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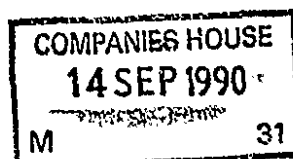
YEOVIL TIMBER COMPANY LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

31 DECEMBER 1988



REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report and the financial statements for the year ended 31st December 1988.

On 5 January 1988 the entire issued share capital of the Company was acquired by Hunter plc (now Hunter Limited) and subsequently transferred to Mallinson-Denny Limited, a wholly owned subsidiary of Hunter plc.

ACTIVITIES

Following the acquisition by Hunter plc the Company's trade, assets and liabilities were transferred to another group company and the Company has since traded as an agent for that Company.

The directors do not envisage initiating any change in the Company's role or activities for the foreseeable future.

The results for the Company for the year are set out in the financial statements.

ULTIMATE HOLDING COMPANY

On 17th September 1988 Wickes plc became the ultimate holding company of the Company.

FINANCIAL

The Directors do not recommend payment of a dividend.

DIRECTORS

The directors of the Company during the period were:

<u>DIRECTORS</u>	<u>APPOINTED</u>	<u>RESIGNED</u>
F F Andrew	5 January 1988	25 March 1988
R C Barklett	23 December 1988	
P K Burston	2 June 1987	
J G Dyke	5 January 1988	23 December 1988
P A Elliot	11 March 1987	5 January 1988
Mrs P A Elliot	12 December 1987	5 January 1988
M C Sproston	2 June 1987	
D J H Stearn	5 January 1988	30 December 1988

Since the end of the period the following changes have occurred: Mr R C Barklett resigned as a director on 30 June 1989 and Messrs N P S Horne, S K Porter, R N Tilney and M J Walsh were appointed directors on the same day.

DIRECTORS' INTERESTS IN SHARES

Mr P A Elliot was the beneficial owner of 1,058,816 Ordinary Shares in the Company; Mrs P A Elliot was the beneficial owner of 237,376 Ordinary Shares and there were interests of the Elliot family in a further 709,910 shares. All of these shares were sold to Hunter plc on 5 January 1988.

No other Director was beneficially interested in the Company's shares during the period. The Directors' interests, if any, in the share capital and debentures of Group Companies, to be stated in accordance with S.235(3) of the Companies Act 1985, were as follows:

	<u>HILLSDOWN HOLDINGS plc</u>		<u>WICKES plc</u>	
	1 January 1988*		31 December 1988	
	Shares	Options	Shares	Options
R C Barklett	None	800	218640	57272
P K Burston	None	3,800	None	15545
M C Sproston	None	None	None	9454

(\* or on appointment)

AUDITORS

The Company's auditors, Messrs Binding & Co, resigned during the year and the Directors filled the casual vacancy by appointing Arthur Andersen & Co to serve in such capacity.

A resolution concerning the reappointment of Arthur Andersen & Co as auditors and their remuneration will be submitted to the Annual General Meeting.

By Order of the Board

S K Porter  
Secretary

18 June 1990

AUDITORS' REPORT TO THE MEMBERS OF  
YEOVIL TIMBER COMPANY LIMITED

We have audited the financial statements on pages 4 to 10 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1988 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, reading "Arthur Andersen & Co." in a cursive style.

Arthur Andersen & Co

Chartered Accountants

London

18 June 1990

YEOVIL TIMBER COMPANY LIMITEDTrading & Profit and Loss Account of the year ended  
31 December 1988

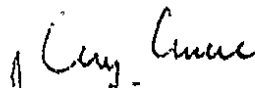
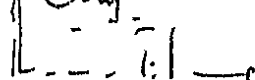
	<u>Notes</u>	<u>1988</u>
		£
Turnover	1	-
Raw Materials and Consumables		(1,600)
Gross Loss		<u>(1,600)</u>
Distribution Costs		(40,012)
Loss before taxation	2	<u>(41,612)</u>
Taxation	14	<u>(40,600)</u>
Loss after taxation		(82,212)
Reserves brought forward		88,238
Reserves carried forward		<u><u>6,026</u></u>

The notes on pages 7 to 10 form part of these financial statements.

Balance Sheet as at 31 December 1988

	<u>Notes</u>	<u>1988</u>	<u>1987</u>
		£	£
<u>Fixed Assets</u>			
Tangible Assets	5	-	1,059,663
Investments	6	660,100	660,100
		<u>660,100</u>	<u>1,719,763</u>
<u>Current Assets</u>			
Stock	7	-	539,775
Debtors	8	1,352,028	696,483
Cash at bank and in Hand		-	428,540
		<u>1,352,028</u>	<u>1,664,798</u>
Prepayments and Accrued Income		-	17,847
		<u>1,352,028</u>	<u>1,682,645</u>
<u>Current Liabilities</u>			
Amounts falling due within one year			
Bank Overdraft		-	237,270
Creditors	9	-	911,594
Current Taxation		-	159,204
		<u>-</u>	<u>1,308,068</u>
Net Current Assets		1,352,028	374,577
Total Assets less Current Liabilities		<u>2,012,128</u>	<u>2,094,340</u>
Financed by:			
<u>Capital &amp; Reserves</u>			
Called up Share Capital	10	2,006,102	2,006,102
Profit and Loss Account	11	6,026	88,238
		<u>2,012,128</u>	<u>2,094,340</u>

These financial statements were approved by the Board of Directors on 18 June 1990.

 N.P.S. Horne Director  
 R.N. Tilney Director

The notes on pages 7 to 10 form part of these financial statements.

Statement of Source and Application of Funds for the  
year ended 31 December 1988

	Year ended 31.12.88	
£		£
Source of Funds		
Loss after taxation		(82,212)
Adjustment for items not involving the movement of funds		
Depreciation		89,552
		<u>7,340</u>
Disposal of Fixed Assets		970,111
		<u>977,451</u>
(Increase)/Decrease in Working Capital		
Stocks	539,775	
Debtors	(655,545)	
Prepayments	17,847	
Creditors	(1,070,798)	(1,168,721)
		<u>(191,270)</u>
Movement in Net Liquid Funds		
Cash at Bank		(428,540)
Bank Overdraft		237,270
		<u>(191,270)</u>

The notes on pages 7 to 10 form part of these financial statements.

YEOVIL TIMBER COMPANY LIMITED

Notes forming part of the financial statements  
for the year ended 31 December 1989

1. Accounting Policies

- (a) Accounting Convention - These financial statements have been prepared under the historical cost convention.
- (b) Stocks and work in progress are valued at the lower of cost and net realisable value, on a first in first out basis.
- (c) Turnover - represents net sales exclusive of Value Added Tax.
- (d) Depreciation - The change in the current period reflects a change in basis following acquisition of the company, to comply with the new holding company's depreciation policy, as follows:-

Plant and Machinery	20% p.a. straight line basis
Fixtures and fittings and equipment	20% p.a. straight line basis
Motor Vehicles	20% p.a. straight line basis

2. loss before taxation is stated after charging

Depreciation £89,552

The audit fee has been borne by another group company.

3. Staff Costs

No staff were employed during the year.

4. Directors Emoluments

No directors received any emoluments from the company during the year.



YEOVIL TIMBER COMPANY LIMITED

Notes forming part of the financial statements  
for the year ended 31 December 1988 (continued)

5. Tangible Fixed Assets

	<u>Freehold Property</u>	<u>Long L'hoid Property</u>	<u>Plant &amp; Machinery</u>	<u>Fixtures &amp; Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
<u>Cost</u>						
As at 31.12.87	275,287	519,783	111,292	39,066	151,086	1,096,514
Intra group Transfer	(275,287)	(519,783)	(111,292)	(39,066)	(151,086)	(1,096,514)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Depreciation</u>						
As at 31.12.87	-	3,896	8,648	2,278	22,029	36,851
Charge for the year	-	-	43,049	30,260	16,243	89,552
Intra Group Transfer	-	(3,896)	(51,697)	(32,538)	(38,272)	(126,403)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Book Value</u>						
31.12.87	<u>275,287</u>	<u>515,887</u>	<u>102,644</u>	<u>36,788</u>	<u>129,057</u>	<u>1,059,663</u>
31.12.88	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

6. Fixed Asset Investments

				<u>1988</u>	<u>1987</u>
Group Companies				<u>£660,100</u>	<u>£660,100</u>
Name of Company	Country of Incorporation	Class of Shares Held	% of Shares Held	Nature of Business	
Hugocourt Limited	England	Ordinary	100%	Manufacture of Roof Trusses	
Frandalon Limited	England	Ordinary	100%	Suppliers to the Building Trade and D.I.Y Markets	

Consolidated Accounts are not issued as the company is itself a wholly owned subsidiary of a company registered in England.

YEOVIL TIMBER COMPANY LIMITEDNotes forming part of the financial statements for the  
year ended 31 December 1988 (continued)

7.	<u>Stocks</u>	<u>1988</u>	<u>1987</u>
	Goods for resale	-	535,422
	Consumables	-	4,353
		<u>-</u>	<u>£539,775</u>
8.	<u>Debtors</u>	<u>1988</u>	<u>1987</u>
	Trade	-	687,312
	Other	-	9,171
	Owed by group companies	1,352,028	-
		<u>£1,352,028</u>	<u>£696,483</u>
9.	<u>Creditors</u>		
	Amounts falling due within one year		
		<u>1988</u>	<u>1987</u>
	Trade	-	193,936
	Other	-	51,126
	Other taxes and social security	-	114,069
	Amounts due to group companies	-	540,377
	Accruals and deferred income	-	12,086
		<u>-</u>	<u>£911,594</u>
10.	<u>Share Capital</u>	<u>1988</u>	<u>1987</u>
	Authorised		
	2,100,000 Ordinary Shares of £1 each	<u>£2,100,000</u>	<u>2,100,000</u>
	Issued and fully paid		
	2,006,102 Ordinary share of £1 each	<u>£2,006,102</u>	<u>2,006,102</u>

YEOVIL TIMBER COMPANY LIMITED  
Notes forming part of the financial statements  
for the period ended 31 December 1988 (continued)

11. <u>Reserves</u>	<u>1988</u>	<u>1987</u>
Profit and loss Account		
Balance brought forward	88,238	-
Net profit/(loss) for the period	(41,612)	236,331
Taxation Charge	(40,600)	(88,221)
Extraordinary items	-	(59,872)
Carried Forward	<u>£ 6,026</u>	<u>£88,238</u>

12. Transfer of Trade and Assets

On 5 January 1988 the entire share capital of the company was acquired by Hunter plc and as of that date the tangible fixed assets and net current assets were transferred to a fellow subsidiary. Since that date the company traded as an agent of Hunter Timber (UK) Limited and the trading results are included in the accounts of that company.

13. Comparative Figures

Following the change in ownership, accounting records made available have not permitted the presentation of comparative figures for the profit and loss account or statement of source and application of funds, as the prior period was presented as a consolidated statement.

14. Taxation

	<u>1988</u>	<u>1987</u>
Corporation Tax @35%	<u>40,600</u>	<u>88,221</u>