

Reg of Cos

No. 01304526

BIRMINGHAM BOARD HOLDINGS LIMITED

Bramall Lane,
Sheffield,
S2 4RJ

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31st March, 1996.

PRINCIPAL ACTIVITIES & REVIEW OF THE BUSINESS

The principal activity of the group during the year was the purchase and sale of timber and sheet materials, together with machining, manufacture and conversion of wood-based products.

There has been no significant change in the group's activities during the year.

RESULTS & DIVIDENDS

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

An interim dividend of £750,000 was paid on 3rd August, 1995.

The directors do not recommend the payment of a final dividend.

SHARE CAPITAL

From 7th August, 1995, to 30th March, 1996, the company was a wholly-owned subsidiary of Arnold Laver & Co. Limited.

On 30th March, 1996, and 31st March, 1996, the company was a wholly-owned subsidiary of Arnold Laver (Midlands) Limited.

The entire share capital of both holding companies was held, non-beneficially, by Messrs. C. J. Board and B. E. Bell.

Mr. C. J. Board is a partner in the firm of chartered accountants Cobden, Board & Co. Mr. B. E. Bell is a partner in the firm of solicitors Bell & Buxton.



BIRMINGHAM BOARD HOLDINGS LIMITEDDIRECTORS' REPORTDIRECTORS & THEIR INTERESTS

The directors who served during the year and their beneficial interests, including family interests, in the company's issued share capital were:

		<u>£1 Ordinary shares</u>	
		<u>At 31/3/96</u>	<u>At 31/3/95</u>
D. J. Walker	- (Resigned 7/8/95)	-	500
R. C. Cupit	- (" ")	-	500
A. H. Laver	- (Appointed 7/8/95)	-	
A. D. Laver	- (" ")	-	
B. E. Bell	- (" ")	-	
A. J. Laver	- (" 8/5/96)	-	

The directors had no interest in the ultimate holding companies.

FREEHOLD PROPERTY

In the opinion of the directors the market value of the freehold property is not significantly higher than the book value of £1,063,300 at which it is shown in the balance sheet at 31st March, 1996, although no professional valuation has been undertaken.

POLITICAL & CHARITABLE CONTRIBUTIONS

The group made no political or charitable contributions during the year.

GOING CONCERN

The directors consider that the company and the group have adequate resources to continue in business for the foreseeable future and that, for this reason, they should continue to adopt the going concern basis in preparing the financial statements.

AUDITORS

The auditors, Messrs. Wenham Major resigned on 4th August, 1995.


The directors appointed Messrs. Cobden, Board & Co. to fill the casual vacancy.

Messrs. Cobden, Board & Co. have expressed their willingness to continue in office, and a resolution proposing their re-appointment and authorising the directors to agree their remuneration will be submitted at the Annual General Meeting.

ON BEHALF OF THE BOARD

A. H. LAVER

CHAIRMAN



5th November, 1996.

BIRMINGHAM BOARD HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

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 the group at the end of the financial year and of the profit or loss for that period. In preparing these financial statements the directors are required to:

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgments and estimates that are reasonable and prudent;
- (c) comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements;
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985 as described above. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS

to the Members of BIRMINGHAM BOARD HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 21 which have been prepared under the historical cost convention, as modified by the revaluation of freehold property, and the accounting policies set out on pages 10 and 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 and the group at 31st March, 1996, and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Cobden Board & Co.

COBDEN, BOARD & CO.

Sheffield & London,
5th November, 1996.

Chartered Accountants,
Registered Auditors.

BIRMINGHAM BOARD HOLDINGS LIMITED
CONSOLIDATED PROFIT & LOSS ACCOUNT
for the Year ended 31st MARCH 1996

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	<u>Notes</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
TURNOVER	2	6,651,225	7,337,479
Cost of sales		(5,092,675)	(5,491,441)
GROSS PROFIT		1,558,550	1,846,038
Marketing & distribution costs		(326,224)	(420,852)
Administrative expenses		(742,395)	(843,339)
Other operating charges		(122,490)	(110,375)
OPERATING PROFIT	3	367,441	471,472
Loss on sale of fixed assets in continuing operations		(65,892)	(11,783)
Loss on sale of subsidiary	19	(11,783)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		289,766	459,689
Interest & finance charges	5	(13,529)	(26,606)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		276,237	433,083
Taxation	6	(109,564)	(138,025)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		166,673	295,058
Dividend	7	(750,000)	-
RETAINED (LOSS)/PROFIT FOR THE YEAR		(£583,327)	£295,058

CONTINUING OPERATIONS

In August 1995 the group disposed of Birmingham Services Limited, a wholly-owned subsidiary. The results of this company for the year ended 31st March, 1995, are included in the above consolidated results for that year. The results from 1st April, 1995, to the date of sale are not included in the above consolidated results for the year ended 31st March, 1996, since they are not material in the context of the consolidated results.

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
TOTAL RECOGNISED GAINS & LOSSES		
(Loss)/profit for the financial year	(583,327)	295,058
Sale of goodwill	-	17,000
Depreciation written back on revaluation	-	107,100
Revaluation of freehold property	-	381,421
	(£583,327)	£800,579

The notes on pages 10 to 21 form part of these financial statements.

BIRMINGHAM BOARD HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

at 31st MARCH 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	8	1,380,629	1,491,712
CURRENT ASSETS			
Stock	9	897,349	805,545
Debtors	10	1,466,413	1,542,884
Cash at bank		-	110,512
Cash in hand		670	670
		2,364,432	2,459,611
CREDITORS: amounts falling due within one year	11	(2,120,558)	(1,887,453)
NET CURRENT ASSETS		243,874	572,158
TOTAL ASSETS LESS CURRENT LIABILITIES		1,624,503	2,063,870
CREDITORS: amounts falling due after more than one year	12	(215,992)	(69,875)
		1,408,511	1,993,995
PROVISIONS FOR LIABILITIES & CHARGES	13	(11,873)	(14,030)
TOTAL NET ASSETS		£1,396,638	£1,979,965
CAPITAL & RESERVES			
Called-up share capital	14	1,000	1,000
Revaluation reserve	15	381,421	381,421
Profit & loss account	16	1,014,217	1,597,544
EQUITY SHAREHOLDERS' FUNDS	17	£1,396,638	£1,979,965

Approved by the Board of Directors on 5th November, 1996,
and signed on its behalf.



A. H. LAVER - CHAIRMAN

The notes on pages 10 to 21 form part of these financial statements.

BIRMINGHAM BOARD HOLDINGS LIMITEDBALANCE SHEETat 31st MARCH 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
FIXED ASSETS			
Tangible assets	8	1,063,300	1,085,000
Investments	19	98,886	103,886
		<u>1,162,186</u>	<u>1,188,886</u>
CURRENT ASSETS			
Debtors	10	400,882	883,416
Cash at bank and in hand		<u>1,673</u>	<u>-</u>
		402,555	883,416
CREDITORS: amounts falling due within one year	11	(387,944)	(793,546)
NET CURRENT ASSETS		<u>14,611</u>	<u>89,870</u>
TOTAL NET ASSETS		<u>£1,176,797</u>	<u>£1,278,756</u>
CAPITAL & RESERVES			
Called-up share capital	14	1,000	1,000
Revaluation reserve	15	381,421	381,421
Profit & loss account	16	<u>794,376</u>	<u>896,335</u>
EQUITY SHAREHOLDERS' FUNDS	17	<u>£1,176,797</u>	<u>£1,278,756</u>

Approved by the Board of Directors on 5th November, 1996,
and signed on its behalf.


A. H. LAVER - CHAIRMAN

The notes on pages 10 to 21 form part of these financial statements.

BIRMINGHAM BOARD HOLDINGS LIMITEDCONSOLIDATED CASH FLOW STATEMENTfor the Year ended 31st MARCH 1996

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES (See Note 1 Page 9)	<u>1,215,276</u>	<u>443,593</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	(3,151)	(24,861)
Interest element of finance lease rentals payments	(10,378)	-
Dividend paid	<u>(750,000)</u>	<u>-</u>
NET CASH INFLOW/(OUTFLOW) FROM INVESTMENTS AND SERVICING OF FINANCE	<u>(763,529)</u>	<u>(24,861)</u>
TAXATION		
Corporation tax paid	(141,321)	(76,960)
Advance Corporation Tax paid	<u>(187,500)</u>	<u>-</u>
	<u>(328,821)</u>	<u>(76,960)</u>
INVESTING ACTIVITIES		
Purchases of tangible fixed assets	(122,611)	(97,208)
Hire purchase loans received	24,400	87,632
Sales of tangible fixed assets	3,027	17,955
Proceeds from sale of shares	40,000	-
Sale of goodwill	<u>-</u>	<u>17,000</u>
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	<u>(55,184)</u>	<u>25,379</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	67,742	367,151
FINANCING		
Repayment of pension fund loan	-	(125,000)
Capital element of hire purchase payments	(101,639)	(108,601)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	<u>(101,639)</u>	<u>(233,601)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (See Note 2 Page 9)	<u>(£33,897)</u>	<u>£133,550</u>

The notes on pages 10 to 21 form part of these financial statements.

BIRMINGHAM BOARD HOLDINGS LIMITEDNOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year ended 31st MARCH 1996

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
1. RECONCILIATION OF OPERATING PROFIT/ (LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		
Operating profit/(loss)	367,441	469,727
Depreciation charges	107,155	121,100
Change in stock	(91,804)	(43,156)
Change in debtors	258,889	(20,691)
Change in creditors	<u>573,595</u>	<u>(83,387)</u>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<u>£1,215,276</u>	<u>£443,593</u>
2. ANALYSIS OF CHANGES IN CASH & CASH EQUIVALENTS DURING THE YEAR		
	<u>Cash</u> <u>£</u>	<u>Bank</u> <u>£</u> <u>Total</u> <u>£</u>
Balance at 31/3/94	670	(490,554) (489,884)
Net Inflow/(Outflow)	<u>-</u>	<u>133,550</u> <u>133,550</u>
Balance at 31/3/95	670	(357,004) (356,334)
Net Inflow/(Outflow)	<u>-</u>	<u>(33,897)</u> <u>(33,897)</u>
Balance at 31/3/96	<u>£670</u>	<u>(£390,901)</u> <u>(£390,231)</u>

The notes on pages 10 to 21 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

at 31st MARCH 1996

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold property, and in accordance with applicable accounting standards. The accounting policies are consistent with the previous year.

Turnover

Turnover represents the invoiced amount of goods, stated net of value added tax, sold in the ordinary course of business, and includes sales to related parties.

Tangible fixed assets and depreciation

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

Freehold property	- 2% (straight line method)
Plant and machinery	- 15% (reducing balance method)
Fixtures and fittings	- 15% (reducing balance method)
Computer equipment	- 25% (straight line method)
Motor vehicles	- 25% (reducing balance method)

Stock

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

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all timing differences.

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.

NOTES TO THE FINANCIAL STATEMENTS
at 31st MARCH 1996

1. ACCOUNTING POLICIES (Cont'd.)

Pensions

The group 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.

Consolidation

The consolidated financial statements incorporate the holding company and its subsidiaries. A separate profit and loss account dealing with the results of the holding company only has not been presented as exemption is permitted under Section 230 of the Companies Act 1985.

2. TURNOVER

	Profit 1996 £	Turnover 1996 £	Profit 1995 £	Turnover 1995 £
The analysis of profit and turnover by activity is as follows:				
Sale of timber & sheet materials				
Continued operations	276,237	6,651,225	443,930	7,207,448
Discontinued operations	-	-	(10,847)	130,031
	<u>£276,237</u>	<u>£6,651,225</u>	<u>£433,083</u>	<u>£7,337,479</u>

3. OPERATING PROFIT

	1996 £	1995 £
(a) This is stated after charging:		
Directors' remuneration (see below)	41,007	225,912
Auditors' remuneration: Audit fees	18,000	22,419
Non-audit related fees	2,000	2,559
Depreciation: Owned assets	85,920	73,858
Assets held under finance leases and hire purchase contracts	21,235	47,242
Hire of plant and machinery	<u>2,494</u>	<u>11,165</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31st MARCH 1996

3. OPERATING PROFIT (Cont'd.)

1996

1995

(b) Directors' remuneration

The emoluments of the directors were as follows:

Emoluments excluding pension contributions:

The remuneration of previous chairman	<u>£20,525</u>	<u>£99,388</u>
The remuneration of current chairman	<u>£Nil</u>	
The remuneration of the other paid director	<u>£20,482</u>	<u>£96,524</u>

The remuneration of the other directors was within the following range:

	<u>No.</u>	<u>No.</u>
£Nil - £5,000	<u>3</u>	<u>=</u>

In the year ending 31st March, 1996, directors' remuneration has been apportioned to their period in office.

4. STAFF COSTS (including directors)

1996

1995

	<u>£</u>	<u>£</u>
Wages & salaries	787,370	913,327
Social security costs	72,344	93,265
Other pension costs	20,107	30,000
	<u>£879,821</u>	<u>£1,036,592</u>

The average number of employees during the year was

<u>No.</u>	<u>No.</u>
<u>55</u>	<u>55</u>

5. INTEREST & FINANCE CHARGES

1996

1995

	<u>£</u>	<u>£</u>
Bank interest payable	3,151	10,058
Hire purchase interest	10,378	9,305
Loan interest payable	-	7,243
	<u>£13,529</u>	<u>£26,606</u>

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

BIRMINGHAM BOARD HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

at 31st MARCH 1996

6. TAXATION

1996
£

1995
£

The tax charge on the profit on ordinary activities was as follows:

Corporation tax at 33% (1995: 33%) based on the adjusted results for the year
Taxation adjustments for previous years
Deferred taxation (see Note 13)

110,100	142,100
(3,379)	(240)
2,843	(3,835)
<u>£109,564</u>	<u>£138,025</u>

7. DIVIDEND

Dividend paid

£750,000

£Nil

On 3rd August, 1995, an interim dividend was paid on the ordinary shares.

8. TANGIBLE FIXED ASSETS

GROUP	Freehold Property £	Plant & Machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost or valuation:					
At 1/4/95	1,085,000	621,370	123,506	508,771	2,338,647
Additions	-	-	27,100	95,511	122,611
Disposals	-	-	-	(110,764)	(110,764)
Disposals ex-subsidiary	-	(305,609)	-	-	(305,609)
At 31/3/96	<u>£1,085,000</u>	<u>£315,761</u>	<u>£150,606</u>	<u>£493,518</u>	<u>£2,044,885</u>
Depreciation:					
At 1/4/95	-	427,531	106,700	312,704	846,935
Charge for the year	21,700	20,433	9,083	55,939	107,155
Disposals	-	-	-	(41,845)	(41,845)
Disposals ex-subsidiary	-	(247,989)	-	-	(247,989)
At 31/3/96	<u>£21,700</u>	<u>£199,975</u>	<u>£115,783</u>	<u>£326,798</u>	<u>£664,256</u>
Net book value:					
At 31/3/96	<u>£1,063,300</u>	<u>£115,786</u>	<u>£34,823</u>	<u>£166,720</u>	<u>£1,380,629</u>
At 31/3/95	<u>£1,085,000</u>	<u>£193,839</u>	<u>£16,806</u>	<u>£196,067</u>	<u>£1,491,712</u>

NOTES TO THE FINANCIAL STATEMENTSat 31st MARCH 19968. TANGIBLE FIXED ASSETS (Cont'd.)

Listed below are amounts held in respect of hire purchase agreements:

	<u>Motor vehicles</u> £	<u>Plant & machinery</u> £	<u>Total</u> £
Cost: 31/3/96	87,972	57,912	145,884
Accumulated depreciation	(46,421)	(16,071)	(62,492)
Net book value: 31/3/96	<u>£41,551</u>	<u>£41,841</u>	<u>£83,392</u>

COMPANY	<u>Freehold property</u> £
Cost or valuation:	
Cost at 1/4/94	703,579
Revaluation	381,421
At 31/3/95 and 31/3/96	<u>£1,085,000</u>
Depreciation:	
At 31/3/95	-
Charge for the year	<u>21,700</u>
At 31/3/96	<u>£21,700</u>
Net book value:	
At 31/3/96	<u>£1,063,300</u>
At 31/3/95	<u>£1,085,000</u>

The freehold property was revalued in March 1995 by Messrs. Sellers, Chartered Surveyors, on a continuing use basis.

NOTES TO THE FINANCIAL STATEMENTSat 31st MARCH 19969. STOCK

	<u>1996</u> <u>Group</u>	<u>1995</u> <u>Group</u>
Goods for resale	<u>£897,349</u>	<u>£805,545</u>

10. DEBTORS: amounts falling due within one year

	<u>1996</u>		<u>1995</u>	
	<u>Group</u> <u>£</u>	<u>Company</u> <u>£</u>	<u>Group</u> <u>£</u>	<u>Company</u> <u>£</u>
Trade debtors	1,240,221	-	1,493,051	-
Amounts owed by group undertakings	-	368,328	-	880,446
Advance Corporation Tax recoverable	187,500	30,000	2,600	-
Prepayments and accrued income	38,692	2,554	47,233	2,970
	<u>£1,466,413</u>	<u>£400,882</u>	<u>£1,542,884</u>	<u>£883,416</u>

11. CREDITORS: amounts falling due within one year

Bank overdraft	390,901	-	467,516	357,881
Obligations under hire purchase contracts	30,894	-	63,346	-
Trade creditors	429,852	-	789,758	-
Amounts due to group undertakings	-	1,100	-	308,851
Directors' loan accounts	-	-	83,276	83,276
Corporation tax	110,100	17,300	144,700	19,000
Other taxes & security costs	99,882	-	207,831	22,500
Accruals and deferred income	76,351	3,000	131,026	2,038
Amounts owed to related parties (see Note 20)	982,578	366,544	-	-
	<u>£2,120,558</u>	<u>£387,944</u>	<u>£1,887,453</u>	<u>£793,546</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31st MARCH 1996

12. CREDITORS: amounts falling due
after more than one year

	<u>1996</u>		<u>1995</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Obligations under hire purchase contracts payable between 2 and 5 years	15,992	-	60,779	-
Amounts owed to related parties (see Note 20)	200,000	-	-	-
Deferred staff bonuses	-	-	9,096	-
	<u>£215,992</u>	<u>£-</u>	<u>£69,875</u>	<u>£-</u>

13. DEFERRED TAXATION

	<u>1996</u>	<u>1995</u>
	£	£
Balance at 1/4/95	14,030	17,865
Charge for the year	2,843	(3,835)
Charge ex-subsidiary	(5,000)	-
Balance at 31/3/96	<u>£11,873</u>	<u>£14,030</u>

14. SHARE CAPITAL

Authorised, issued & fully paid: 1,000 Ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
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15. REVALUATION RESERVE

Balance at 1/4/95	381,421	-
Arising on revaluation	-	381,421
Balance at 31/3/96	<u>£381,421</u>	<u>£381,421</u>

The freehold property was revalued in March 1995.

BIRMINGHAM BOARD HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTSat 31st MARCH 1996

16. <u>PROFIT & LOSS ACCOUNT</u>	<u>1996</u>		<u>1995</u>	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Balance at 1/4/95	1,597,544	896,335	1,178,386	318,776
Retained (loss)/profit	(583,327)	(101,959)	295,058	53,486
Depreciation written back on revaluation	-	-	107,100	107,100
Dividends received from subsidiaries	-	-	-	416,973
Sale of goodwill	-	-	17,000	-
Balance at 31/3/96	<u>£1,014,217</u>	<u>£794,376</u>	<u>£1,597,544</u>	<u>£896,335</u>

17. RECONCILIATION OF MOVEMENT
IN EQUITY SHAREHOLDERS' FUNDS

Profit for the financial year	166,673	18,041	295,058	53,486
Dividends received from subsidiaries	-	630,000	-	416,973
Dividend paid	(750,000)	(750,000)	-	-
Depreciation written back on revaluation	-	-	107,100	107,100
Sale of goodwill	-	-	17,000	-
Revaluation of freehold land and buildings	-	-	381,421	381,421
Net (reduction)/addition to shareholders' funds	(583,327)	(101,959)	800,579	958,980
Balance at 1/4/95	<u>1,979,965</u>	<u>1,278,756</u>	<u>1,179,386</u>	<u>319,776</u>
Balance at 31/3/96	<u>£1,396,638</u>	<u>£1,176,797</u>	<u>£1,979,965</u>	<u>£1,278,756</u>

18. CONTINGENT LIABILITIES

Guarantees in respect of hire purchase liabilities of subsidiaries	-	46,886	-	124,125
Customs & Excise deferred duty guarantee	-	-	40,000	-
Guarantees in respect of overdraft of subsidiaries	-	-	-	<u>109,635</u>

BIRMINGHAM BOARD HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

at 31st MARCH 1996

19. INVESTMENTS

	<u>1996</u> £	<u>1995</u> £
Investments in subsidiary companies:		
Birmingham Board Company Limited	2,500	2,500
Stourport Timber and Boards Limited	100	100
Birmingham Board Company (Southern) Limited	1,000	1,000
Kidderminster Timber Limited	95,286	95,286
Birmingham Services Limited	-	5,000
	<u>£98,886</u>	<u>£103,886</u>

The above investments are unlisted.

Birmingham Services Limited:	
Equity shareholders' funds	51,783
<u>Less: Proceeds from sale of company</u>	<u>40,000</u>
Loss on sale of subsidiary	<u>£11,783</u>

Additional information on subsidiary companies at 31st March, 1996:

	<u>Class of Share held</u>	<u>Percentage held</u>
TRADING COMPANIES		
Birmingham Board Company Limited	Ordinary	100%
Kidderminster Timber Limited	"	"
NON TRADING COMPANIES		
Stourport Timber and Boards Limited	"	"
Birmingham Board Company (Southern) Limited	"	"

The principal activity of both trading companies was the purchase and sale of timber materials.

All the subsidiary companies are included in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTSat 31st MARCH 199620. RELATED PARTIES

From 7th August, 1995, the company and the group has been controlled by an ultimate holding company, which has a number of related parties.

The parties are subject to common control and thus related because Messrs. C. J. Board and B. E. Bell hold, non-beneficially, the entire equity share capital of each related party.

Mr. C. J. Board is a partner in the firm of chartered accountants Cobden, Board & Co. Mr. B. E. Bell is a partner in the firm of solicitors Bell & Buxton.

Goods are invoiced between the group and the company with its related parties at approximate cost, and the aggregate value during the period commencing 7th August, 1995, was:

	<u>Group</u>	<u>Company</u>
Sales and rendering of services	£48,008	£Nil
Purchases	£822,837	£Nil

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

During the period commencing 7th August, 1995, a net total of £826,544 (Group) and £366,544 (Company) was transferred from Arnold Laver & Co. Limited. There were no transfers between the holding company and its subsidiaries with other related parties.

Amounts due to or from the related parties at the balance sheet date were as follows:

	<u>Group</u>	<u>Company</u>
	£	£
Amounts owed to related parties:		
Falling due within one year:		
Arnold Laver & Co. Limited	793,878	366,544
Arnold Laver (Leeds) Limited	10,810	-
Arnold Laver (Bradford) Limited	95,909	-
Arnold Laver (Flameproofed Boards) Limited	6,335	-
Heeley Bridge Garage Limited	72,565	-
Alco (Builders' Merchants) Limited	3,081	-
	<u>£982,578</u>	<u>£366,544</u>

NOTES TO THE FINANCIAL STATEMENTSat 31st MARCH 199620. RELATED PARTIES (Cont'd.)

	<u>Group</u>	<u>Company</u>
Falling due after more than one year:		
Arnold Laver & Co. Limited	<u>£200,000</u>	<u>£Nil</u>

In addition to the companies set out above, the following companies are also related parties:

Arnold Laver (D.I.Y.) Limited
Arnold Laver (Sites) Limited
Arnold Laver (Abacus-London) Limited
Beecroft & Wightman (Bradford) Limited
H. Marshall (Woodshavings) Limited
Richard Wragg Limited
Bessacarr Caravans Limited

21. 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 pension scheme is a related party because Messrs. A. H. Laver and B. E. Bell are Trustees.

The accounting policy is that 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 in accordance with the recommended actuarial basis. This is also the funding basis of the scheme. Costs are allocated to the participating companies by applying the global contribution rate to the payroll of each individual company, in accordance with Paragraph 52 of SSAP 24.

The contributions are determined by a qualified actuary. The most recent formal valuation was at 1st October, 1991.

The total pension cost for the year is £20,107. The scheme is fully funded on a current level basis and there is no deficiency. The most recent valuation showed that the contribution rate sufficient to fund accruing benefits is 11.5% of pensionable wages and salaries, of which the members pay 3%. The projected unit method was used. This is an accrued benefits method as described in Paragraph 14 of SSAP 24 based on wages and salaries projected to retirement.

NOTES TO THE FINANCIAL STATEMENTS

at 31st MARCH 1996

21. PENSION SCHEME COSTS (Cont'd.)

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 rate 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. and that pensions would increase at 3% p.a.

The market value of the scheme's assets was £7,248,330, and the actuarial value of the assets stood at 104% of the benefits that had accrued to members after allowing for expected future increases in earnings. There is no material actuarial surplus or deficiency.

There are no commitments to make any additional payments and there are no material changes in the pension arrangements that will lead to any expected effects on future costs. However, equality of pension rights between males and females and limited price increases, as detailed in the Pensions Act 1995, may affect future costs.

22. CAPITAL COMMITMENTS

There was no capital expenditure authorised or contracted (1995: £26,870).

23. ULTIMATE HOLDING COMPANY

At 31st March, 1996, the ultimate parent company was Arnold Laver (Midlands) Limited. Messrs. C. J. Board and B. E. Bell controlled the ultimate holding company and they had no transactions with any group companies.