

Registered number: 09252894

DW3 PRODUCTS GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



DW3 PRODUCTS GROUP LIMITED

COMPANY INFORMATION

Directors	Ms C Doyle Ms J Freiburger Ms R Murphy
Company secretary	Ms R Murphy Pinsent Masons Secretarial Limited
Registered number	09252894
Registered office	Birthwaite Business Park Huddersfield Road Darton Barnsley South Yorkshire S75 5JS
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Donington Court Pegasus Business Park Castle Donington DE74 2UZ
Accountants	Mitten Clarke Limited The Glades Festival Way Festival Park Stoke on Trent Staffordshire ST1 5SQ

DW3 PRODUCTS GROUP LIMITED

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DW3 PRODUCTS GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The directors present their strategic report for the year ended 31st March 2018.

Business review and key performance indicators

The company is an intermediary investment holding company which was formed in October 2014 to act as the vehicle to acquire the Solidor group of companies, which operate in the composite and UPVC door sector, together with Windows Widgets (2006) Limited, a company that specialises in the production of ancillary window components and window system design and extrusion.

The KPI's to monitor the performance of the subsidiary companies are disclosed within the consolidated financial statements of the company's parent undertaking, DW3 Products Holdings Limited, which are available from Birthwaite Business Park, Huddersfield Road, Darton, Barnsley, South Yorkshire, S75 5JS.

The company's income historically relates to dividends received from the subsidiary companies. No dividends were paid during the year (2017: £1.5 million) and costs incurred related to administrative costs of £0.8 million (2017: £0.6 million), exceptional costs relating to the sale of the DW3 group of £0.6 million (2017: £50k), and interest charged on the loan taken to finance the subsidiary investment of £1.0 million (2017: £1.2 million). Now that the DW3 group has been sold to Masonite International Corporation we do not expect this level of income or costs to continue.

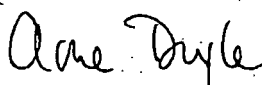
Principal risks and uncertainties

The principal risk and uncertainty related to the recoverability of the company's investment in its subsidiary companies. The directors monitor financial performance of the subsidiaries against approved budgets and the prior year on a monthly basis in order to identify and mitigate the risk of impairment.

This report was approved by the board on
on its behalf.

8 March 2019

and signed



Ms C. Doyle
Director

DW3 PRODUCTS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Directors present their report and the financial statements for the year ended 31 March 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Principal activity

The company acts as a holding company, having investments in subsidiary companies, debt financing and contracts of employment for the group's directors.

Results and dividends

The loss for the year, after taxation, amounted to £2,162,358 (2017 - loss £113,384).

The loss reflects the nature of being an intermediary holding company and debt structuring as opposed to underlying business performance.

Whilst the company has net current liabilities, the directors believe that the company remains to be a going concern as the amounts owed by the company are, owed to subsidiary companies under its control. The company has sufficient cash resources to meet its commitments outside of the DW3 group and therefore the going concern basis of accounting is deemed appropriate.

During the year the company was released of its liability to repay £11.3 million of debt owed to its immediate parent undertaking. This has been recorded as a capital contribution within the SOCIE.

DW3 PRODUCTS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Directors

The Directors who served during the year were:

Mr G Mobley (resigned 29 January 2018)
Mr C Chapman (resigned 29 January 2018)
Mr C Hopley (resigned 29 January 2018)
Mr M Price (resigned 29 January 2018)
Mr D Gill (resigned 29 January 2018)
Mr R Stenton (resigned 29 January 2018)
Mr R Freer (resigned 30 June 2017)
Mr D G Lloyd (appointed 2 May 2017, resigned 29 January 2018)
Mr K Williamson (appointed 2 May 2017, resigned 29 January 2018)
Mr J Pickering (appointed 30 June 2017, resigned 29 January 2018)
Mr B Coughlan (appointed 29 January 2018, resigned 30 April 2018)
Ms J Freiburger (appointed 29 January 2018)
Ms R Murphy (appointed 29 January 2018)
Ms C Doyle (appointed 1 October 2018)

Financial risk management

Liquidity risk

The directors regularly review the available cash and debit facilities in order to ensure that liquidity risk is appropriately managed. The company has committed funding and the cash flows of the subsidiary companies are closely monitored to ensure that the regular stage payments relating to interest and debt can be made in line with contractual terms.

Interest risk

Prior to the acquisition of Window Widgets (2006) Limited, the group debt attracted a fixed rate of interest. The additional debt taken on to fund the acquisition is variable, based on bank base rate plus margin. The board regularly review interest rate expectations in order to mitigate the risk of future interest rate rises impacting profitability.

Future developments

The market is expected to remain competitive and whilst there is some uncertainty around the macro economic environment, the directors believe the group is well placed to improve its performance. The window division should start to fully capitalise on the new products launched last year whilst the door division should see continued growth in the composite sector as well as its new product offerings.

Research and development activities

The group undertakes new product design and is continually looking to improve processes in order to maintain its reputation for innovation.

DW3 PRODUCTS GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Following the acquisition of the group by Masonite International Corporation on 29 January 2018 a decision has been made to appoint the auditors of the new parent company following the completion of this year's audit. PricewaterhouseCoopers LLP's tenure as auditors will come to an end and the directors will seek to appoint Ernst and Young LLP as auditors' for the coming financial period.

This report was approved by the board on
signed on its behalf.

8 March 2019

and



**Ms C Doyle
Director**

DW3 PRODUCTS GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DW3 PRODUCTS GROUP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion DW3 Products Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

DW3 PRODUCTS GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DW3 PRODUCTS GROUP LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

DW3 PRODUCTS GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DW3 PRODUCTS GROUP LIMITED

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Matt Palmer (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

Date: 12 March 2019

DW3 PRODUCTS GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Administrative expenses		(805,198)	(603,431)
Exceptional administrative expenses	4	(649,379)	(50,000)
Operating loss	5	(1,454,577)	(653,431)
Income from shares in group undertakings		-	1,500,000
Interest payable and similar expenses	9	(1,014,911)	(1,239,953)
Loss before tax		(2,469,488)	(393,384)
Tax on loss	10	307,130	280,000
Loss for the financial year		<u>(2,162,358)</u>	<u>(113,384)</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>(2,162,358)</u>	<u>(113,384)</u>

The notes on pages 12 to 27 form part of these financial statements.

DW3 PRODUCTS GROUP LIMITED
REGISTERED NUMBER: 09252894

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	11	21,310,228	21,310,228
		<u>21,310,228</u>	<u>21,310,228</u>
Current assets			
Debtors: amounts falling due within one year	12	5,328,964	4,870,484
Cash at bank and in hand	13	219,670	28,768
		<u>5,548,634</u>	<u>4,899,252</u>
Creditors: amounts falling due within one year	14	(17,658,523)	(11,409,758)
Net current liabilities		<u>(12,109,889)</u>	<u>(6,510,506)</u>
Total assets less current liabilities		<u>9,200,339</u>	<u>14,799,722</u>
Creditors: amounts falling due after more than one year	15		(14,702,377)
Net assets		<u><u>9,200,339</u></u>	<u><u>97,345</u></u>
Capital and reserves			
Called up share capital	19	266	266
Share premium account	20	5	5
Profit and loss account	20	9,200,068	97,074
Total equity		<u><u>9,200,339</u></u>	<u><u>97,345</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



Ms C Doyle
Director

The notes on pages 12 to 27 form part of these financial statements.

8 March 2019

DW3 PRODUCTS GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	266	5	97,074	97,345
Comprehensive income for the year				
Loss for the year	-	-	(2,162,358)	(2,162,358)
Total comprehensive income for the year	-	-	(2,162,358)	(2,162,358)
Capital contribution	-	-	11,265,352	11,265,352
Total transactions with owners	-	-	11,265,352	11,265,352
At 31 March 2018	266	5	9,200,068	9,200,339

The notes on pages 12 to 27 form part of these financial statements.

DW3 PRODUCTS GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	266	5	210,458	210,729
Comprehensive income for the year				
Loss for the year	-	-	(113,384)	(113,384)
Total comprehensive income for the year	-	-	(113,384)	(113,384)
Total transactions with owners	-	-	-	-
At 31 March 2017	266	5	97,074	97,345

The notes on pages 12 to 27 form part of these financial statements.

DW3 PRODUCTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

The Company is a private United Kingdom company limited by its shares. It is both incorporated and domiciled in England and Wales. Its registered office address is Birthwaite Business Park, Huddersfield Road, Darton, Barnsley, South Yorkshire, S75 5JS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of DW3 Products Holdings Limited as at 31 March 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 Going concern

Whilst the company has net current liabilities, the directors believe that the company remains to be a going concern as the amounts owed by the company are, owed to subsidiary companies under its control. The company has sufficient cash resources to meet its commitments outside of the DW3 group and therefore the going concern basis of accounting is deemed appropriate.

DW3 PRODUCTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

DW3 PRODUCTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.7 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

DW3 PRODUCTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Impairment of Assets - The recoverability of investments is a key judgement as it relates to the achievement of the forecasted future sales and profit targets. The directors regularly review the performance of the subsidiary companies and provisions for impairment are made where future forecasted cash flows (either from ongoing trade or sale of the subsidiary) are no longer sufficient to recover the company's net investment.

DW3 PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. Exceptional administrative expenses

	2018 £	2017 £
Exceptional legal and professional fees	459,219	50,000
Exceptional directors' remuneration	190,160	-
	<u>649,379</u>	<u>50,000</u>

Exceptional legal and professional costs relate to the sale of the group (2017: management fees recharged to the company).

Exceptional directors' remuneration relates to bonuses paid upon sale of the group.

5. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Defined contribution pension cost	<u>54,555</u>	<u>25,344</u>

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	3,550	2,750
	<u>3,550</u>	<u>2,750</u>
Fees payable to the Company's auditor and its associates in respect of:		
Other non audit services	37,600	2,000
	<u>37,600</u>	<u>2,000</u>

DW3 PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	682,738	393,210
Social security costs	78,739	47,007
Cost of defined contribution scheme	54,555	25,344
	<u>816,032</u>	<u>465,561</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2018 No.	2017 No.
Directors	<u>4</u>	<u>7</u>

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	619,858	585,472
Company contributions to defined contribution pension schemes	12,157	32,206
	<u>632,015</u>	<u>617,678</u>

During the year retirement benefits were accruing to 3 Directors (2017 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £227,976 (2017 - £151,731).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £6,032 (2017 - £NIL).

Directors' remuneration consisting of salary, benefits and fees payable and pension contributions were made available to directors of DW3 Products Group Limited for services provided to this company and Solidor Limited, Toolsdecor Limited and Window Widgets (2006) Limited. £51,139 (2017 - £200,292) of remuneration and £3,863 (2017 - £6,862) of pension contributions were paid by subsidiary companies.

DW3 PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	294,035	389,656
Other loan interest payable	720,876	850,297
	<u>1,014,911</u>	<u>1,239,953</u>

Interest payable and similar charges is the interest expense on financial liabilities not measured at fair value through the statement of comprehensive income.

10. Taxation

	2018 £	2017 £
Group taxation relief receivable	(306,418)	(280,000)
Total current tax	<u>(306,418)</u>	<u>(280,000)</u>
Origination and reversal of timing differences	(55)	-
Changes to tax rates	6	-
Adjustment in respect of previous periods	<u>(663)</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(307,130)</u>	<u>(280,000)</u>

DW3 PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	<u>(2,469,488)</u>	<u>(393,384)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(469,203)	(78,677)
Effects of:		
Expenses not deductible for tax purposes	162,730	98,677
Adjustments to tax charge in respect of prior periods	(663)	-
Changes to tax rates	6	-
Dividends from UK companies	-	(300,000)
Total tax charge for the year	<u>(307,130)</u>	<u>(280,000)</u>

DW3 PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

10. Taxation (continued)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 16 March 2016 and enacted in Finance Act 2016 which received Royal Assent on 15 September 2016. This included a reduction to the main rate to reduce the rate to 17% from 1 April 2020.

11. Investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2017	21,310,228
At 31 March 2018	<u>21,310,228</u>
Net book value	
At 31 March 2018	<u>21,310,228</u>
At 31 March 2017	<u>21,310,228</u>

DW3 PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. Investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Window Widgets (2006) Limited	Ordinary	100 %	Production of ancillary components for windows and window system design and extrusion
Passivdor Limited	Ordinary	100 %	Holding company
Solidor Limited	Ordinary	100 %	Manufacture of composite doors
Toolsdecor Limited	Ordinary	100 %	Manufacture of UPVC doors

The Company's investment in Window Widgets (2006) Limited and in Passivdor Limited is direct ownership, all other investments are indirect ownership.

The registered office of Window Widgets (2006) Limited, Passivdor Limited, Solidor Limited and Toolsdecor Limited is Birthwaite Business Park, Huddersfield Road, Darton, Barnsley, South Yorkshire, S75 5JS.

12. Debtors

	2018 £	2017 £
Amounts owed by group undertakings	5,019,184	4,870,484
Other debtors	309,068	-
Deferred taxation	712	-
	<u>5,328,964</u>	<u>4,870,484</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

13. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	219,670	28,768
	<u>219,670</u>	<u>28,768</u>

DW3 PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

14. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank loans	-	900,000
Trade creditors	-	1,806
Amounts owed to group undertakings	17,529,507	10,241,066
Other taxation and social security	94,825	17,996
Other creditors	4,191	3,904
Accruals and deferred income	30,000	244,986
	<u>17,658,523</u>	<u>11,409,758</u>

Secured loans

Bank loans were secured by a fixed and floating charge over all of the property of the group. The bank loan due within one year was repayable in quarterly instalments to April 2020. Interest was payable at a rate of 4.08% to 30 September 2016 and at a rate of 3.37% thereafter. The bank loan has been repaid in the year.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

The company had given security by way of a guarantee and debenture to secure debt of £2,000,000 in DW3 Products Holdings Limited, its parent undertaking. This charge was settled on 6 February 2018.

DW3 PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Loan notes	-	8,529,298
Bank loans	-	6,173,079
	<u>-</u>	<u>14,702,377</u>

Secured loans

Loan notes included £7,991,839 of series A loan notes, £237,459 of series B loan notes and £300,000 of series C loan notes. All loan notes were repaid in the year.

Series A loan notes were listed in the Channel Islands.

Series A loan notes were secured by way of a fixed and floating charge over all property of the company, its parent company and its subsidiary companies.

Series A and Series B loan notes were repayable on 31 October 2019 or earlier in the event that the business was sold or listed. Series C loan notes were repayable in the event that the business was sold or listed. Such an event occurred during the year and all loan notes have therefore been repaid.

Interest was payable on all loan notes quarterly at a fixed rate of 10%. The directors believed this was the fair value rate for these loans. A movement of 1% in this rate in the prior year would have equated to £300,000 movement in the fair value with a corresponding entry being made to interest costs.

Bank loans were secured by a fixed and floating charge over all of the property of the group. £1,800,000 of the bank loans due after more than one year was repayable in quarterly instalments to April 2020. Interest on this loan was payable at a rate of 4.08% to 30 September 2016 and at a rate of 3.37% thereafter. The remaining £4,373,079 was due for repayment in full in October 2020. Interest on this loan was payable at a rate of 4.58% to 30 September 2016 and at a rate of 3.84% thereafter. The bank loans have been fully repaid in the year.

DW3 PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Bank loans	-	900,000
	<u>-</u>	<u>900,000</u>
Amounts falling due 1-2 years		
Bank loans	-	900,000
	<u>-</u>	<u>900,000</u>
Amounts falling due 2-5 years		
Bank loans	-	5,273,079
Debenture loans	-	8,529,298
	<u>-</u>	<u>13,802,377</u>
	<u>-</u>	<u>15,602,377</u>

DW3 PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

17. Financial Instruments

	2018 £	2017 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	5,019,184	4,870,484
	<u>5,019,184</u>	<u>4,870,484</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(17,533,698)	(25,845,249)
	<u>(17,533,698)</u>	<u>(25,845,249)</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank loans, loan notes, trade creditors, amounts owed to group undertakings and some other creditors.

18. Deferred taxation

	2018 £
Charged to profit or loss	712
At end of year	<u>712</u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Short term timing differences	712	-
	<u>712</u>	<u>-</u>

19. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
2,664- Ordinary shares of £0.10 each	<u>266</u>	<u>266</u>

DW3 PRODUCTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

20. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares issued.

Profit and loss account

This reserve records all current and prior period retained profits and losses.

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £54,555 (2017 - £25,334). Contributions totalling £4,191 (2017 - £3,904) were payable to the fund at the balance sheet date.

22. Related party transactions

The company is a wholly owned subsidiary and accordingly has taken advantage of the exemptions granted under paragraph 33.1A of FRS102 and has not disclosed any transactions with other group companies in the current and prior year.

During the year the company paid monitoring fees of £41,667 (2017 - £50,000) to North Edge Capital LLP, an entity who previously had a beneficial interest in the group.

During the year the company paid fees of £Nil (2017 - £18,080) to a private company owned by Mr S Lees, a director, for his services.

During the year the company paid fees of £88,380 (2017 - £Nil) to a private company owned by Mr K Williamson, a director, for his services.

During prior periods, the company issued loan notes to several of its directors and a director of its subsidiary companies. The loan notes in issue at the balance sheet dates, loan notes repaid and/or issued during the year and interest payable during the year to directors are as follows:

DW3 PRODUCTS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

22. Related party transactions (continued)

	Loan notes repaid 2018 £	Interest payable 2018 £
Mr G Mobley	300,000	25,068
Mr C Chapman	49,989	4,177
Mr C Hopley	49,989	4,177
Mr S Lees	124,989	10,444
Mr M Price	<u>12,492</u>	<u>1,044</u>
	Loan notes in issue 2017 £	Interest payable 2017 £
Mr G Mobley	300,000	30,000
Mr C Chapman	49,989	4,999
Mr C Hopley	49,989	4,999
Mr S Lees	124,989	12,499
Mr M Price	<u>12,492</u>	<u>1,249</u>

At 31 March 2018 there were loan notes in issue of £NIL (2017: £7,820,343) to North Edge Capital Fund 1 LP and £NIL (2017 - £179,547) to North Edge Capital 1 GP LLP, entities with a beneficial interest in the group. During the year £7,820,343 (2017 - £NIL) of loan notes were repaid to North Edge Capital Fund 1 LP and £179,547 (2017 - £NIL) of loan notes were repaid to North Edge Capital 1 GP LLP. Total interest was payable during the year of £675,965 (2017 - £796,550) on these loan notes.

23. Controlling party

DW3 Products Holdings Limited is the company's immediate parent undertaking.

The smallest and largest group to consolidate the financial position and performance of the company is that headed by DW3 Products Holdings Limited, the registered office for which is Birthwaite Business Park, Huddersfield Road, Darton, Barnsley, South Yorkshire, S75 5JS.

At the balance sheet date the ultimate controlling party is Masonite International Corporation, a company incorporated in Canada.