

Registered Number 476749

Taylor, Maxwell & Co Limited  
Directors' report and financial statements  
for the year ended 31 March 2006



# **Taylor, Maxwell & Co Limited**

## **Directors' report and financial statements for the year ended 31 March 2006**

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# **Taylor, Maxwell & Co Limited**

## **Directors and advisers for the year ended 31 March 2006**

### **Executive Directors**

C E Mathews (Chairman)  
P Batty  
C Beavis  
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 2006

The directors present their report and the audited financial statements of the company for the year ended 31 March 2006.

### Principal activity

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

### Review of business and future developments

The core market remains static and we were affected by the decline in housing starts in the last quarter. Great emphasis was put on control of costs during the period and allowing for conversion of share options the Brick and Cladding Group recorded another satisfactory year.

During the year we re-established a regional office in the North East and recorded an exciting level of order intake across our operating divisions.

We are also delighted to be awarded Supplier of the Year with the McCarthy & Stone Group for the second consecutive year.

The key financial performance measures for the past three years are as follows:

<i>Performance indicator</i>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Gross profit	13.5%	13.5%	13.3%
Operating profit	1.6%	1.3%	1.7%
Net current assets £'000s	3,846	5,073	5,122

### Principal risks and uncertainties

The objectives of the directors continue to be to demonstrate excellent value to customers and maintain growth.

### Results and dividends

The results of the Company for the year are set out on page 9. Interim dividends of £3,550,000 (2005: £800,000) were paid during the year to a group company. The directors do not recommend the payment of a final dividend (2005: £Nil). The retained loss for the financial year of £1,221,332 is to be transferred to reserves (2005: loss - £74,889).

### Directors and their interests

The directors who served during the year were:

C E Mathews (Chairman)  
P Batty  
C Beavis  
A D Downes  
S H Garge  
J Meads  
M J Sawyer  
M A Phillips

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

# Taylor, Maxwell & Co Limited

The directors have no beneficial interests in the shares of the Company. The interests of 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 2006 in the share capital of the holding company as at 31 March 2006 and 31 March 2005 were:

	Ordinary £1 shares	
	2006	2005
	£	£
S H Garge	100,962	100,962
P Batty	40,000	40,000
A D Downes	20,000	20,000
M A Phillips	12,500	12,500
M J Sawyer	20,000	20,000

## 2005 Taylor Maxwell Holdings Ltd Enterprise Management Incentives Scheme

Directors	At 31/03/05	Exercised	Lapsed	At 31/03/06	Date from which Exercisable	Expiry Date	Exercise Price
P Batty	Nil						
A D Downes	Nil						
M A Phillips	5,549	-	-	5,549	22.2.05	24.2.15	£1.80
M J Sawyer	Nil			Nil			

## 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.

## Taylor, Maxwell & Co Limited

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**



**Company Secretary**  
14 June 2006

# **Taylor, Maxwell & Co Limited**

## **Managing Director's Statement**

The Market remains challenging and the brick industry continues to see volumes declining. Despite the difficult trading conditions the Company recorded another very satisfactory year with turnover up by 5.6%.

Progress was made in all the core product areas, of Brick, Masonry, Roof Tiles and particularly Cladding which achieved its most successful year to date. We intend to continue our investment in all these sectors in 2006/07.

There are strong regional differences across the Country, with the South East market still below expectation and a much more buoyant market in the North of England and Scotland. In order to consolidate our position in Scotland the Edinburgh Office has recently relocated to a yard, where stocking facilities and offices are being purpose built for T.M.

During the year a number of conferences were held for sales and sales support staff, with the emphasis on team building and training. The Company is well set to increase its market share through strong relationships with core suppliers and its ability to continually deliver first rate customer service.



**C Beavis**

14 June 2006

# **Taylor, Maxwell & Co Limited**

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

We have audited the financial statements of Taylor Maxwell & Co Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

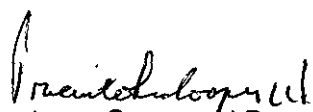
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Bristol

14 June 2006

# Taylor, Maxwell & Co Limited

## Profit and loss account for the year ended 31 March 2006

	Note	2006 £	2005 £
<b>Turnover – continuing activities</b>		<b>57,200,379</b>	54,162,981
<b>Operating profit – continuing activities</b>	1	<b>926,878</b>	680,575
Income from shares in subsidiary undertakings		<b>1,775,000</b>	375,000
Interest receivable	4	<b>5,507</b>	-
Interest payable	5	<b>(107,993)</b>	(143,424)
<b>Profit on ordinary activities before taxation</b>		<b>2,599,392</b>	912,151
Tax on profit on ordinary activities	6	<b>(270,724)</b>	(187,040)
<b>Profit on ordinary activities after taxation</b>		<b>2,328,668</b>	725,111
Dividends to group companies	7	<b>(3,550,000)</b>	(800,000)
<b>Retained loss for the financial year</b>	15	<b>(1,221,332)</b>	(74,889)

All items dealt with in arriving at operating profit above relate to continuing operations.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

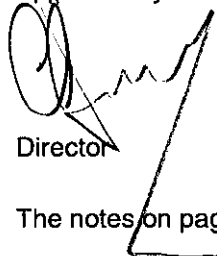
The notes on pages 12 to 20 form part of these accounts.

# Taylor, Maxwell & Co Limited

## Balance sheet as at 31 March 2006

	Note	£	2006 £	£	2005 £
<b>Fixed assets</b>					
Tangible assets	8		263,084		257,320
Investments	9		62,214		62,214
			325,298		319,534
<b>Current assets</b>					
Stock	10	120,260		109,769	
Debtors	11	10,849,317		10,980,885	
Cash at bank and in hand		4,367,453		5,547,081	
		15,337,030		16,637,735	
<b>Creditors - amounts falling due within one year</b>	12	(11,490,717)		(11,564,326)	
<b>Net current assets</b>			3,846,313		5,073,409
<b>Total assets less current liabilities</b>			4,171,611		5,392,943
<b>Capital and reserves</b>					
Called up share capital	14		1,126,620		1,126,620
Share premium account	15		11,350		11,350
Profit and loss account	15		3,033,641		4,254,973
<b>Equity shareholders' funds</b>	16		4,171,611		5,392,943

Approved by the Board on 14 June 2006 and signed on its behalf by:



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.

### Changes in accounting policies

The company has adopted FRS17 "Retirement benefits" and FRS21 "Events after the balance sheet date". The adoption of these standards represents a change in accounting policy, however there is no impact on the results for either the current or the preceding year and accordingly the comparative figures are not required to be restated.

The company participates in the group defined benefit pension plan but the actuary is unable to separately identify the company's share of the underlying assets and liabilities on a consistent and reasonable basis. Contributions to the scheme continue to be accounted for as if the scheme were a defined contribution scheme. The additional disclosures required by FRS17 continue to be disclosed.

### 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.

# **Taylor, Maxwell & Co Limited**

## **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.

## **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 2006

### 1 Operating profit

	2006 £	2005 £
<b>a) Analysis:</b>		
Turnover	57,200,379	54,162,981
Cost of sales	(49,484,310)	(46,843,843)
Gross profit	7,716,069	7,319,138
Administrative expenses	(6,789,191)	(6,638,563)
<b>Operating profit</b>	<b>926,878</b>	<b>680,575</b>
<b>b) Operating profit is stated after charging:</b>		
Depreciation	111,668	118,771
Auditors remuneration		
- audit services	11,750	13,400
Operating leases	450,629	432,325

### 2 Employees

The average number of employees during the year was 109 (2005: 113).

The costs incurred in respect of these employees were:

	2006 £	2005 £
Wages and salaries	3,789,561	3,835,270
Social security costs	423,631	424,590
Other pensions costs	284,286	273,542
	<b>4,497,478</b>	<b>4,533,402</b>

Operating profit is arrived at after taking account of a charge of £nil (2005: £217,255) 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:

	2006 £	2005 £
Aggregate emoluments	699,243	807,877
Company pension contributions to money purchase scheme	12,000	12,000
	711,243	819,877

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.

<b>Highest paid director</b>	2006 £	2005 £
Aggregate emoluments	160,498	201,328
Company pension contributions to money purchase scheme	6,000	6,000
	166,498	207,328

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

	2006 £	2005 £
Accrued pension at end of year	46,370	43,592

## 4 Interest receivable

	2006 £	2005 £
Interest receivable	5,507	-

# Taylor, Maxwell & Co Limited

## 5 Interest payable

	2006 £	2005 £
Bank interest payable	107,993	143,424

## 6 Tax on profit on ordinary activities

	2006 £	2005 £
<b>Current tax:</b>		
U K corporation tax charge on profits of the period	304,844	167,258
Adjustment in respect of previous periods	(6,383)	(51)
Total current tax charge	298,461	167,207
<b>Deferred tax:</b>		
Origination and reversal of timing differences (ACA and other)	(27,737)	19,833
Adjustment in respect of previous periods	-	-
Total deferred tax charge/(credit)	(27,737)	19,833
Tax on profit on ordinary activities	270,724	187,040

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

	2006 £	2005 £
Profit on ordinary activities before tax	2,599,392	912,151
Profit on ordinary activities multiplied by standard rate in the UK (30%) (2005:30%)	779,818	273,645
Effects of:		
Group relief		-
Expenses not deductible for tax purposes	29,789	25,946
Income from subsidiaries	(532,500)	(112,500)
Accelerated capital allowances and other timing differences	27,737	(19,833)
Adjustments to tax charge in respect of previous period	(6,383)	(51)
Current tax charge for the period	298,461	167,207

# Taylor, Maxwell & Co Limited

## 7 Dividends

	2006 £	2005 £
Interim dividends in respect of equity shares paid to Group companies	3,550,000	800,000

## 8 Tangible assets

	Short leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 31 March 2005	268,445	274,538	1,253,727	1,796,710
Additions	-	75,134	56,694	131,828
Disposals	-	(65,418)	-	(65,418)
<b>At 31 March 2006</b>	<b>268,445</b>	<b>284,254</b>	<b>1,310,421</b>	<b>1,863,120</b>
<b>Depreciation</b>				
At 31 March 2005	268,445	140,918	1,130,027	1,539,390
Charge for the year	-	51,906	59,762	111,668
Disposals	-	(51,022)	-	(51,022)
<b>At 31 March 2006</b>	<b>268,445</b>	<b>141,802</b>	<b>1,189,789</b>	<b>1,600,036</b>
<b>Net book amount</b>				
<b>At 31 March 2006</b>	<b>-</b>	<b>142,452</b>	<b>120,632</b>	<b>263,084</b>
At 31 March 2005	-	133,620	123,700	257,320

The company was committed to expenditure amounting to £Nil at 31 March 2006 (2005: £Nil).

# Taylor, Maxwell & Co Limited

## 9 Fixed asset investments

### Subsidiary undertakings shares at cost

£

#### Cost and net book amount

At 31 March 2005 and 31 March 2006

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	100%	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.

On 20 April 2005, the remaining 24 ordinary shares in Added Value Timber Products Limited were acquired at their nominal value of £1 each.

## 10 Stock

	2006 £	2005 £
Stock held for resale	120,260	109,769

# Taylor, Maxwell & Co Limited

## 11 Debtors

	2006	2005
	£	£
Trade debtors	10,422,023	10,241,882
Amounts owed by group undertakings	101,485	527,387
Deferred tax (note 13)	67,125	39,388
Other debtors	69,969	50,260
Prepayments and accrued income	188,715	121,968
	10,849,317	10,980,885

## 12 Creditors – Amounts falling due within one year

	2006	2005
	£	£
Trade creditors	9,342,313	9,540,184
Amounts owed to group undertakings	358,148	482,552
Corporation tax	304,845	167,258
Other taxation and social security	609,677	770,320
Accruals and deferred income	875,734	604,012
	11,490,717	11,564,326

# Taylor, Maxwell & Co Limited

## 13 Deferred taxation

	2006 £	2005 £
<b>Deferred tax asset:</b>		
Accelerated capital allowances	<b>34,137</b>	35,366
Other timing differences	<b>32,988</b>	4,022
Total provision for deferred tax	<b>67,125</b>	39,388
At 31 March 2005	<b>39,388</b>	59,221
Deferred tax (credit)/ charge in profit and loss account	<b>27,737</b>	(19,833)
<b>At 31 March 2006</b>	<b>67,125</b>	39,388

## 14 Called up share capital

	2006 £	2005 £
<b>Authorised</b>		
1,024,200 Deferred ordinary shares of £1 each	<b>1,024,200</b>	1,024,200
9,758,000 Ordinary shares of 10p each	<b>975,800</b>	975,800
	<b>2,000,000</b>	2,000,000
<b>Allotted, issued and fully paid</b>		
1,024,200 Deferred ordinary shares of £1 each	<b>1,024,200</b>	1,024,200
1,024,200 Ordinary shares of 10p each	<b>102,420</b>	102,420
	<b>1,126,620</b>	1,126,620

# Taylor, Maxwell & Co Limited

## 15 Reserves

	Profit and loss account	Share premium account
	£	£
At 31 March 2005	4,254,973	11,350
Retained profit for the year	(1,221,332)	-
<b>At 31 March 2006</b>	<b>3,033,641</b>	<b>11,350</b>

## 16 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	2,328,668	725,111
Dividends	(3,550,000)	(800,000)
Net (reduction) to shareholders' funds	(1,221,332)	(74,889)
Opening shareholders' funds	5,392,943	5,467,832
<b>Closing shareholders' funds</b>	<b>4,171,611</b>	<b>5,392,943</b>

## 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 £2,944,661 (2005: £1,255,115) 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.

# **Taylor, Maxwell & Co Limited**

## **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.

The Company participates in the Taylor Maxwell & Company Limited Pension and Assurance Scheme, which is a group defined benefit pension scheme. As it has not been possible to identify the underlying assets and liabilities attributable to each participating company, the multi employer treatment as allowed by FRS 17 has been adopted and therefore accounting on a defined contribution basis is applied. An actuarial valuation of the scheme made at 31 March 2006 revealed a deficit. The contribution rate is set on a scheme wide basis and will be reviewed at the next formal valuation.

The full disclosures in relation to FRS17 are given as a whole 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.