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MAY & HASSELL PLC

REPORT

- and -

ACCOUNTS

31ST DECEMBER 1987



The Directors present their report with the audited accounts of the company for the year ended 31st December 1987.

1. REVIEW OF THE BUSINESS

The principal activities of the company are the importing, merchanting and sawmilling of timber and allied products. No significant changes occurred in the activities during the period.

The results for the year ended 31st December 1987 are shown in the profit and loss account on page 4. Turnover for the period was £12,276,279 and the profit on ordinary activities before taxation was £6,319,119. The directors expect the present level of activity to continue.

2. DIVIDENDS

The Directors recommend that a dividend of 62.1p should be paid on the ordinary shares for the year ended 31st December 1987.

3. FIXED ASSETS

The movements in tangible fixed assets are detailed in note 9 to these accounts.

4. DIRECTORS

The directors who have served during the year were:

R.A. Pinnington	(resigned 05.01.87)
H. Solomon	(appointed Chairman 05.01.87)
H.E. McCarthy	
R.G. Knight	
J. Wrigley	
P.J. Ball	
F.G.W. Green	
P.G. Harris	(appointed 05.01.87)
E.J. Newman	(appointed 05.01.87)
F.F. Andrew	(appointed 07.05.87)

Mr. H. Solomon is a director of the ultimate holding company. The beneficial interests of the other Directors in the shares of group companies were:

DIRECTOR	HILLSDOWN 10P ORD.		HUNTER 10P ORD.	
	31/12/87	31/12/86	31/12/87	31/12/86
R.G. Knight	162	50,162	6,900	7,500
J. Wrigley	-	-	-	-
P.J. Ball	2,000	1,641	-	-
	311,853*	361,853*		
P.G. Harris	-	-	-	-
E.J. Newman	-	-	-	-
F.G.W. Green	69,029	69,029	26,540	35,040

* Non-beneficial interest


F. F. Andrew and H.E. McCarthy are directors of Hunter PLC and their shareholdings are shown in its accounts.

5. DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had any beneficial interest in any material contract to which the company or any subsidiary was a party during the financial year.

6. AUDITORS

Peat Marwick McLintock were appointed as auditors of the company during the year and, in accordance with the provisions of Section 384(1) of the Companies Act 1984, a resolution to reappoint them will be proposed at the annual general meeting.

By Order of the Board
P.J. Ball, 
Director & Secretary

11th February 1988

MAY & HASSELL PLC
REPORT OF THE AUDITORS

Report of the Auditors to the members of MAY & HASSELL PLC

We have audited the accounts on pages 4 to 14 in accordance with approved Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of the company's affairs at 31st December 1987, and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PEAT MARWICK MCLINTOCK
Chartered Accountants
London

11th February 1988

MAY & HASSELL PLC
PROFIT & LOSS ACCOUNT
For the year ended 31st December 1987

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	Notes	Year to 31.12.87 £	£	9 months to 31.12.86 £	£
TURNOVER	2		12,276,279		9,166,149
Cost of sales			<u>9,588,030</u>		<u>8,841,116</u>
Gross profit			2,688,249		325,033
Distribution costs		489,981		467,454	
Administration expenses		<u>539,219</u>		<u>805,455</u>	
			<u>1,029,200</u>		<u>1,272,909</u>
TRADING PROFIT/(LOSS)			1,659,049		(947,876)
Other operating income			<u>3,903,004</u>		<u>816,628</u>
OPERATING PROFIT/(LOSS)	3		5,562,053		(131,248)
Interest receivable		868,860		381,119	
Interest payable	4	<u>(111,794)</u>		<u>(1,058,801)</u>	
			<u>757,066</u>		<u>(677,682)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX			6,319,119		(808,930)
Tax credit	6		<u>-</u>		<u>100,665</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAX			6,319,119		(708,265)
Extraordinary items	7		<u>-</u>		<u>(4,956,380)</u>
Loss for year			6,319,119		(5,664,645)
Proposed dividend	8		<u>(5,850,000)</u>		<u>(1,575)</u>
RETAINED PROFIT			<u>469,119</u> =====		<u>(5,666,220)</u> =====
RETAINED PROFITS BROUGHT FORWARD			(259,081)		5,407,139
Profit/(Loss) for year			469,119		(5,666,220)
Transfers			<u>-</u>		<u>-</u>
RETAINED PROFITS/(ACCUMULATED LOSSES) CARRIED FORWARD			<u>(210,038)</u> =====		<u>(259,081)</u> =====

The notes on pages 7 to 14 form part of these accounts.

MAY & HASSELL PLC
BALANCE SHEET
As at 31st December 1987

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	Notes	31.12.87 £	31.12.86 £
FIXED ASSETS			
Tangible assets	9	3,289,294	3,192,278
Investments - subsidiary companies	11	<u>4,596,266</u>	<u>4,726,264</u>
		7,885,560	6,978,542
CURRENT ASSETS			
Stocks	12	2,548,462	2,867,627
Debtors	13	22,504,373	17,577,414
Cash at bank & in hand		<u>4,612,403</u>	<u>10,217,940</u>
		29,665,238	30,662,981
Creditors due within one year	14	<u>34,146,047</u>	<u>34,627,182</u>
NET CURRENT LIABILITIES		<u>(4,480,809)</u>	<u>(3,964,201)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,404,751	3,014,341
Creditors due after one year	15	75,195	150,198
Provisions for liabilities & charges	17	<u>13,568</u>	<u>21,532</u>
		<u>(88,763)</u>	<u>(171,730)</u>
		<u>3,315,988</u>	<u>2,842,611</u>
CAPITAL & RESERVES			
Called up share capital	19	2,501,264	2,496,696
Revaluation reserve	20	435,932	445,930
Other reserves	20	168,754	159,066
Profit & loss account	20	<u>210,038</u>	<u>(259,081)</u>
		<u>3,315,988</u>	<u>2,842,611</u>

The accounts were approved by the Board of Directors on 11th February 1988.

J. Wrigley

P.J. Ball

Directors

The notes on pages 7 to 14 form part of these accounts.

MAX & HASSELL PLC
 SOURCE & APPLICATION OF FUNDS STATEMENT
 For the year ended 31st December 1987

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	Year to 31.12.87 £000	9 months to 31.12.86 £000
SOURCE OF FUNDS		
From operations	6,520	-
Deferred tax liability, transferred from subsidiary	-	36
Increase in loans	-	-
Shares issued at premium	14	1
Proceeds from disposal of tangible fixed assets	66	75
	<u>6,600</u>	<u>112</u>
APPLICATION OF FUNDS		
From operations	-	620
Tax paid	-	7
Dividends paid	-	11
Purchase of tangible fixed assets	382	637
Disposal of subsidiaries	-	4,200
Acquisition of subsidiaries	810	-
Repayment of loans	-	4,500
	<u>1,192</u>	<u>9,975</u>
NET DECREASE IN WORKING CAPITAL	<u>5,408</u>	<u>(9,863)</u>
REPRESENTED BY:		
Increase (decrease) in stocks	(319)	(1,459)
Increase (decrease) in debtors	(132)	73
Decrease (increase) in amounts due to group companies	11,551	(29,002)
Decrease (increase) in creditors (excluding tax, dividends & overdrafts)	367	79
Increase (decrease) in bank & cash balances	<u>(6,059)</u>	<u>20,446</u>
	<u>5,408</u>	<u>(9,863)</u>
FUNDS GENERATED (LOST) BY OPERATIONS		
Profit/(Loss) before tax	6,319	(809)
Extraordinary items - profit on redemption of debenture stock	-	30
Adjustments for: depreciation	249	177
(profit) loss on tangible fixed asset disposal	(30)	(12)
deferred grants released	(8)	(6)
transfer from revaluation reserve	<u>(10)</u>	<u>-</u>
	<u>6,520</u>	<u>(620)</u>

1. ACCOUNTING POLICIES

- (a) Basis of accounting
The accounts have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings.

- (b) Tangible fixed assets
The company's policy is to provide for depreciation of tangible fixed assets other than freehold land, so as to write off the cost of the assets by equal annual instalments over their expected useful lives mainly at the following rates:

Asset	
Freehold & long leasehold buildings	- 2% on cost (or revaluation)
Short leasehold land & buildings	- over the period of the lease
Plant, equipment, motor vehicles and office furniture	- 20% on cost

- (c) Deferred government grants
Government grants on capital expenditure are taken to the deferred government grants account and are credited to the profit and loss account over a period of 5 years. The assets are stated at their full cost and depreciation has been based on this figure.

- (d) Taxation
Taxation is calculated on the result for the period as shown in the accounts.
Provision is made for deferred taxation, under the liability method, to the extent that the liability will be payable in the foreseeable future.

- (e) Stocks
Stocks are valued at the lower of cost and net realisable value. They consist almost entirely of timber in various forms. Cost includes the actual cost of raw materials and where appropriate delivery and handling costs. Joinery and milled stock and work in progress include manufacturing overheads. Net realisable value is the price at which stock can be realised in the normal course of business.

- (f) Leases
Finance leases of plant and machinery and vehicles have been capitalised and depreciated in accordance with the company's depreciation policy. The capital element of future lease payments is included in creditors.

- (g) Distribution costs include selling costs. 1986 figures have been restated accordingly.

2. TURNOVER, PROFIT & LOSS (All within the U.K.)

	Turnover		Pre-Tax Profit/(Loss)	
	Year to 31/12/87 £	9 months to 31/12/86 £	Year to 31/12/87 £	9 months to 31/12/86 £
Turnover is sales invoiced during the period, plus cash sales, exclusive of VAT.				
Merchandising, importing, sawmilling	12,276,279	9,166,149	6,319,119	(808,930)
Joinery Manufacture	<u>12,276,279</u>	<u>9,166,149</u>	<u>6,319,119</u>	<u>(808,930)</u>

	Year to 31.12.87 £	9 months to 31.12.86 £
3. OPERATING PROFIT/(LOSS) is after crediting:		
Rental income	153,976	128,905
Dividends receivable from subsidiaries	3,710,974	669,448
Release from deferred grants	7,964	5,973
Currency gains	3,880	-
Profit (loss) on disposal of tangible fixed assets	30,090	12,302
and after charging:		
Directors' emoluments	270,559	150,035
Auditors' remuneration	19,051	39,793
Depreciation - on owned assets	177,081	116,440
- on leased assets	17,952	60,662
Hire of plant and machinery	-	-
Operating lease payments for plant & machinery	-	-
Other operating lease payments	-	-
	=====	=====

4. INTEREST PAYABLE

Bank loans & overdrafts repayable within 5 yrs	61,901	885,317
Interest on unpaid tax	614	-
Payable intra-group	-	7,276
Interest on bills	30,807	-
Finance leases	18,472	20,108
Debenture interest	-	146,100
	=====	=====
	111,794	1,058,801
	=====	=====

5. EMPLOYEE INFORMATION & DIRECTORS' EMOLUMENTS	Year to 31.12.87	9 months to 31.12.86
Average nos. during the year :	No.	No.
Yard	20	26
Mill	-	-
Factory	-	-
Shop	-	-
Haulage	14	11
Travellers	9	9
Office & Management (excludes directors)	61	63
Directors - executive	5	11
- non-executive	5	2
Total	<u>114</u>	<u>122</u>

Employment costs during the year were:

Wages & Salaries	£	£
Employer's national insurance	1,133,824	1,034,488
Employer's pension contributions	91,140	59,892
	-	-
	<u>1,224,964</u>	<u>1,094,380</u>

Directors' Emoluments:

Remuneration	207,559	76,035
Fees	-	3,000
Compensation for loss of office	-	71,000
Employer's pension contributions	-	-
Total	<u>207,559</u>	<u>150,035</u>

Chairman's remuneration - 1.4.86 - 13.8.86
13.8.86 - 31.12.86

Highest paid director (if not chairman)	-	24,547
	-	3,250
	<u>45,290</u>	<u>-</u>

NOTE: Remuneration is gross pay plus taxable benefits in kind

Nos. of directors in salary range (gross pay plus taxable benefits in kind)	Year to 31.12.87	9 months to 31.12.86
	No.	No.
Less than £5,000	5	9
£5,001 - £10,000	-	1
£10,001 - £15,000	-	-
£15,001 - £20,000	-	1
£20,001 - £25,000	-	2
£25,001 - £30,000	-	-
£30,001 - £35,000	3	-
£40,001 - £45,000	1	-
£45,001 - £50,000	1	-

Nos. of employees other than directors in salary range (gross pay plus taxable benefits in kind)

£30,001 - £35,000	-	1
£35,001 - £40,000	-	-
£40,001 - £45,000	-	-

6. TAXATION

United Kingdom Corporation Tax at 35%	£	£
Deferred tax arising from timing difference	-	-
Adjustment for group relief	-	-
Transfer to (from) deferred tax	-	-
Release of deferred tax transferred from a subsidiary	-	(36,300)
Amount payable (receivable) for group relief	-	(67,485)
Under (over) provision in respect of prior years	-	3,620
A.C.T. written off	-	-
TOTAL TAX CREDIT	<u>-</u>	<u>(100,665)</u>

No corporation tax has been provided for in the accounts as there are tax losses brought forward from previous years.

	Year to 31.12.87 £	9 months to 31.12.86 £
7. EXTRAORDINARY ITEMS		
Loss on disposal of subsidiary company	-	(4,592,186)
Write down of freehold properties	-	(354,292)
Provision against investment in subsidiaries	-	(39,902)
Profit on redemption of debentures	-	30,000
Taxation thereon	-	-
	<u>-</u>	<u>(4,596,380)</u>

8. DIVIDENDS		
On preference shares at 4.2%	6,300	1,575
Proposed final dividend at 62.1p per share	<u>5,843,700</u>	<u>-</u>
	<u>5,850,000</u>	<u>1,575</u>

9. TANGIBLE FIXED ASSETS	LAND & BUILDINGS			PLANT	TOTAL
	Freehold £	Long Leasehold £	Short Leasehold £	MACHINERY VEHICLES £	
COST OR VALUATION					
At 1.1.87 - Cost	1,673,407	13,356	-	947,348	2,634,111
- Valuation	1,240,618	-	-	-	1,240,618
SSAP 21 opening capitalisation	-	-	-	310,535	310,535
Additions	135,393	-	-	246,543	381,936
Disposals	(24,084)	-	-	(117,650)	(141,734)
Category Transfers	-	-	-	-	-
Transfers intra-group	-	-	-	9,990	9,990
At 31.12.87	<u>3,025,334</u>	<u>13,356</u>	<u>-</u>	<u>1,396,766</u>	<u>4,435,456</u>
DEPRECIATION					
At 1.1.87 - owned	259,751	1,182	-	522,327	783,260
- leased assets	-	-	-	209,726	209,726
Provision for the year	51,446	135	-	197,452	249,033
Disposals	(4,643)	-	-	(100,879)	(105,522)
Category tranfers	-	-	-	-	-
Transfers intra-group	-	-	-	9,665	9,665
On revaluation	-	-	-	-	-
At 31.12.87	<u>306,554</u>	<u>1,317</u>	<u>-</u>	<u>838,291</u>	<u>1,146,162</u>
NET BOOK VALUE - 31.12.87	<u>2,718,780</u>	<u>12,039</u>	<u>-</u>	<u>558,477</u>	<u>3,289,294</u>
- 31.12.86	<u>2,654,274</u>	<u>12,174</u>	<u>-</u>	<u>525,830</u>	<u>3,192,278</u>
LEASED ASSETS INCLUDED 31.12.87					
Cost				381,787	381,787
Depreciation				<u>255,300</u>	<u>255,300</u>
NET BOOK VALUE				<u>126,487</u>	<u>126,487</u>

HISTORIC COST INFORMATION	Freehold £	Long Leasehold £
Historic Cost 31.12.86	3,006,929	13,356
Historic Cost 31.12.87	<u>3,128,236</u>	<u>13,356</u>
Depreciation based on cost 31.12.86	293,064	1,182
Disposals	(3,774)	-
Provision	<u>55,629</u>	<u>135</u>
31.12.87	<u>344,919</u>	<u>1,317</u>
Net historic value 31.12.86	<u>2,713,865</u>	<u>12,174</u>
31.12.87	<u>2,783,317</u>	<u>12,039</u>
COST OR VALUATION at 31.12.87		
Cost	1,808,800	13,356
Valuation (1977) existing use basis	350,000	-
Valuation (1986) existing use basis	<u>866,534</u>	<u>-</u>
Total	<u>3,025,334</u>	<u>13,356</u>
Value of property being depreciated	<u>2,604,240</u>	<u>13,356</u>
10. FUTURE CAPITAL EXPENDITURE	31.12.87 £	31.12.86 £
Contracted for	-	-
Authorised but not contracted for	<u>-</u>	<u>358,634</u>
11. INVESTMENTS - SUBSIDIARY COMPANIES		
COST		
At 31.12.86	4,096,988	
Additions/(disposals)	<u>810,002</u>	
At 31.12.87	<u>4,906,990</u>	
PROVISIONS		
At 31.12.86	310,724	
Provided in period	<u>-</u>	
At 31.12.87	<u>310,724</u>	
NET BOOK VALUES		
At 31.12.86	3,786,264	
At 31.12.87	<u>4,596,266</u>	

The company owns the whole of the issued ordinary share capital of the following subsidiaries, all of which operate and are incorporated in the United Kingdom, and all of which are involved in the distribution of timber or the manufacture of timber products.

Adamson Joinery Limited
Allan Brothers, Limited
Boston Saw Mills, Limited
Chandler Forest Products Limited
Colthurst & Co. Limited

MAY & HASSELL PLC
NOTES TO THE ACCOUNTS
31st December 1987

Drumloist Limited			
Harrison Trenery Limited			
Jack Stevenson Timber (Hanley) Limited			
J. Romans & Co., Limited			
J.S. Linley & Company (Timber) Limited			
J.S. Towell Limited			
Kesma Limited			
M & H (J.P. Wardle) Limited			
M & H (North East) Limited			
M & H Timber Structures Limited			
May & Hassell (Cumbria) Limited			
May & Hassell (North East) Limited			
May & Hassell (North West) Limited			
May & Hassell (Plywood & Hardwoods) Limited			
May & Hassell (Scotland) Limited			
May & Hassell (Southampton) Limited			
May & Hassell (South West) Limited			
Northwood Timber Limited			
E. Rea & Son Limited			
Midland Joinery Limited			
Vaner Forest Limited			
Vaner Holdings Limited			
F. W. Ainsley & Co. Limited)		
Frampton Shipping Company Limited)		
Glevum Timber Terminals Limited)		
Hallam Group Hire Limited)		
Harrison & Lewin, Limited)		
Joseph Walker Limited)		
John Crossland and Son Limited)		
May & Hassell Group Sales Limited)		
May & Hassell (Hardwoods) Limited)		
May & Hassell Saw Mills (Liverpool) Limited)		
West Coast Building Supplies Limited)		
Parker Rosser Limited)		
Porter (Selby) Limited)		
Warrington-Marchbank Limited)		
		Non-trading	
12. STOCKS	31.12.87	31.12.86	
	£	£	
Timber & builder's merchants stock	2,548,462	2,867,627	
	<u>2,548,462</u>	<u>2,867,627</u>	
13. DEBTORS			
Trade debtors	1,737,998	2,048,222	
Due from group companies	20,320,457	15,262,033	
Other debtors	386,095	132,255	
Prepayments	59,823	134,904	
	<u>22,504,373</u>	<u>17,577,414</u>	

	31.12.87 £	31.12.86 £
14. CREDITORS - due within one year		
Bank overdrafts	530,026	76,915
Trade creditors	126,986	318,337
Corporation tax	7,400	-
Due to group companies	26,984,243	33,476,753
Other taxes & Social Security costs	246,360	293,413
Accruals - Trade	-	-
- Expense	111,313	137,957
Proposed Dividend	5,850,000	-
Other creditors	215,811	244,691
Leasing liability	73,908	79,116
	<u>34,146,047</u>	<u>34,627,182</u>
	31.12.87 £	31.12.86 £

15. CREDITORS - due after one year

Leasing Liability - 2-5 years	75,195	150,198
- over 5 years	-	-
	<u>75,195</u>	<u>150,198</u>

	31.12.87		31.12.86	
	Land & Buildings £	Other £	Land & Buildings £	Other £
16. OPERATING LEASE COMMITMENTS				
Leases which expire				
within one year	-	-	-	-
in two to five years	-	-	-	-
after five years	-	-	-	-

	31.12.87 £	31.12.86 £
17. PROVISIONS FOR LIABILITIES & CHARGES		
Deferred government grants	13,568	21,532
Deferred tax	-	-
	<u>13,568</u>	<u>21,532</u>

	31.12.87		31.12.86	
	Potential Liability £	Amount Provided £	Potential Liability £	Amount Provided £
18. DEFERRED TAXATION				
Capital allowances	387,742	-	312,990	-
Capital gains on revalued assets	150,000	-	120,000	-
Other timing differences	(39,833)	-	(12,022)	-
ACT recoverable	-	-	-	-
Unutilised tax losses	(347,909)	-	(300,968)	-
	<u>150,000</u>	<u>-</u>	<u>120,000</u>	<u>-</u>

	31.12.87	31.12.86
19. SHARE CAPITAL	£	£
Ordinary shares of 25p each	3,000,000	3,000,000
Authorised	2,351,264	2,346,696
Allotted, called up and fully paid		
4.2% + tax credit, cumulative pref. shares of £1 each	200,000	200,000
Authorised	150,000	150,000
Allotted, called up and fully paid		

18,272 ordinary shares were issued during the period following the exercise of SAYE options for a consideration of £14,556.

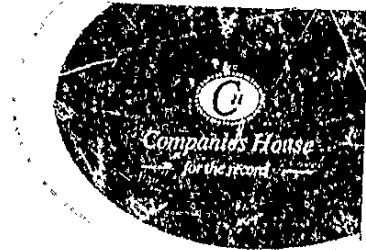
20. RESERVES	Revaluation £	Other £	P&L £
Balance brought forward	445,930	159,066	(259,081)
Transfer from (to) profit & loss	-	-	-
Share premiums received	-	9,688	-
(Loss)/Profit Retained	-	-	469,119
Disposals	-	-	-
Revaluation in year	(9,998)	-	-
Provision for tax on capital gain	-	-	-
Balance carried forward	<u>435,932</u>	<u>168,754</u>	<u>210,038</u>

21. CONTINGENT LIABILITIES	31.12.87 £	31.12.86 £
Bills discounted	287,727	469,772
Other	-	-

22. PENSION COMMITMENTS
The group operates pension schemes for its employees. Actuarial valuations are carried out regularly and the 1985 valuation indicated that all schemes were adequately funded. No employer's contribution was made in the period ended 31st December 1987.

23. HOLDING COMPANY
The company's ultimate holding company is Hillsgdown Holdings PLC, a company incorporated in England.

24. CLOSE COMPANY
The company is not a close company within the terms of the Income & Corporation Taxes Act 1970.



Crown Way Cardiff CF14 3UZ
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