

Company Registration No. 01169327 (England and Wales)

M R ELLIS (TIMBER) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003



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	Abbotts Hall Drabblegate Aylsham Norfolk NR11 6LR
Auditors	Larking Gowen King Street House 15 Upper King Street Norwich NR3 1RB
Business address	Abbotts Hall Drabblegate Aylsham Norfolk NR11 6LR
Bankers	Barclays Bank Plc PO Box 596 Market Place Aylsham Norfolk NR11 6PQ
Solicitors	Eversheds Holland Court The Close Norwich NR1 4DX

M R ELLIS (TIMBER) LIMITED

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M R ELLIS (TIMBER) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

The directors present their report and financial statements for the year ended 31 March 2003.

Principal activities and review of the business

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

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.

Results and dividends

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

Directors

The following directors have held office since 1 April 2002:

M R Ellis
E M Ellis
P Ellis
M Ellis

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of £ 1 each	
	31 March 2003	1 April 2002
M R Ellis	4,640	4,640
E M Ellis	4,640	4,640
P Ellis	11,360	11,360
M Ellis	11,360	11,360

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Larking Gowen be reappointed as auditors of the company will be put to the Annual General Meeting.

M R ELLIS (TIMBER) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

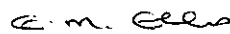
Directors' responsibilities

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 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;
- 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. 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.

On behalf of the board



E M Ellis

Director

10/11/2003



CHARTERED
ACCOUNTANTS

M R ELLIS (TIMBER) LIMITED

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

We have audited the financial statements of M R Ellis (Timber) Limited on pages 5 to 16 for the year ended 31 March 2003. These financial statements have been prepared under the historical cost convention and 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 auditor's 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

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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.

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.



CHARTERED
ACCOUNTANTS

M R ELLIS (TIMBER) LIMITED

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

Opinion

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

A handwritten signature in dark ink, appearing to read 'Larking Gowen', written over a horizontal dotted line.

Larking Gowen

Chartered Accountants
Registered Auditors
Norwich

12th November 2003

M R ELLIS (TIMBER) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
Turnover	2	3,650,346	4,303,472
Cost of sales		(2,828,735)	(3,217,189)
Gross profit		821,611	1,086,283
Distribution costs		(182,992)	(228,512)
Administrative expenses		(427,557)	(407,750)
Operating profit	3	211,062	450,021
Other interest receivable and similar income		47,271	63,953
Interest payable and similar charges	4	(2,148)	(7,463)
Profit on ordinary activities before taxation		256,185	506,511
Tax on profit on ordinary activities	5	(53,816)	(142,621)
Profit on ordinary activities after taxation	14	202,369	363,890

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 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	6		2,145,657		1,096,497
Current assets					
Stocks	7	310,057		211,595	
Debtors	8	740,622		762,833	
Cash at bank and in hand		1,030,247		1,521,304	
		<u>2,080,926</u>		<u>2,495,732</u>	
Creditors: amounts falling due within one year	9	<u>(1,140,359)</u>		<u>(790,067)</u>	
Net current assets			940,567		1,705,665
Total assets less current liabilities			<u>3,086,224</u>		<u>2,802,162</u>
Creditors: amounts falling due after more than one year	10		(53,333)		-
Provisions for liabilities and charges	11		<u>(28,360)</u>		-
			<u>3,004,531</u>		<u>2,802,162</u>
Capital and reserves					
Called up share capital	13		32,000		32,000
Profit and loss account	14		<u>2,972,531</u>		<u>2,770,162</u>
Shareholders' funds - equity interests	15		<u>3,004,531</u>		<u>2,802,162</u>

The financial statements were approved by the Board on 10th November 2003

M.R. Ellis

M R Ellis
Director

E.M. Ellis

E M Ellis
Director

M R ELLIS (TIMBER) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

	2003		2002	
	£	£	£	£
Net cash inflow from operating activities		852,865		734,050
Returns on investments and servicing of finance				
Interest received	47,271		63,953	
Interest paid	(2,148)		(7,463)	
Net cash inflow for returns on investments and servicing of finance		45,123		56,490
Taxation		(142,621)		(90,668)
Capital expenditure				
Payments to acquire tangible assets	(1,317,176)		(413,278)	
Receipts from sales of tangible assets	10,500		41,250	
Net cash outflow for capital expenditure		(1,306,676)		(372,028)
Net cash (outflow)/inflow before management of liquid resources and financing		(551,309)		327,844
Financing				
Capital element of hire purchase contracts	-		(1,667)	
Net cash outflow from financing		-		(1,667)
(Decrease)/increase in cash in the year		(551,309)		326,177

M R ELLIS (TIMBER) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

1	Reconciliation of operating profit to net cash inflow from operating activities	2003	2002
		£	£
	Operating profit	211,062	450,021
	Depreciation of tangible assets	410,415	312,445
	(Profit)/loss on disposal of tangible assets	(10,500)	12,926
	(Increase)/decrease in stocks	(98,462)	206,716
	Decrease/(increase) in debtors	22,211	(24,527)
	Increase/(decrease) in creditors within one year	318,139	57,086
	Net cash inflow from operating activities	852,865	428,672

2	Analysis of net funds	1 April 2002	Cash flow	Other non- 31 March 2003 cash changes
		£	£	£
	Net cash:			
	Cash at bank and in hand	1,521,304	(491,057)	1,030,247
	Bank overdrafts	(149,597)	(60,252)	(209,849)
		<u>1,371,707</u>	<u>(551,309)</u>	<u>820,398</u>
	Debt:			
	Hire purchase contracts	-	-	(80,000)
		<u>1,371,707</u>	<u>(551,309)</u>	<u>(80,000)</u>
	Net funds	1,371,707	(551,309)	740,398

3	Reconciliation of net cash flow to movement in net funds	2003	2002
		£	£
	(Decrease)/increase in cash in the year	(551,309)	326,177
	Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	-	1,667
	Change in net debt resulting from cash flows	(551,309)	327,844
	New hire purchase contracts	(80,000)	-
	Movement in net funds in the year	(631,309)	327,844
	Opening net funds	1,371,707	1,043,863
	Closing net funds	740,398	1,371,707

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

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

1.3 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

1.4 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.

1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.6 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.

1.7 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.

1.8 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 the 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.

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

3	Operating profit	2003	2002
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	410,415	312,445
	Loss on disposal of tangible assets	-	12,926
	Auditors' remuneration	8,500	7,900
	and after crediting:		
	Profit on disposal of tangible assets	(10,500)	-
		<u> </u>	<u> </u>
4	Interest payable	2003	2002
		£	£
	On bank loans and overdrafts	-	262
	On other loans	2,148	6,991
	Hire purchase interest	-	210
		<u> </u>	<u> </u>
		2,148	7,463
		<u> </u>	<u> </u>

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

5	Taxation	2003 £	2002 £
	Domestic current year tax		
	U.K. corporation tax	25,456	142,621
	Current tax charge	25,456	142,621
	Deferred tax		
	Deferred tax charge/credit current year	28,360	-
		53,816	142,621
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	256,185	506,511
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2002: 30.00%)	48,675	151,953
	Effects of:		
	Non deductible expenses	210	662
	Depreciation add back	75,984	97,611
	Capital allowances	(99,413)	(84,351)
	Other tax adjustments	-	(23,254)
		(23,219)	(9,332)
	Current tax charge	25,456	142,621

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

6 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2002	882,849	2,758,016	433,505	4,074,370
Additions	211,184	1,148,391	100,000	1,459,575
Disposals	-	-	(60,825)	(60,825)
At 31 March 2003	1,094,033	3,906,407	472,680	5,473,120
Depreciation				
At 1 April 2002	128,276	2,445,222	404,375	2,977,873
On disposals	-	-	(60,825)	(60,825)
Charge for the year	20,991	350,293	39,131	410,415
At 31 March 2003	149,267	2,795,515	382,681	3,327,463
Net book value				
At 31 March 2003	944,766	1,110,892	89,999	2,145,657
At 31 March 2002	754,573	312,794	29,130	1,096,497

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

	Motor vehicles £
Net book values	
At 31 March 2003	75,000
Depreciation charge for the year	
31 March 2003	25,000
31 March 2002	3,875

Depreciation has not been charged on freehold land, which is stated at cost of £33,958 (2002 : £33,958).

7 Stocks and work in progress

	2003 £	2002 £
Raw materials and consumables	125,039	90,425
Fuel stocks	9,099	14,809
Finished goods and goods for resale	175,919	106,361
	310,057	211,595

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

8 Debtors	2003	2002
	£	£
Trade debtors	730,417	752,549
Prepayments and accrued income	10,205	10,284
	<u>740,622</u>	<u>762,833</u>
9 Creditors: amounts falling due within one year	2003	2002
	£	£
Bank loans and overdrafts	209,849	149,597
Net obligations under hire purchase contracts	26,667	-
Trade creditors	360,084	206,844
Corporation tax	25,456	142,621
Other taxes and social security costs	57,289	104,425
Directors' current accounts	67,790	8,815
Other creditors	121,224	164,008
Accruals and deferred income	272,000	13,757
	<u>1,140,359</u>	<u>790,067</u>
10 Creditors: amounts falling due after more than one year	2003	2002
	£	£
Net obligations under hire purchase contracts	<u>53,333</u>	<u>-</u>
Net obligations under hire purchase contracts		
Repayable within one year	26,667	-
Repayable between one and five years	53,333	-
	<u>80,000</u>	<u>-</u>
Included in liabilities falling due within one year	(26,667)	-
	<u>53,333</u>	<u>-</u>

Obligations under hire purchase contracts are secured upon the respective assets.

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

11 Provisions for liabilities and charges

	Deferred tax liability £
Profit and loss account	28,360
Balance at 31 March 2003	<u>28,360</u>

The deferred tax liability is made up as follows:

	2003 £	2002 £
Accelerated capital allowances	<u>28,360</u>	<u>-</u>

12 Pension costs

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	<u>8,080</u>	<u>2,890</u>

13 Share capital

	2003 £	2002 £
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>

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2002	2,770,162
Retained profit for the year	<u>202,369</u>
Balance at 31 March 2003	<u>2,972,531</u>

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

15 Reconciliation of movements in shareholders' funds	2003 £	2002 £
Profit for the financial year	202,369	363,890
Opening shareholders' funds	2,802,162	2,438,272
	<u> </u>	<u> </u>
Closing shareholders' funds	3,004,531	2,802,162
	<u> </u>	<u> </u>

16 Directors' emoluments	2003 £	2002 £
Emoluments for qualifying services	244,990	295,909
Company pension contributions to money purchase schemes	6,000	-
	<u> </u>	<u> </u>
	250,990	295,909
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2002- 2).

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

Emoluments for qualifying services	66,690	81,200
	<u> </u>	<u> </u>

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 £65,443 (2002 : £6,468)

M Ellis £2,347 (2002 : £2,347)

Interest is paid by the company on the loans at 2.00% above bank base rate and amounted to £2,148 (2002: £6,991) for the year.

M R ELLIS (TIMBER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

18 Employees

Number of employees

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

	2003 Number	2002 Number
Production	30	33
Administration	4	4
	<u>34</u>	<u>37</u>

Employment costs

	£	£
Wages and salaries	797,732	830,951
Social security costs	76,044	79,076
Other pension costs	8,080	2,890
	<u>881,856</u>	<u>912,917</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.