

COMPANY REGISTRATION NUMBER 937663

D W TILLEY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2003



UNW LLP
Chartered Accountants & Registered Auditors
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

D W TILLEY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

D W Tilley
S N Nixon

Company secretary

D W Tilley

Registered office

Meadowfield Industrial Estate
Ponteland
Newcastle Upon Tyne
NE20 9SD

Auditors

unw LLP
Chartered Accountants
& Registered Auditors
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Bankers

Barclays Bank Plc
PO Box 379
71 Grey Street
Newcastle upon Tyne
NE 99 1JA

D W TILLEY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 October 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year continued to be that of roofing contractors.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2003 £	2002 £
Dividends paid on ordinary shares	<u>60,000</u>	<u>40,000</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 October 2003	At 1 November 2002
D W Tilley	11,962	11,962
S N Nixon	<u>1</u>	<u>1</u>

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 affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 9 to 10, and then apply them consistently, make judgements and 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 responsible for keeping 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. 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.

D W TILLEY LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2003

DONATIONS

During the year the company made the following contributions:

	2003	2002
	£	£
Charitable	<u>2,098</u>	<u>750</u>

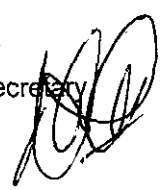
AUDITORS

A resolution to re-appoint **unw LLP** as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Meadowfield Industrial Estate
Ponteland
Newcastle Upon Tyne
NE20 9SD

Signed by order of the directors

D W TILLEY
Company Secretary



Approved by the directors on 13 February 2004

D W TILLEY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 OCTOBER 2003

We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 10.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE 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 on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company 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. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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.

D W TILLEY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 OCTOBER 2003

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

15 March 2004



unw LLP
Chartered Accountants
& Registered Auditors

D W TILLEY LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 OCTOBER 2003**

	Note	2003 £	2002 £
TURNOVER	2	8,895,675	8,491,491
Cost of sales		<u>6,748,351</u>	<u>6,490,607</u>
GROSS PROFIT		2,147,324	2,000,884
Distribution Costs		<u>394,773</u>	432,175
Administrative expenses		<u>1,301,657</u>	<u>1,169,566</u>
OPERATING PROFIT	3	450,894	399,143
Income from fixed asset investments	6	5,512	9,751
Interest receivable	7	31,632	19,415
Unrealised profit/(loss) on market value of Investments	8	47,891	(31,158)
Interest payable	9	(1,275)	(5,039)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		534,654	392,112
Tax on profit on ordinary activities	10	134,945	133,900
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		399,709	258,212
Dividends	11	60,000	40,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		339,709	218,212
Balance brought forward		<u>1,691,738</u>	<u>1,473,526</u>
Balance carried forward		<u>2,031,447</u>	<u>1,691,738</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 17 form part of these financial statements.

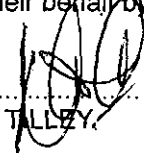
D W TILLEY LIMITED

BALANCE SHEET

31 OCTOBER 2003

	Note	2003 £	£	2002 £	£
FIXED ASSETS					
Tangible assets	12		422,784		404,473
CURRENT ASSETS					
Stocks	13	122,630		62,152	
Debtors	14	1,865,554		1,943,169	
Investments	15	218,693		203,519	
Cash at bank and in hand		1,497,819		1,124,901	
		3,704,696		3,333,741	
CREDITORS: Amounts falling due within one year	16	2,058,492		2,012,182	
NET CURRENT ASSETS			1,646,204		1,321,559
TOTAL ASSETS LESS CURRENT LIABILITIES			2,068,988		1,726,032
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	18		22,588		19,341
			2,046,400		1,706,691
CAPITAL AND RESERVES					
Called-up equity share capital	23		14,953		14,953
Profit and loss account			2,031,447		1,691,738
SHAREHOLDERS' FUNDS	24		2,046,400		1,706,691

These financial statements were approved by the directors on the 13 February 2004 and are signed on their behalf by:


.....
D W TILLEY.

The notes on pages 9 to 17 form part of these financial statements.

D W TILLEY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 OCTOBER 2003

	Note	2003 £	£	2002 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	25		684,455		619,900
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Income from other fixed asset investments		5,512		9,751	
Interest received		31,632		19,415	
Interest element of hire purchase		(1,275)		(5,039)	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			35,869		24,127
TAXATION			(114,559)		(55,111)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(143,606)		(178,080)	
Receipts from sale of fixed assets		5,500		8,500	
Receipts from sale of other current assets investments		-		80,000	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(138,106)		(89,580)
EQUITY DIVIDENDS PAID			(60,000)		(80,000)
CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING			407,659		419,336
MANAGEMENT OF LIQUID RESOURCES					
Cash placed in other liquid investments		(15,174)		9,751	
NET CASH (OUTFLOW)/INFLOW FROM MANAGEMENT OF LIQUID RESOURCES			(15,174)		9,751
FINANCING					
Capital element of hire purchase		(19,567)		(35,692)	
NET CASH OUTFLOW FROM FINANCING			(19,567)		(35,692)
INCREASE IN CASH	26		372,918		373,893

The notes on pages 9 to 17 form part of these financial statements.

D W TILLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	- 2% Straight line
Plant & Machinery	- 10% Reducing balance and 25% Straight line
Fixtures & Fittings	- 15% Reducing balance
Motor Vehicles	- 25% Reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS 19. Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Deferred tax assets are recognised when it is more likely than not that they will be recovered. The company has not adopted a policy of discounting deferred tax assets and liabilities. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

D W TILLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Investments

Investments are valued at the lower of cost and net realisable value.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	<u>8,895,675</u>	<u>8,491,491</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Loss on sale of current asset investments	36,482	36,060
Depreciation of owned fixed assets	118,646	94,526
Depreciation of assets held under hire purchase agreements	—	16,550
Loss on disposal of fixed assets	1,149	3,741
Auditors' remuneration		
- as auditors	7,500	7,000
- for other services	11,500	12,000
Operating lease costs:		
Land and buildings	<u>58,020</u>	<u>62,394</u>

D W TILLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Number of production staff	80	57
Number of administrative staff	19	23
	<u>99</u>	<u>80</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	2,357,072	2,168,742
Social security costs	234,239	201,154
Other pension costs	17,623	21,296
	<u>2,608,934</u>	<u>2,391,192</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Emoluments receivable	182,630	159,241
Value of company pension contributions to money purchase schemes	11,220	11,220
	<u>193,850</u>	<u>170,461</u>

6. INCOME FROM INVESTMENTS

	2003	2002
	£	£
Income from other Current Asset Investments	<u>5,512</u>	<u>9,751</u>

7. INTEREST RECEIVABLE

	2003	2002
	£	£
Bank interest receivable	<u>31,632</u>	<u>19,415</u>

8. PROFIT/(LOSS) ON DISPOSAL OF INVESTMENTS

	2003	2002
	£	£
Diminution in market value of discretionary portfolio	—	31,158
Unrealised gain on the market value of current asset investments	(47,891)	—
	<u>(47,891)</u>	<u>31,158</u>

D W TILLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

9. INTEREST PAYABLE

	2003	2002
	£	£
Finance charges	<u>1,275</u>	<u>5,039</u>

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003	2002
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	<u>131,698</u>	<u>114,559</u>
Total current tax	<u>131,698</u>	<u>114,559</u>
Increase in deferred tax provision (note 18)		
Capital allowances	<u>3,247</u>	<u>19,341</u>
Tax on profit on ordinary activities	<u>134,945</u>	<u>133,900</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003	2002
	£	£
Profit on ordinary activities before taxation	<u>534,654</u>	<u>392,112</u>
Profit on ordinary activities multiplied by standard rate of tax in the UK of 30% (2002 : 30%)	<u>160,396</u>	<u>117,634</u>
Expenses not deductible for tax purposes	<u>4,523</u>	<u>58,978</u>
Capital allowances in advance of depreciation	<u>(3,247)</u>	<u>(15,519)</u>
Effect of marginal relief claimed	<u>(26,727)</u>	<u>(27,193)</u>
Total current tax (note 10(a))	<u>134,945</u>	<u>133,900</u>

D W TILLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

11. DIVIDENDS

The following dividends have been paid in respect of the year:

	2003 £	2002 £
Dividend paid on ordinary shares	<u>60,000</u>	<u>40,000</u>

12. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 November 2002	41,963	235,066	73,504	469,149	819,682
Additions	—	945	9,717	132,944	143,606
Disposals	—	—	—	(11,500)	(11,500)
At 31 October 2003	<u>41,963</u>	<u>236,011</u>	<u>83,221</u>	<u>590,593</u>	<u>951,788</u>
DEPRECIATION					
At 1 November 2002	16,123	157,775	31,073	210,238	415,209
Charge for the year	840	12,231	7,792	97,783	118,646
On disposals	—	—	—	(4,851)	(4,851)
At 31 October 2003	<u>16,963</u>	<u>170,006</u>	<u>38,865</u>	<u>303,170</u>	<u>529,004</u>
NET BOOK VALUE					
At 31 October 2003	<u>25,000</u>	<u>66,005</u>	<u>44,356</u>	<u>287,423</u>	<u>422,784</u>
At 31 October 2002	<u>25,840</u>	<u>77,291</u>	<u>42,431</u>	<u>258,911</u>	<u>404,473</u>

Hire purchase agreements

Included within the net book value of £422,784 is £Nil (2002 - £49,648) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2002 - £16,550).

13. STOCKS

	2003 £	2002 £
Raw material	20,000	25,000
Work in progress	<u>102,630</u>	<u>37,152</u>
	<u>122,630</u>	<u>62,152</u>

D W TILLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

14. DEBTORS

	2003 £	2002 £
Trade debtors	1,649,166	1,825,275
Other debtors	2,360	2,360
Directors current accounts	—	14,741
Prepayments and accrued income	214,028	100,793
	<u>1,865,554</u>	<u>1,943,169</u>

15. INVESTMENTS

	2003 £	2002 £
Listed investments	<u>218,693</u>	<u>203,519</u>

Total equities had a market value at 31 October 2003 of £174,609 (2002 - £191,050) and are listed on a recognised stock exchange.

The remainder of the investment portfolio is made up of cash and fixed interest bonds of £44,084 (2002 - £12,469).

16. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Trade creditors	1,076,013	1,329,886
Other creditors including taxation and social security:		
Corporation tax	131,698	114,559
PAYE and social security	67,653	59,488
VAT	243,043	175,910
Hire purchase agreements	—	19,567
Other creditors	14,067	—
Directors current accounts	18,885	—
	<u>475,346</u>	<u>369,524</u>
Accruals and deferred income	507,133	312,772
	<u>2,058,492</u>	<u>2,012,182</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2003 £	2002 £
Hire purchase agreements	<u>—</u>	<u>19,567</u>

D W TILLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

17. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2003 £	2002 £
Amounts payable within 1 year	—	22,596
Less interest and finance charges relating to future periods	—	(3,029)
	<u>—</u>	<u>19,567</u>

18. DEFERRED TAXATION

	2003 £	2002 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	19,341	—
Profit and loss account movement arising during the year	3,247	19,341
Provision carried forward	<u>22,588</u>	<u>19,341</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	22,588	19,341
	<u>22,588</u>	<u>19,341</u>

19. COMMITMENTS UNDER OPERATING LEASES

At 31 October 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings 2003 £	2002 £
Operating leases which expire: After more than 5 years	<u>52,500</u>	<u>60,000</u>

20. CONTINGENCIES

The Company has issued performance bonds of £83,000 (2002 - £nil) from which the directors anticipate that no liabilities will arise.

21. TRANSACTIONS WITH THE DIRECTORS

During the year there was an overdrawn directors loan balance for D W Tilley of £14,741. This loan was repaid to the company on 3 June 2003. The maximum outstanding balance during the period year was £14,741.

D W TILLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

22. RELATED PARTY TRANSACTIONS

The company was under the control of Mr D W Tilley throughout the current and previous year. Mr D W Tilley is the managing director and majority shareholder.

D W Tilley is a trustee of the D W Tilley (Engineers) Limited Executive Pension Scheme, from whom the company rents premises. Amounts payable during the year were £58,020 (2002 - £62,394) and at the year end the company owed the scheme £nil (2002 - £nil).

A directors' loan of £18,885 was due to Mr D W Tilley at 31 October 2003 and is included within creditors' amounts falling due within one year.

23. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>14,953</u>	<u>14,953</u>	<u>14,953</u>	<u>14,953</u>

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	399,709	258,212
Dividends	<u>(60,000)</u>	<u>(40,000)</u>
	339,709	218,212
Opening shareholders' equity funds	<u>1,706,691</u>	<u>1,488,479</u>
Closing shareholders' equity funds	<u>2,046,400</u>	<u>1,706,691</u>

25. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating profit	450,894	399,143
Depreciation	118,646	111,076
Loss on disposal of fixed assets	1,149	3,741
(Increase)/decrease in stocks	<u>(60,478)</u>	30,582
Unrealised profit/loss on market value of investments	47,891	36,060
Decrease/(increase) in debtors	77,615	(363,985)
Increase in creditors	<u>48,738</u>	<u>403,283</u>
Net cash inflow from operating activities	<u>684,455</u>	<u>619,900</u>

D W TILLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003		2002	
	£	£	£	£
Increase in cash in the period	372,918		373,893	
Cash outflow in respect of hire purchase	19,567		35,692	
Cash used to increase/decrease liquid resources	15,174		(140,513)	
		407,659		269,072
Change in net funds		407,659		269,072
Net funds at 1 November 2002		1,308,853		1,039,781
Net funds at 31 October 2003		1,716,512		1,308,853

27. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Nov 2002 £	Cash flows £	At 31 Oct 2003 £
Net cash:			
Cash in hand and at bank	1,124,901	372,918	1,497,819
Liquid resources:			
Current asset investments	203,519	15,174	218,693
Debt:			
Hire purchase agreements	(19,567)	19,567	-
Net funds	1,308,853	407,659	1,716,512