

Registered Number 476749

Taylor, Maxwell & Co Limited
Directors' report and financial statements
for the year ended 31 March 2004



Taylor, Maxwell & Co Limited

Directors' report and financial statements for the year ended 31 March 2004

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Taylor, Maxwell & Co Limited

Directors and advisers for the year ended 31 March 2004

Executive Directors

C E Mathews (Chairman)

P Batty

C Beavis

M T Crew

A D Downes

S H Garge

J Meads

M J Sawyer

M A Phillips

Secretary

J Meads FCIS

Registered office

Taylor Maxwell House

The Promenade

Clifton

Bristol

BS8 3NW

Auditors

PricewaterhouseCoopers LLP

31 Great George Street

Bristol

BS1 5QD

Bankers

Lloyds TSB Bank Plc

55 Corn Street

Bristol

BS99 7LE

Solicitors

Burges Salmon

Narrow Quay House

Narrow Quay

Bristol

BS1 5AH

Taylor, Maxwell & Co Limited

Directors' report for the year ended 31 March 2004

The directors present their report and the audited financial statements of the company for the year ended 31 March 2004.

Principal activity

The principal activity of the Company is that of distribution of cladding materials.

Review of business and future developments

The Company continued to make good progress, whilst also carrying out some restructuring to control costs.

Results and dividends

The results of the Company for the year are set out on page 8. Interim dividends of £800,000 (2003: £900,000) were paid during the year to a group company. The directors do not recommend the payment of a final dividend (2003: £Nil). The retained profit for the financial year of £130,604 is to be transferred to reserves (2003: £32,335).

Directors and their interests

The directors who served during the year were:

C E Mathews (Chairman)

P Batty

C Beavis

M T Crew

A D Downes

S H Garge

J Meads

M J Sawyer

M A Phillips

S H Garge, M A Phillips and C E Mathews retire by rotation and, being eligible, offer themselves for re-election.

The directors have no beneficial interests in the shares of the Company. The interests of Mr S H Garge, Mr C E Mathews, Mr J Meads and Mr C Beavis in the share capital of the holding company, Taylor Maxwell Holdings Limited, are shown in the Directors' Report of that company. The interests of the remaining directors in office at 31 March 2004 in the share capital of the holding company as at 31 March 2004 and 31 March 2003 were:

| | Ordinary £1 shares | |
|--------------|--------------------|--------|
| | 2004 | 2003 |
| | £ | £ |
| M T Crew | 36,610 | 31,300 |
| P Batty | 33,705 | 28,125 |
| A D Downes | 10,725 | 2,500 |
| M A Phillips | 9,850 | 7,500 |
| M J Sawyer | 20,000 | 2,500 |

Taylor, Maxwell & Co Limited

2003 Taylor Maxwell Holdings Ltd Enterprise Management Incentives Scheme

| Directors | At 01/04/03 | Granted 28/04/2003 | Exercised | Lapsed | At 31/03/04 | Date from which Exercisable | Expiry Date | Exercise Price |
|--------------|----------------|-----------------------|-----------|--------|----------------|-----------------------------------|----------------|-------------------|
| P Batty | Nil | 11,875 | 5,580 | - | 6,295 | 28.4.03 | 27.4.13 | £1.52 |
| M T Crew | Nil | 11,300 | 5,310 | - | 5,990 | 28.4.03 | 27.4.13 | £1.52 |
| A D Downes | Nil | 17,500 | 8,225 | - | 9,275 | 28.4.03 | 27.4.13 | £1.52 |
| M A Phillips | Nil | 5,000 | 2,350 | - | 2,650 | 28.4.03 | 27.4.13 | £1.52 |
| M J Sawyer | Nil | 17,500 | 17,500 | - | - | 28.4.03 | 27.4.13 | £1.52 |

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue as a business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board


J Meads
Company Secretary

9 August 2004

Taylor, Maxwell & Co Limited

Independent auditors' report to the members of Taylor, Maxwell & Co Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Taylor, Maxwell & Co Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol
9 August 2004

Taylor, Maxwell & Co Limited

Profit and loss account for the year ended 31 March 2004

| | Note | 2004 £ | 2003 £ |
|--|------|-------------------|-------------------|
| Turnover – continuing activities | | 56,417,320 | 55,307,677 |
| Operating profit – continuing activities | 1 | 941,793 | 844,200 |
| Income from shares in subsidiary undertakings | | 310,000 | 320,000 |
| Interest receivable | 4 | - | 743 |
| Interest payable | 5 | (126,380) | (63,359) |
| Profit on ordinary activities before taxation | | 1,125,413 | 1,101,584 |
| Tax on profit on ordinary activities | 6 | (194,809) | (169,249) |
| Profit on ordinary activities after taxation | | 930,604 | 932,335 |
| Dividends to group companies | 7 | (800,000) | (900,000) |
| Retained profit for the financial year | 15 | 130,604 | 32,335 |

The Company has no recognised gains or losses other than those included in the profit and loss account above.

The notes on pages 12 to 20 form part of these accounts.

Taylor, Maxwell & Co Limited

Balance sheet as at 31 March 2004

| | Note | £ | 2004 £ | £ | 2003 £ |
|--|------|--------------|-----------|--------------|-----------|
| Fixed assets | | | | | |
| Tangible assets | 8 | | 283,755 | | 312,733 |
| Investments | 9 | | 62,214 | | 62,214 |
| | | | 345,969 | | 374,947 |
| Current assets | | | | | |
| Stock | 10 | 125,954 | | 114,009 | |
| Debtors | 11 | 13,335,673 | | 12,778,519 | |
| Cash at bank and in hand | | 3,110,220 | | 4,287,858 | |
| | | 16,571,847 | | 17,180,386 | |
| Creditors - amounts falling due within one year | 12 | (11,449,984) | | (12,218,105) | |
| Net current assets | | | 5,121,863 | | 4,962,281 |
| Total assets less current liabilities | | | 5,467,832 | | 5,337,228 |
| Capital and reserves | | | | | |
| Called up share capital | 14 | | 1,126,620 | | 1,126,620 |
| Share premium account | 15 | | 11,350 | | 11,350 |
| Profit and loss account | 15 | | 4,329,862 | | 4,199,258 |
| Equity shareholders' funds | 16 | | 5,467,832 | | 5,337,228 |

Approved by the Board on 9 August 2004 and signed on its behalf by:


C Beavis
DIRECTOR

The notes on pages 12 to 20 form part of these accounts.

Taylor, Maxwell & Co Limited

Statement of accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable Accounting Standards.

The Company has taken advantage of the exemption provided by Section 228 of the Companies Act 1985 not to prepare group accounts. Accordingly these financial statements present information about the Company as an individual undertaking and not about its group.

Turnover

Turnover is the amount derived from the provision of goods and services falling within the Company's ordinary activities after deduction of Value Added Tax. All turnover is generated from one class of business and from within the United Kingdom.

Deferred taxation

Deferred taxation is provided in respect of timing differences between profits as computed for taxation purposes and profits as stated in the accounts. Deferred tax assets are only recognised to the extent that they are considered to be recoverable.

Tangible fixed assets and depreciation

Depreciation on tangible fixed assets except motor vehicles is calculated to write down their cost to their estimated residual values by equal annual instalments over the period of their estimated useful economic lives, which are considered to be:

| | | |
|-----------------------|---|-------------------------|
| Leasehold property | - | the period of the lease |
| Fixtures and fittings | - | 7 years |
| Computer equipment | - | 4 years |

Depreciation on motor vehicles is at the rate of 25% per annum on the reducing balance method.

Stock

Stocks are stated at the lower of cost and estimated net realisable value. Cost includes all direct expenditure incurred in bringing the product to its present location and condition. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Pension costs

The expected cost of pensions in respect of the Company's defined benefit pension scheme is charged against profits so as to spread evenly the cost of pensions over the service lives of employees in the scheme. A pension surplus (or deficit) is released (or charged) to profits using the straight-line method, over the average service lives of employees in the scheme. Pension costs for the Company's defined contribution scheme are charged against profits in the year in which they are incurred.

Operating leases

Operating lease rentals are charged to the profit and loss account when incurred.

Taylor, Maxwell & Co Limited

Cash flow statement

The accounts of the parent company, Taylor Maxwell Holdings Limited, include a consolidated cash flow statement dealing with the cash flows of the group. The Company is therefore exempt from preparing a cash flow statement in accordance with FRS1 (revised) and, accordingly, no statement is included within these accounts.

Taylor, Maxwell & Co Limited

Notes to the financial statements for the year ended 31 March 2004

1 Operating profit

| | 2004 | 2003 |
|--|--------------|--------------|
| | £ | £ |
| a) Analysis: | | |
| Turnover | 56,417,320 | 55,307,677 |
| Cost of sales | (48,897,119) | (47,887,663) |
| Gross profit | 7,520,201 | 7,420,014 |
| Administrative expenses | (6,578,408) | (6,575,814) |
| Operating profit | 941,793 | 844,200 |
| b) Operating profit is stated after charging: | | |
| Depreciation | 127,808 | 148,420 |
| Auditors remuneration | | |
| - audit services | 13,559 | 16,930 |
| Operating leases | 436,395 | 402,700 |

2 Employees

The average number of employees during the year was 120 (2003: 111).

The costs incurred in respect of these employees were:

| | 2004 | 2003 |
|-----------------------|-----------|-----------|
| | £ | £ |
| Wages and salaries | 3,639,438 | 3,703,662 |
| Social security costs | 398,962 | 395,109 |
| Other pensions costs | 260,377 | 262,169 |
| | 4,298,777 | 4,360,940 |

Operating profit is arrived at after taking account of a charge of £Nil (2003: £241,356) relating to additional bonus payments to a number of our key employees.

Taylor, Maxwell & Co Limited

3 Directors' emoluments

Directors' emoluments are paid by another group company and recharged to the company on the basis of time allocation.

The emoluments of the directors recharged were:

| | 2004 | 2003 |
|--|---------|---------|
| | £ | £ |
| Aggregate emoluments | 657,093 | 758,911 |
| Company pension contributions to money purchase scheme | 12,000 | 12,000 |
| | 669,093 | 770,911 |

None of the directors are entitled to receive amounts under long term incentive schemes. Retirement benefits are accruing to five directors under a defined benefit scheme. Two of the directors benefit from money purchase pension schemes.

| | | |
|--|---------|---------|
| Highest paid director | 2004 | 2003 |
| | £ | £ |
| Aggregate emoluments | 128,167 | 144,683 |
| Company pension contributions to money purchase scheme | 6,000 | 6,000 |
| | 134,167 | 150,683 |

The highest paid director had the following accrued benefits in respect of his defined benefit pension scheme:

| | 2004 | 2003 |
|--------------------------------|--------|--------|
| | £ | £ |
| Accrued pension at end of year | 40,872 | 37,505 |

4 Interest receivable

| | 2004 | 2003 |
|---------------------------|------|------|
| | £ | £ |
| Other interest receivable | - | 743 |

Taylor, Maxwell & Co Limited

5 Interest payable

| | 2004 £ | 2003 £ |
|-----------------------|-----------|-----------|
| Bank interest payable | 126,380 | 63,359 |

6 Tax on profit on ordinary activities

| | 2004 £ | 2003 £ |
|--|-----------|-----------|
| Current tax: | | |
| U K corporation tax charge on profits of the period | 97,637 | 159,976 |
| Adjustment in respect of previous periods | 98,515 | - |
| Total current tax charge | 196,152 | 159,976 |
| Deferred tax: | | |
| Origination and reversal of timing differences (ACA and other) | 66,038 | 9,283 |
| Adjustment in respect of previous periods | (67,381) | (10) |
| Total deferred tax charge/(credit) | (1,343) | 9,273 |
| Tax on profit on ordinary activities | 194,809 | 169,249 |

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

| | 2004 £ | 2003 £ |
|--|-----------|-----------|
| Profit on ordinary activities before tax | 1,125,413 | 1,101,584 |
| Profit on ordinary activities multiplied by standard rate in the UK (30%) (2003: 30%) | 337,624 | 330,474 |
| Effects of: | | |
| Group relief | (107,060) | (95,792) |
| Expenses not deductible for tax purposes | 26,112 | 30,584 |
| Income from subsidiaries | (93,000) | (96,000) |
| Accelerated capital allowances and other timing differences | (66,039) | (9,290) |
| Adjustments to tax charge in respect of previous period | 98,515 | - |
| Current tax charge for the period | 196,152 | 159,976 |

Taylor, Maxwell & Co Limited

7 Dividends

| | 2004 £ | 2003 £ |
|---|-----------|-----------|
| Interim dividends in respect of equity shares paid to a Group companies | 800,000 | 900,000 |

8 Tangible assets

| | Short leasehold property £ | Motor vehicles £ | Fixtures and fittings £ | Total £ |
|-------------------------|-------------------------------------|------------------------|----------------------------------|------------------|
| Cost | | | | |
| At 1 April 2003 | 268,445 | 281,779 | 1,162,214 | 1,712,438 |
| Intergroup transfer | - | 46,112 | - | 46,112 |
| Additions | - | 55,106 | 43,193 | 98,299 |
| Disposals | - | (54,745) | (3,009) | (57,754) |
| At 31 March 2004 | 268,445 | 328,252 | 1,202,398 | 1,799,095 |
| Depreciation | | | | |
| At 1 April 2003 | 268,445 | 152,229 | 979,031 | 1,399,705 |
| Intergroup transfer | - | 28,272 | - | 28,272 |
| Charge for the year | - | 42,571 | 85,238 | 127,809 |
| Disposals | - | (39,694) | (752) | (40,446) |
| At 31 March 2004 | 268,445 | 183,378 | 1,063,517 | 1,515,340 |
| Net book amount | | | | |
| At 31 March 2004 | - | 144,876 | 138,879 | 283,755 |
| At 31 March 2003 | - | 129,550 | 183,183 | 312,733 |

The company was committed to expenditure amounting to £Nil at 31 March 2004 (2003: £Nil).

Transfers relate to assets transferred from other group companies.

Taylor, Maxwell & Co Limited

9 Fixed asset investments

| | Subsidiary undertakings shares at cost |
|---|---|
| | £ |
| Cost and net book amount | |
| At 31 March 2003 and 31 March 2004 | 62,214 |

The trading subsidiary undertakings are:

| Name of Company | Immediate Parent | Ownership | Nature of business |
|---|-------------------------------|-----------|---------------------------------------|
| Taylor Maxwell Timber Limited | Taylor Maxwell & Co Limited | 100% | British and imported timber merchants |
| Timber Marketing Corporation Limited | Taylor Maxwell Timber Limited | 100% | British and imported timber merchants |
| Taymax Independent Plywood Limited | Taylor Maxwell Timber Limited | 100% | Plywood merchants |
| Proctor & Lavender Brick Distributors Limited | Taylor Maxwell & Co Limited | 100% | Dormant |
| Taylor Maxwell (International) Limited | Taylor Maxwell Timber Limited | 100% | Dormant |
| Taymax Forest Products Limited | Taylor Maxwell Timber Limited | 100% | Dormant |
| Added Value Timber Products Limited | Taylor Maxwell Timber Limited | 76% | Specialist Timber Importers |

All shareholdings are ordinary shares. All trading subsidiary undertakings operate in England. In the opinion of the directors, the realisable value of the investments is not less than the amount at which they are stated in the financial statements.

Added Value Timber Products Limited was acquired on 16 March 2004 in that one subscriber share was acquired. A further 75 ordinary shares were acquired on 1 April 2004 at their nominal value of £1 each.

10 Stocks

| | 2004 | 2003 |
|-----------------------|---------|---------|
| | £ | £ |
| Stock held for resale | 125,954 | 114,009 |

Taylor, Maxwell & Co Limited

11 Debtors

| | 2004 | 2003 |
|------------------------------------|------------|------------|
| | £ | £ |
| Trade debtors | 12,025,107 | 11,418,234 |
| Amounts owed by group undertakings | 966,916 | 1,009,585 |
| Deferred tax (note 13) | 59,221 | 57,878 |
| Other debtors | 64,070 | 46,695 |
| Prepayments and accrued income | 220,359 | 246,127 |
| | 13,335,673 | 12,778,519 |

12 Creditors – Amounts falling due within one year

| | 2004 | 2003 |
|------------------------------------|------------|------------|
| | £ | £ |
| Trade creditors | 9,654,888 | 10,329,822 |
| Amounts owed to group undertakings | 361,785 | 321,324 |
| Corporation tax | 97,637 | 173,919 |
| Other taxation and social security | 740,196 | 534,471 |
| Accruals and deferred income | 595,478 | 858,569 |
| | 11,449,984 | 12,218,105 |

Taylor, Maxwell & Co Limited

13 Deferred taxation

| | 2004 £ | 2003 £ |
|--|---------------|---------------|
| Provision for deferred tax: | | |
| Accelerated capital allowances | 36,391 | 43,778 |
| Other timing differences | 22,830 | 14,100 |
| Total provision for deferred tax | 59,221 | 57,878 |
| At 1 April 2003 | 57,878 | 67,151 |
| Deferred tax charge in profit and loss account | 1,343 | (9,273) |
| At 31 March 2004 | 59,221 | 57,878 |

14 Called up share capital

| | 2004 £ | 2003 £ |
|---|------------------|------------------|
| Authorised | | |
| 1,024,200 Deferred ordinary shares of £1 each | 1,024,200 | 1,024,200 |
| 9,758,000 Ordinary shares of 10p each | 975,800 | 975,800 |
| | 2,000,000 | 2,000,000 |
| Allotted, issued and fully paid | | |
| 1,024,200 Deferred ordinary shares of £1 each | 1,024,200 | 1,024,200 |
| 1,024,000 Ordinary shares of 10p each | 102,420 | 102,420 |
| | 1,126,620 | 1,126,620 |

Taylor, Maxwell & Co Limited

15 Reserves

| | Profit and loss account | Share premium account |
|------------------------------|-------------------------------|-----------------------------|
| | £ | £ |
| At 1 April 2003 | 4,199,258 | 11,350 |
| Retained profit for the year | 130,604 | - |
| At 31 March 2004 | 4,329,862 | 11,350 |

16 Reconciliation of movements in shareholders' funds

| | 2004 £ | 2003 £ |
|-------------------------------------|-----------|-----------|
| Profit for the financial year | 930,604 | 932,335 |
| Dividends | (800,000) | (900,000) |
| Net addition to shareholders' funds | 130,604 | 32,335 |
| Opening shareholders' funds | 5,337,228 | 5,304,893 |
| Closing shareholders' funds | 5,467,832 | 5,337,228 |

Taylor, Maxwell & Co Limited

17 Contingent liabilities

The Company has guaranteed the bank loans and overdrafts of the following group companies:

Taylor Maxwell Holdings Limited (parent company)

Taylor Maxwell Timber Limited (subsidiary undertaking)

Timber Marketing Corporation Limited (subsidiary undertaking)

Proctor & Lavender Brick Distributors Limited (subsidiary undertaking)

Taymax Independent Plywood Limited (subsidiary undertaking)

At the year end these borrowings amounted to £6,992,396 (2003: £5,328,143) in respect of the ultimate parent undertaking only. Under the terms of the guarantee in respect of the bank borrowings, the Company's assets are secured by a fixed and floating charge over them.

18 Pensions

The Company participates in the Taylor Maxwell Holdings Group pension schemes. One scheme is of the defined benefit type, whilst the other is a money purchase scheme. Their assets are held separately from the Group's assets.

With respect to the defined benefit scheme, contributions are based upon pension costs across the Taylor Maxwell group of companies as a whole. The Company is unable to separately identify its share of the underlying assets and liabilities on either a consistent or reasonable basis. The overall pension funding deficit and its implications are shown in the financial statements of Taylor Maxwell Holdings Limited.

19 Related parties

The company has taken advantage of the exemption provided by FRS 8 and therefore does not disclose details of transactions with entities that are part of the Taylor Maxwell group of companies, which qualify as related parties.

20 Ultimate parent undertaking

The ultimate parent and controlling undertaking is Taylor Maxwell Holdings Limited. Taylor Maxwell Holdings Limited is the parent undertaking of the only group of companies of which the Company is a member and for which consolidated accounts are prepared. Group accounts may be obtained from the Company's registered office.