

M R ELLIS (TIMBER) LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

MONDAY



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M R ELLIS (TIMBER) LIMITED
REGISTERED NUMBER: 01169327

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	4	2,026,079	2,115,225
		<u>2,026,079</u>	<u>2,115,225</u>
CURRENT ASSETS			
Stocks	5	734,750	589,189
Debtors: amounts falling due within one year	6	1,581,871	1,347,317
Current asset investments	7	8,766	8,221,000
Cash at bank and in hand	8	4,128,478	2,819,238
		<u>6,453,865</u>	<u>12,976,744</u>
Creditors: amounts falling due within one year	9	(1,605,651)	(1,440,430)
NET CURRENT ASSETS		<u>4,848,214</u>	<u>11,536,314</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,874,293</u>	<u>13,651,539</u>
PROVISIONS FOR LIABILITIES			
Deferred tax		(224,490)	(146,594)
		<u>(224,490)</u>	<u>(146,594)</u>
NET ASSETS		<u>6,649,803</u>	<u>13,504,945</u>
CAPITAL AND RESERVES			
Called up share capital	10	32,000	32,000
Profit and loss account		6,617,803	13,472,945
		<u>6,649,803</u>	<u>13,504,945</u>

M R ELLIS (TIMBER) LIMITED
REGISTERED NUMBER: 01169327

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2017

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
19 October 2017.

.....*M R Ellis*.....

M R Ellis
Director

.....*E M Ellis*.....

E M Ellis
Director

The notes on pages 3 to 10 form part of these financial statements.

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. COMPANY INFORMATION

M R Ellis (Timber) Limited is a company incorporated in England and Wales, registration number 01169327. The registered office is The Sawmill, Main Road, Hevingham, Norfolk, NR10 5LX.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 Section 1A, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

The financial statements are presented in sterling (£).

The following principal accounting policies have been applied:

2.2 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to Income statement during the period in which they are incurred.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and buildings freehold	-	2% Straight Line
Plant & machinery	-	20% Straight Line
Motor vehicles	-	25% Straight Line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administration expenses' in the Income statement.

2.4 Investments

investments held as current assets are cash balances held on deposit and are shown at cost.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Income statement.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of income and retained earnings if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Income statement on a straight line basis over the period of the lease.

2.12 Leased assets: the Company as lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Income statement over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Income statement over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. EMPLOYEES

The average monthly number of employees, including directors, during the year was 35 (2016 - 36).

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant & machinery £	Total £
COST OR VALUATION			
At 1 April 2016	1,837,723	6,746,590	8,584,313
Additions	70,755	177,230	247,985
Disposals	-	(220,136)	(220,136)
At 31 March 2017	1,908,478	6,703,684	8,612,162
DEPRECIATION			
At 1 April 2016	356,857	6,112,231	6,469,088
Charge for the period on owned assets	37,280	293,534	330,814
Disposals	-	(213,819)	(213,819)
At 31 March 2017	394,137	6,191,946	6,586,083
NET BOOK VALUE			
At 31 March 2017	1,514,341	511,738	2,026,079
At 31 March 2016	1,480,866	634,359	2,115,225

Depreciation has not been charged on freehold land which is stated at a cost of £33,958 (2016 - £33,958)

M R ELLIS (TIMBER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

5. STOCKS

	2017 £	2016 £
Raw materials and consumables	288,063	213,290
Finished goods and goods for resale	446,687	375,899
	734,750	589,189

6. DEBTORS

	2017 £	2016 £
Trade debtors	1,430,469	1,237,184
Prepayments and accrued income	151,402	110,133
	1,581,871	1,347,317

7. CURRENT ASSET INVESTMENTS

	2017 £	2016 £
Cash on long term deposit	8,766	8,221,000
	8,766	8,221,000

8. CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	4,128,478	2,819,238
	4,128,478	2,819,238

M R ELLIS (TIMBER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

9. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	658,945	585,660
Corporation tax	386,739	282,327
Other taxation and social security	208,169	217,559
Other creditors	42,918	43,004
Accruals and deferred income	308,880	311,880
	<u>1,605,651</u>	<u>1,440,430</u>

10. SHARE CAPITAL

	2017 £	2016 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
32,000 Ordinary shares of £1 each	<u>32,000</u>	<u>32,000</u>

11. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £8,826 (2016: £5,605). Contributions totalling £1,314 (2016: £1,000) were payable to the fund at the balance sheet date.

12. POST BALANCE SHEET EVENTS

On 8 June 2017 the Company paid a dividend of £2,000,000 to Ellis Timber (Holdings) Limited.

13. CONTROLLING PARTY

During the prior year the company was controlled by M R Ellis, Mrs E M Ellis, P Ellis and M Ellis directors and shareholders of the company.

On 26 January 2017 Ellis Timber (Holdings) Limited acquired 100% of the ordinary share capital of M R Ellis (Timber) Limited, and is therefore now the ultimate parent undertaking.

Ellis Timber (Holdings) Limited is a company under the control of M R Ellis, Mrs E M Ellis, P Ellis and M Ellis.