

Company Registration No. 01169327 (England and Wales)

M R ELLIS (TIMBER) LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

WEDNESDAY



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M R ELLIS (TIMBER) LIMITED

COMPANY INFORMATION

Directors	M R Ellis E M Ellis P Ellis M Ellis
Secretary	E M Ellis
Company number	01169327
Registered office	The Sawmill Main Road Hevingham Norfolk NR10 5LX
Auditors	Larking Gowen King Street House 15 Upper King Street Norwich NR3 1RB
Business address	The Sawmill Main Road Hevingham Norfolk NR10 5LX
Bankers	Barclays Bank Plc PO Box 596 Aylsham Norfolk NR11 6PQ

M R ELLIS (TIMBER) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 16

M R ELLIS (TIMBER) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2009

The directors present their report and financial statements for the year ended 31 March 2009.

Principal activities and review of the business

The principal activity of the company is that of timber merchants.

In the following paragraphs we aim to present a balanced comprehensive review of the development and performance of our business during the year and its position at the year end.

The results for the year were again satisfactory. The prudent financial control exercised by management in past years now enables the company to respond to the changes in market conditions. This policy will be maintained and the directors expect that the company's present financial position will be sustained for the foreseeable future.

We consider that our key financial performance indicators are those that communicate financial performance and strength of the company as a whole, these being turnover and gross profit.

Turnover has decreased from £7,082,609 to £5,377,290, a decrease of 24.1%. Gross profit has decreased from £1,811,551 (25.6%) to £1,031,079 (19.2%) and profit before tax has decreased to £239,025 (2008: £730,478). Profit after tax has decreased from £526,365 to £202,003.

As for many businesses of our size, the business environment in which we operate continues to be challenging. The timber market in the UK is highly competitive and increasing pressure on margins. We face competition from the import market and are indirectly linked to consumer spending patterns and consumer's overall level of disposable income within our economy.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.

Results and dividends

The results for the year are set out on page 5.

Directors

The following directors have held office since 1 April 2008:

M R Ellis

E M Ellis

P Ellis

M Ellis

Auditors

The auditors, Larking Gowen, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

M R ELLIS (TIMBER) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 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.

Statement of disclosure to auditors

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

E. M. Ellis

E M Ellis

Director

19/05/09

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF M R ELLIS (TIMBER) LIMITED

We have audited the financial statements of M R Ellis (Timber) Limited for the year ended 31 March 2009 set out on pages 5 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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 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.

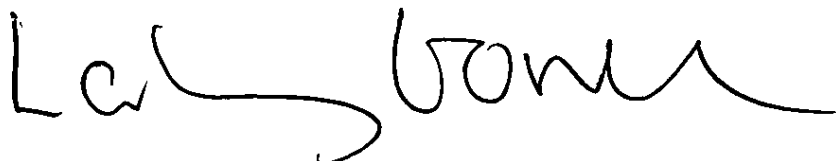
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF M R ELLIS (TIMBER) 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 2009 and of its profit 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.



Larking Gowen

20 August 2009

Chartered Accountants
Registered Auditors

King Street House
15 Upper King Street
Norwich
NR3 1RB

M R ELLIS (TIMBER) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £	2008 £
Turnover	2	5,377,290	7,082,609
Cost of sales		(4,346,211)	(5,271,058)
Gross profit		1,031,079	1,811,551
Distribution costs		(389,907)	(561,302)
Administrative expenses		(547,131)	(685,647)
Operating profit	3	94,041	564,602
Other interest receivable and similar income	4	145,877	168,623
Interest payable and similar charges	5	(893)	(2,747)
Profit on ordinary activities before taxation		239,025	730,478
Tax on profit on ordinary activities	6	(37,022)	(204,113)
Profit for the year	13	202,003	526,365

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

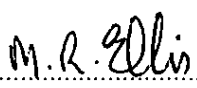
M R ELLIS (TIMBER) LIMITED

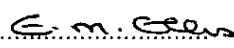
BALANCE SHEET

AS AT 31 MARCH 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Tangible assets	7		1,749,231		2,326,113
Current assets					
Stocks	8	342,901		524,282	
Debtors	9	776,147		1,361,797	
Cash at bank and in hand		4,259,240		3,439,735	
		<u>5,378,288</u>		<u>5,325,814</u>	
Creditors: amounts falling due within one year	10	<u>(956,535)</u>		<u>(1,505,115)</u>	
Net current assets			<u>4,421,753</u>		<u>3,820,699</u>
Total assets less current liabilities			<u>6,170,984</u>		<u>6,146,812</u>
Provisions for liabilities	11		-		(177,831)
			<u>6,170,984</u>		<u>5,968,981</u>
Capital and reserves					
Called up share capital	12		32,000		32,000
Profit and loss account	13		6,138,984		5,936,981
Shareholders' funds	14		<u>6,170,984</u>		<u>5,968,981</u>

Approved by the Board and authorised for issue on 19/08/09


M R Ellis
Director


E M Ellis
Director

M R ELLIS (TIMBER) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	£	2009 £	£	2008 £
Net cash inflow from operating activities		1,480,161		1,669,431
Returns on investments and servicing of finance				
Interest received	145,877		168,623	
Interest paid	(893)		(2,747)	
Net cash inflow for returns on investments and servicing of finance		144,984		165,876
Taxation		(414,721)		(207,042)
Capital expenditure				
Payments to acquire tangible assets	(419,515)		(293,217)	
Receipts from sales of tangible assets	36,100		17,331	
Net cash outflow for capital expenditure		(383,415)		(275,886)
Net cash inflow before management of liquid resources and financing		827,009		1,352,379
Management of liquid resources				
Bank deposits	(3,000,000)		-	
		(3,000,000)		-
Financing				
Capital element of hire purchase contracts	(22,419)		(24,457)	
Net cash outflow from financing		(22,419)		(24,457)
(Decrease)/increase in cash in the year		(2,195,410)		1,327,922

M R ELLIS (TIMBER) LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

1	Reconciliation of operating profit to net cash inflow from operating activities	2009	2008
		£	£
	Operating profit	94,041	564,602
	Depreciation of tangible assets	998,128	984,285
	Profit on disposal of tangible assets	(36,100)	(9,034)
	Decrease/(increase) in stocks	181,381	(114,374)
	Decrease in debtors	637,237	184,508
	(Decrease)/Increase in creditors within one year	(394,526)	59,444
	Net cash inflow from operating activities	1,480,161	1,669,431

2	Analysis of net funds	1 April 2008	Cash flow	Other non-cash changes	31 March 2009
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	3,439,735	(2,180,495)	-	1,259,240
	Bank overdrafts	-	(14,915)	-	(14,915)
		<u>3,439,735</u>	<u>(2,195,410)</u>	<u>-</u>	<u>1,244,325</u>
	Liquid resources:				
	Bank deposits	-	3,000,000	-	3,000,000
	Debt:				
	Finance leases	(22,419)	22,419	-	-
	Net funds	3,417,316	827,009	-	4,244,325

3	Reconciliation of net cash flow to movement in net funds	2009	2008
		£	£
	(Decrease)/increase in cash in the year	(2,195,410)	1,327,922
	Cash outflow from increase in liquid resources	3,000,000	-
	Cash outflow from decrease in debt and lease financing	22,419	24,457
	Movement in net funds in the year	827,009	1,352,379
	Opening net funds	3,417,316	2,064,937
	Closing net funds	4,244,325	3,417,316

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% Straight Line
Plant and machinery	20% Straight Line
Motor vehicles	25% Straight Line

No depreciation has been charged on land.

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The company operates a defined contribution pension scheme under which contributions by employees and by the company are held in trust funds separated from the company finances.

The pension cost charge represents the contributions payable by the company under the rules of the scheme.

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

1 Accounting policies (continued)

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2009 £	2008 £
Operating profit is stated after charging:		
Depreciation of tangible assets	998,128	984,285
Loss on foreign exchange transactions	10,284	-
Operating lease rentals		
- Plant and machinery	12,474	9,783
Auditors' remuneration (including expenses and benefits in kind)	9,500	9,200
and after crediting:		
Profit on disposal of tangible assets	(36,100)	(9,034)

4 Investment income	2009 £	2008 £
Bank interest	145,877	164,298
Other interest	-	4,325
	145,877	168,623

5 Interest payable	2009 £	2008 £
On other loans wholly repayable within five years	592	-
Hire purchase interest	301	2,747
	893	2,747

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

6 Taxation	2009	2008
	£	£
Domestic current year tax		
U.K. corporation tax	266,440	414,722
Current tax charge	266,440	414,722
Deferred tax		
Deferred tax charge/credit current year	(229,418)	(210,609)
	37,022	204,113
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	239,025	730,478
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 30.00%)	66,927	219,143
Effects of:		
Non deductible expenses	3,574	164
Depreciation add back	269,368	292,576
Capital allowances	(64,396)	(94,447)
Other tax adjustments	(9,033)	(2,714)
	199,513	195,579
Current tax charge	266,440	414,722

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

7 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 April 2008	1,149,282	5,136,213	483,740	6,769,235
Additions	253,059	80,410	87,777	421,246
Disposals	-	(125,295)	(56,655)	(181,950)
At 31 March 2009	1,402,341	5,091,328	514,862	7,008,531
Depreciation				
At 1 April 2008	110,386	3,883,868	448,868	4,443,122
On disposals	-	(125,295)	(56,655)	(181,950)
Charge for the year	27,158	936,111	34,859	998,128
At 31 March 2009	137,544	4,694,684	427,072	5,259,300
Net book value				
At 31 March 2009	1,264,797	396,644	87,790	1,749,231
At 31 March 2008	1,038,896	1,252,345	34,872	2,326,113

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £
Net book values	
At 31 March 2009	-
At 31 March 2008	42,800
Depreciation charge for the year	
At 31 March 2009	-
At 31 March 2008	21,400

Depreciation has not been charged on freehold land which, is stated at cost of £33,958 (2008: £33,958).

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

8 Stocks	2009	2008
	£	£
Finished goods and goods for resale	342,901	524,282
9 Debtors	2009	2008
	£	£
Trade debtors	678,695	1,308,977
Other debtors	-	8,839
Prepayments and accrued income	45,865	43,981
Deferred tax asset (see note 11)	51,587	-
	776,147	1,361,797
10 Creditors: amounts falling due within one year	2009	2008
	£	£
Bank loans and overdrafts	14,915	-
Net obligations under hire purchase contracts	-	22,419
Trade creditors	234,947	525,902
Corporation tax	266,441	414,722
Other taxes and social security costs	74,019	105,074
Directors' current accounts	93,161	-
Other creditors	119	8,908
Accruals and deferred income	272,933	428,090
	956,535	1,505,115
Net obligations under hire purchase contracts		
Repayable within one year	-	22,419
Finance charges and interest allocated to future accounting periods	-	-
	-	22,419

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

11 Provisions for liabilities

The deferred tax asset (included in debtors, note 9) is made up as follows:

	2009 £
Balance at 1 April 2008	177,831
Profit and loss account	(229,418)
Balance at 31 March 2009	<u>(51,587)</u>

	2009 £	2008 £
Deceierated capital allowances	<u>(51,587)</u>	<u>177,831</u>

12 Share capital

	2009 £	2008 £
Authorised		
50,000 Ordinary Shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
32,000 Ordinary Shares of £1 each	<u>32,000</u>	<u>32,000</u>

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2008	5,936,981
Profit for the year	<u>202,003</u>
Balance at 31 March 2009	<u>6,138,984</u>

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

14 Reconciliation of movements in shareholders' funds	2009 £	2008 £
Profit for the financial year	202,003	526,365
Opening shareholders' funds	5,968,981	5,442,616
Closing shareholders' funds	6,170,984	5,968,981

15 Financial commitments

At 31 March 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2010:

	Other 2009 £	2008 £
Operating leases which expire: Between two and five years	5,140	5,140

16 Directors' emoluments	2009 £	2008 £
Emoluments for qualifying services	372,800	494,000

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2008 - 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	-	123,500
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17 Transactions with directors

The company has loans from the directors of the company which are repayable on demand and had the following balances at the year end :

M R Ellis and Mrs E M Ellis £93,161 credit balance (2008: £8,839 debit balance)

The maximum amount owed by the directors in the year was £61,729.

Interest was paid to the directors on the loans at 2.00% above bank base rate and amounted to £592 (2008: £845 paid to the company by the directors) for the year.

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2009 Number	2008 Number
Production	22	22
Administration	4	6
	<u>26</u>	<u>28</u>

Employment costs

	2009 £	2008 £
Wages and salaries	956,218	1,177,099
Social security costs	101,573	125,988
Other pension costs	2,080	2,080
	<u>1,059,871</u>	<u>1,305,167</u>

19 Control

M R Ellis, Mrs E M Ellis, P Ellis and M Ellis are directors and shareholders of the company and jointly control the company.