

KIDDERMINSTER TIMBER LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1999

Company Number: 01257008

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KIDDERMINSTER TIMBER LIMITED**Directors**

A D Laver
B E Bell
A J Laver
M R Bower
C J Board
D J Walker

Secretary and registered office

M R Bower

Bramall Lane
Sheffield
S2 4RJ

Bankers

Midland Bank plc
729 Chesterfield Road
Woodseats
Sheffield
S8 0SL

Auditors

Barber Harrison & Platt
Chartered Accountants and Registered Auditors
2 Rutland Park
Sheffield
S10 2PD

KIDDERMINSTER TIMBER LIMITED**REPORT OF THE DIRECTORS**

The directors present their report together with the audited financial statements for the year ended 31 March 1999.

Principal activities

The company's principal activity during the year was the purchase and sale of timber materials.

Directors

The directors of the company during the financial year were:

A D Laver
B E Bell
A J Laver
M R Bower
C J Board

None of the directors had any beneficial interest, including family interests, in the shares of the company, holding company, ultimate holding company or any related company at any time during the financial year. D J Walker was appointed as a director on 25 May 1999.

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 these 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.

Year 2000 programme

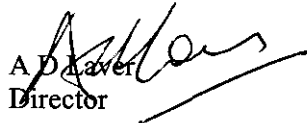
The impact of the year 2000 has been identified throughout the company in relation to computer systems and a programme is under way to address the issues arising.

KIDDERMINSTER TIMBER LIMITED**REPORT OF THE DIRECTORS - continued****Auditors**

The auditors Barber Harrison & Platt have expressed their willingness to continue in office and a proposal to reappoint them will be made at the annual general meeting.

The report of the directors has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

Approved by the board of directors on 2 December 1999 and signed on its behalf by:


A D Laver
Director

KIDDERMINSTER TIMBER LIMITED**REPORT OF THE AUDITORS TO THE MEMBERS**

We have audited the financial statements set out on pages 5 to 14 which have been prepared under the historical cost convention, and in accordance with the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


Basis of opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**BARBER HARRISON & PLATT**

Chartered Accountants
and Registered Auditors
Sheffield

2 December 1999

KIDDERMINSTER TIMBER LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 1999**

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
Turnover		964,420	986,540
Cost of sales		<u>623,622</u>	<u>666,513</u>
Gross profit		340,798	320,027
Net operating expenses	2	<u>309,566</u>	<u>293,431</u>
Operating profit	3	31,232	26,596
Interest payable	4	<u>(415)</u>	<u>(974)</u>
Profit on ordinary activities before taxation		30,817	25,622
Tax on profit on ordinary activities	5	<u>(7,097)</u>	<u>(5,722)</u>
Retained Profit for the year	13	<u>23,720</u>	<u>19,900</u>

There are no recognised gains or losses other than the profit for the year.

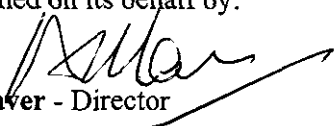
None of the company's activities were discontinued during the above two financial years.

KIDDERMINSTER TIMBER LIMITED**BALANCE SHEET****AT 31 MARCH 1999**

	<u>Note</u>	<u>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
Fixed assets			
Tangible assets	6	34,046	44,712
Current assets			
Stock	7	55,506	45,748
Debtors	8	392,029	324,140
Cash in hand and at bank		400	370
		<u>447,935</u>	<u>370,258</u>
Creditors: amounts falling due within one year	9	<u>(270,427)</u>	<u>(224,739)</u>
Net current assets		<u>177,508</u>	<u>145,519</u>
Total assets less current liabilities		<u>211,554</u>	<u>190,231</u>
Creditors: amounts falling due after more than one year	10	<u>-</u>	<u>(1,000)</u>
		<u>211,554</u>	<u>189,231</u>
Provisions for liabilities & charges	11	<u>(1,650)</u>	<u>(3,047)</u>
Total net assets		<u>209,904</u>	<u>186,184</u>
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	<u>208,904</u>	<u>185,184</u>
Equity shareholders' funds	14	<u>209,904</u>	<u>186,184</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 5 to 14 were approved by the board of directors on 2 December 1999 and signed on its behalf by:


A D Laver - Director

KIDDERMINSTER TIMBER LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 1999****1. Accounting policies****Basis of preparation**

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the invoiced amount of goods, stated net of value added tax.

Depreciation

Depreciation is provided on all tangible fixed assets at rates which are calculated to write off the cost of each asset over its expected useful life, as follows:

Motor vehicles	- 25%	reducing balance
Plant and machinery	- 15%	reducing balance
Fixtures and fittings	- 15%	reducing balance
Computers	- 25%	straight line

Stock

Stock is stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Hire purchase contracts

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Deferred taxation

Provision is made using the liability method, for deferred taxation arising in respect of items where there is a timing difference between their treatment for accounting and taxation purposes, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Pensions

The company operates a defined benefit pension scheme and pension contributions are charged to the profit and loss account to spread the cost of the pensions over the employees' working lives.

KIDDERMINSTER TIMBER LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****YEAR ENDED 31 MARCH 1999****2. Net operating expenses**

	<u>1999</u> £	<u>1998</u> £
Selling and distribution costs	166,650	137,808
Administrative expenses	130,368	145,514
Other operating charges	12,548	10,109
	<u>309,566</u>	<u>293,431</u>

3. Operating profit is stated after charging:

	<u>1999</u> £	<u>1998</u> £
Auditors' remuneration re Audit services	2,250	2,100
Depreciation of tangible fixed assets: Owned assets	8,227	9,892
Assets held under finance leases and hire purchase contracts	2,574	3,431
Hire of plant and machinery	2,343	2,554
Directors' emoluments	2,750	1,350
	<u>22,144</u>	<u>19,327</u>

4. Interest payable

	<u>1999</u> £	<u>1998</u> £
Hire purchase interest	415	974
	<u>415</u>	<u>974</u>

The company has a net overdraft facility with its related parties and interest is allocated appropriately.

5. Tax on profit on ordinary activities

	<u>1999</u> £	<u>1998</u> £
Corporation tax at 31% (1998:21%)	8,500	4,500
Adjustments in respect of previous year	(6)	(32)
Deferred taxation (see note 11)	(1,397)	1,254
	<u>7,097</u>	<u>5,722</u>

KIDDERMINSTER TIMBER LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****YEAR ENDED 31 MARCH 1999****6. Tangible fixed assets**

	<u>Plant and machinery</u>	<u>Fixtures fittings & computers</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£
Cost				
At 1 April 1998	44,390	11,705	63,155	119,250
Additions	-	135	-	135
Disposals	-	-	-	-
At 31 March 1999	<u>44,390</u>	<u>11,840</u>	<u>63,155</u>	<u>119,385</u>
Depreciation				
At 1 April 1998	35,618	3,249	35,671	74,538
Disposals	-	-	-	-
Charge for the year	1,316	2,612	6,873	10,801
At 31 March 1999	<u>36,934</u>	<u>5,861</u>	<u>42,544</u>	<u>85,339</u>
Net book value				
At 31 March 1999	<u>7,456</u>	<u>5,979</u>	<u>20,611</u>	<u>34,046</u>
At 31 March 1998	<u>8,772</u>	<u>8,456</u>	<u>27,484</u>	<u>44,712</u>

Included in motor vehicles above are the following amounts held in respect of hire purchase agreements:

Cost: 31/3/99	24,400
Accumulated depreciation	(16,680)
Net book value 31/3/99	<u>7,720</u>
Net book value 31/3/98	<u>10,294</u>

KIDDERMINSTER TIMBER LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****YEAR ENDED 31 MARCH 1999****7. Stock**

	<u>1999</u>	<u>1998</u>
	£	£
Materials and goods for resale	<u>55,506</u>	<u>45,748</u>

8. Debtors

Trade debtors	176,941	176,378
Prepayments and accrued income	4,368	2,618
Related parties (see Note 17)	<u>210,720</u>	<u>145,144</u>
	<u>392,029</u>	<u>324,140</u>

9. Creditors: amounts falling due within one year

Bank overdraft	41,647	84,683
Obligations under hire purchase contracts	1,012	5,670
Trade creditors	58,926	46,008
Group undertakings (see Note 16)	97,805	57,567
Related parties (see Note 17)	15,807	3,176
Other creditors and accruals	29,716	6,522
Corporation tax	8,500	4,500
Other taxes and social security costs	<u>17,014</u>	<u>16,613</u>
	<u>270,427</u>	<u>224,739</u>

10. Creditors: amounts falling due after more than one year

Obligations under hire purchase contracts	<u>-</u>	<u>1,000</u>
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KIDDERMINSTER TIMBER LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****YEAR ENDED 31 MARCH 1999****11. Provisions for liabilities and charges**

	Amount Provided		Full potential liability	
	1999	1998	1999	1998
	£	£	£	£
Deferred taxation				
In respect of accelerated capital allowances	1,650	3,047	1,650	3,047

The potential liability is based on a corporation tax rate of 31% (1998:31%)

12. Share capital

	1999	1998
	£	£
Authorised :		
5,000 ordinary shares of £1 each	5,000	5,000
Issued and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

13. Profit and loss account

Balance at 1 April 1998	185,184	165,284
Retained profit for year	23,720	19,900
Balance at 31 March 1999	208,904	185,184

14. Reconciliation of movements in equity shareholders' funds

Profit for the year	23,720	19,900
Balance at 1 April 1998	186,184	166,284
Balance at 31 March 1999	209,904	186,184

KIDDERMINSTER TIMBER LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****YEAR ENDED 31 MARCH 1999****15. Pension scheme costs**

Pension and death benefits for employees are provided through a defined benefit scheme (which is a funded scheme) called the "Arnold Laver Group of Companies Retirement Benefits Scheme" in which the company participates. The assets of the scheme are held separately from those of the participating companies.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of providing pensions on a systematic and rational basis over the employees' working lives with the company. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. Costs are allocated to the participating companies by applying the global contribution rate to the payroll of each individual company.

The most recent actuarial valuation was as at 1 October 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in wages, salaries and pensions. It was assumed that the investment returns would be 9% p.a., that increases in wages and salaries would average 8% p.a., that pensions accrued up to 30 September 1996, would increase at 3% p.a. and that pensions accrued after that date would increase at 4.5% p.a.

The most recent actuarial valuation showed that the market value of the Scheme's assets was £14,502,000 and that the actuarial value of those assets represented 110% of the benefits that has accrued to members, after allowing for expected future increases in wages and salaries. The contributions of the company and employees will remain at 8.5% and 3% of pensionable wages and salaries respectively.

The regular pension charge for the year was **£7,923** (1998: £7,481).

KIDDERMINSTER TIMBER LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****YEAR ENDED 31 MARCH 1999**

16. Group companies	<u>1999</u>	<u>1998</u>
	£	£
Amounts owed to group companies:		
Falling due within one year:		
Birmingham Board Company Limited	94,305	54,067
Birmingham Board Holdings Limited	3,500	3,500
	<u>97,805</u>	<u>57,567</u>

Goods are invoiced between Kidderminster Timber Limited and other group companies at approximate cost. The aggregate value during the year ended 31 March 1999 was :

Sales	£ 1,311	(1998: £1,136)
Purchases	£115,903	(1998: £112,402)

The aggregate amount of other transactions were as follows:

Services received	£23,400	(1998: £38,900)
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Provisions of finance, guarantees and collateral security are conducted through Arnold Laver & Co Limited. All group companies are subject to these conditions, interest and charges being allocated appropriately.

Birmingham Board Holdings Limited owns the entire issued share capital in Kidderminster Timber Limited. Birmingham Board Holdings Limited, together with its subsidiaries, is classed as a medium-sized group and has taken advantage of special exemptions not to prepare group financial statements, therefore, the parent company and its subsidiaries are required to report as related parties.

17. Control and related parties

The company is under the control of Messrs C J Board and B E Bell who hold the entire issued equity share capital in the ultimate holding company, non-beneficially, as Trustees of the Arnold Laver Settlement.

Messrs C J Board and B E Bell also hold non-beneficially, as Trustees of the above Settlement, the entire issued equity share capital of a number of related companies.

Goods are invoiced between Kidderminster Timber Limited and its related parties at approximate cost. The aggregate value during the year ended 31 March 1999 was:

Sales	£57	(1998: £Nil)
Purchases	£247,559	(1998: £360,472)

The aggregate amount of other transactions were as follows :

Rent Paid	£Nil	(1998: £3,000)
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KIDDERMINSTER TIMBER LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued****YEAR ENDED 31 MARCH 1999****17. Control and related parties – continued**

Provisions of finance, guarantees and collateral security are conducted through Arnold Laver & Co Limited. All the related parties are subject to these conditions, interest and charges being allocated appropriately.

During the year ended 31 March 1999, a net total of £Nil was transferred to (1997:£90,000 transferred to) Arnold Laver & Co Limited. There were no transfers between the company and other related parties.

Payments to the "Arnold Laver Group of Companies Retirement Benefits Scheme" are conducted through Arnold Laver & Co Limited. During the year ended 31 March 1999, there was a transfer of **£11,523** (1998: £13,008).

The amounts due to, or from, the related parties at the balance sheet date are shown in notes 8 and 9.

None of the directors and their close families had any transactions with the company or any of its related parties during the year ended 31 March 1999, except as disclosed in the financial statements.

18. Capital commitments

Commitments for capital expenditure at 31 March 1999, contracted for but not provided, were **£Nil** (1998: £Nil).

19. Ultimate parent company

At 31 March 1999, the ultimate parent company was Arnold Laver (Midlands) Limited.

The Trustees of the Arnold Laver Settlement, Messrs. C. J. Board and B. E. Bell, controlled the ultimate holding company and they had no transactions with the company.