss account

The loan is to be repaid in equal instalments in June and December each year The interest charge is 2 65% over LIBOR

The maturity of obligations under finance leases and hire purchase contracts is as follows

	Group 2012 £000
Within one year	342
In the second to fifth years	127
	469

Notes *(continued)*

16 PROVISIONS FOR LIABILITIES AND CHARGES

Group	Leasehold dilapidations £000	Warranties £000	Onerous Lease provisions £000	Total £000
On incorporation	-	-	-	-
On acquisition	3,029	1,950	3,526	8,505
Utilised in the period	(248)	-	-	(248)
At 31 December 2012	**2,781**	**1,950**	**3,526**	**8,257**

The onerous lease provision in the year relates to a property leased for the next four years The leasehold dilapidations and warranties are expected to be paid in the next one to four years

17 CALLED UP SHARE CAPITAL

	Group and Company 2012 £
Authorised, allotted, called up and fully paid	
1,620,002 A ordinary shares of 1p each	16,200
36,818 A1 ordinary shares of 1p each	368
1,952,809 B ordinary shares of 1p each	19,528
72,191 B1 ordinary shares of 1p each	722
	36,818

The Company was registered on 16 August 2011 One Ordinary share of £1 was issued, allotted and fully paid

On 19 October 2011 the Ordinary share was subdivided into 100 Ordinary shares with a nominal value of £0 01 per share

On 20 October 2011 2,204,900 Ordinary shares with a nominal value of £0 01 were issued, allotted and fully paid in connection with the acquisition of SBP Limited and Venture Building Plastics Limited For details of the acquisitions see note 22

On 16 January 2012 1,952,809 Ordinary shares of £0 01 were converted into B ordinary shares of £0 01 and 72,191 Ordinary shares of £0 01 were converted into B1 ordinary shares of £0 01

Also on 16 January 2012 1,620,002 B Ordinary shares with a nominal value of £0 01 were issued, allotted and fully paid in connection with the acquisition of Building Plastics Holdings Limited, CET Glass Processors Holdings and Latium Building Products Holdings Limited and 36,818 B1 Ordinary shares with a nominal value of £0 01 were issued, allotted and fully paid in connection with the acquisition of Building Plastics Holdings Limited, CET Glass Processors Holdings and Latium Building Products Holdings Limited For details of the acquisitions see note 22

Notes *(continued)*

17 CALLED UP SHARE CAPITAL *(continued)*

The shares rank pari passu in all respects except for the following

- the A1 and B1 ordinary shares are not entitled to receive notice of or attend or vote at any general meeting of the Company
- the A and B ordinary shares confer on the holders the right to appoint up to two directors of the Company
- the A1 ordinary shares shall not be transferable during the period of 3 years following the date of adoption of the articles without the consent of the A shareholder and the B shareholder, save in the case of a permitted transfer as set out in the articles, after which period the pre-emption rights set out in the articles shall apply to any transfer of A1 ordinary shares

18 SHARE PREMIUM AND RESERVES

Group	**Capital reserve £000**	**Share premium account £000**	**Profit and loss account £000**
On incorporation	-	-	-
On acquisition	14,980		
Profit for the period	-	-	5,721
Premium on share issue	-	11,983	-
At 31 December 2012	**14,980**	**11,983**	**5,721**

Company	**Capital reserve £000**	**Share premium account £000**	**Profit and loss account £000**
On incorporation	-	-	-
On acquisition	14,980		
Loss for the period	-	-	(2,229)
Premium on share issue	-	11,983	-
At 31 December 2012	**14,980**	**11,983**	**(2,229)**

Notes *(continued)*

19 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	Period to 31 December 2012 £000
Operating profit	9,620
Depreciation and amortisation charges	7,653
Increase in stocks	(1,249)
Decrease in debtors	3,398
Decrease in creditors	(2,935)
Profit on disposal	(19)
Net cash inflow from operating activities	**16,468**

Notes *(continued)*

20 ANALYSIS OF CASH FLOWS

	Period to 31 December 2012 £000
Returns on investment and servicing of finance:	
Interest received	3
Interest paid	(1,378)
Interest element of finance lease rental payments	(18)
Finance costs of new loan issues	(533)
	(1,926)
Capital expenditure:	
Purchase of tangible fixed assets	(4,762)
Disposal of tangible fixed assets	121
	(4,641)
Acquisitions:	
Purchase of subsidiary undertaking	(1,100)
Costs associated with acquisitions	(810)
Net debt acquired	(27,149)
	(29,059)
Financing:	
Capital element of finance lease rental payments	(1,962)
Repayment of loans	(3,750)
New loans	28,000
	22,288

Notes *(continued)*

21 ANALYSIS OF NET DEBT

Group	On incorporation £000	Cash flow £000	Other non-cash changes £000	At end of year £000
Cash in hand and at bank	-	1,563	-	1,563
Finance leases	-	1,962	(2,431)	(469)
Bank loans	-	(23,717)	(533)	(24,250)
Total	**-**	**(20,192)**	**(2,964)**	**(23,156)**

Other non-cash changes consists mainly of roll-up interest charged on bank loans

22 ACQUISITIONS

In October 2011, the company purchased the entire share capital of SBP Limited and Venture Building Plastics Limited by means of a S110 restructure

On 16 January 2012 the company purchased the entire share capital of Building Plastics Holdings Limited, CET Glass Processors Holdings Limited and Latium Building Products Holdings Limited by means of a share for share exchange

On 19 January 2012, SBP Limited, a subsidiary company, bought the entire share capital of Shepherds UK Limited

On 22 October 2012, Indigo Products Limited, a subsidiary company, bought the entire share capital of JWD Frames Limited

	SBP / Venture £000	Fair value adjustments £000	Total SBP / Venture £000	Latium entities £000	Fair value adjustments £000	Total Latium £000	Total Other £000	Total fair value £000
Fixed assets	10,204	4,044	14,248	14,037	(1,596)	12,441	352	27,041
Stock	13,637	-	13,637	5,558	-	5,558	502	19,697
Debtors	28,180	(341)	27,839	20,119	(1,504)	18,615	593	47,047
Cash	(12,923)	-	(12,923)	(14,221)	-	(14,221)	(5)	(27,149)
Creditors	(35,684)	(928)	(36,612)	(20,913)	(4,357)	(25,270)	(1,574)	(63,456)
Net assets	**3,414**	**2,775**	**6,189**	**4,580**	**(7,457)**	**(2,877)**	**(132)**	**3,180**
Satisfied by								
Shares issued	15,000	-	15,000	12,000	-	12,000	-	27,000
Cash *	-	-	-	775	-	775	1,135	1,910
Net assets	(3,414)	(2,775)	(6,189)	(4,580)	7,457	2,877	132	(3,180)
Goodwill	**11,586**	**(2,775)**	**8,811**	**8,195**	**7,457**	**15,652**	**1,267**	**25,730**

* Including deal costs of £810,000 all of which were paid at the period end

Notes *(continued)*

22 ACQUISITIONS *(continued)*

The fair value adjustments on fixed assets relate mainly to plant and machinery The debtor fair value adjustments relate to trade debt and deferred tax write downs and the creditor fair value adjustment relates principally to onerous lease and dilapidation provisions

The summarised profit and loss account of the following acquired entities, which meet the criteria set out in FRS 6 - Acquisitions and mergers, and the profit after taxation for the previous financial year are shown below There were no recognised gains or losses other than those disclosed in the profit and loss account

	SBP Limited	Venture Building Plastics Limited	* Indigo Building Products Limited	* Building Plastics Holdings Limited	* Latium Building Products Holdings Limited	* CET Glass Processors Holdings Limited
	1 Jan 2011 to date of acquisition £000	1 Aug 2010 to date of acquisition £000	1 Jan 2012 to date of acquisition £000	1 Jan 2012 to date of acquisition £000	1 Jan 2012 to date of acquisition £000	1 Jan 2012 to date of acquisition £000
Turnover	134,005	3,085	262	962	996	623
Gross profit	35,837	941	53	183	265	193
Operating profit	4,923	77	20	15	1	9
Sale of investment	834	-	-	-	-	-
Profit before taxation	5,745	72	20	11	-	5
Taxation	(1,663)	(24)	-	-	-	1
Profit after taxation	4,082	49	21	11	-	6
Profit after taxation – year ended 31 Dec 2010	3,585	-	-	-	-	-
Profit after taxation – year ended 31 Jul 2010	-	301	-	-	-	-
Profit after taxation – 14 month period ended 31 Dec 2011	-	-	18	182	437	87

* Entities included as part of the Latium acquisition on 16 January 2012

Notes *(continued)*

23 COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

Group	2012 Land and Buildings £000	2012 Other £000
Operating leases which expire		
Within one year	397	413
In the second to fifth years inclusive	2,409	1,337
Over five years	2,972	-
	5,778	**1,750**

24 PENSION SCHEME

The group operates defined contribution schemes The pension cost charge for the period represents contributions payable by the Group to the schemes and amounted to £1,553,000 There were no outstanding or prepaid contributions at either the beginning or end of the financial period

25 RELATED PARTY TRANSACTIONS

During the period the Group leased properties at a market rent of £2,496,000 from entities in which Mr A J Rawson has a beneficial interest The amount outstanding at 31 December 2012 was £616,000

During the period the Group traded with entities in which Mr B G Kennedy has a beneficial interest, the net value of sales was £3,604,000

During the period the Group also paid rentals and management fees to entities in which Mr B G Kennedy has a beneficial interest, the net cost of which was £2,034,000 The amount outstanding at 31 December 2012 was £1,044,000

26 CONTINGENT LIABILITIES

The Company is party to the Group's cross guarantee banking arrangements in respect of the Group's term loan, which was £11 25m at the balance sheet date, the Group's revolving credit facility, which was £13 0m at the balance sheet date and the Group's overdraft facility, which was unutilised at the balance sheet date

27 ULTIMATE CONTROL

The Company's principal shareholders are A J Rawson and B G Kennedy who control the Group