

Registered no: 02109656

# **Tanglewood Timber & Builders Merchants Limited**

## **Annual report**

**for the year ended 31 December 1999**



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**Directors' report**  
**For the year ended 31 December 1999**

The directors present their report and the audited financial statements for the year ended 31 December 1999.

**Principal activities**

The principal activities of the Company are unchanged from last year and are the distribution of building and similar supplies to the trade.

**Review of business**

The profit and loss account for the year is set out on page 5.

On 1<sup>st</sup> January 2000, the entire trade, assets and liabilities were transferred at net book value to Travis Perkins Trading Company Limited, a fellow subsidiary of Travis Perkins plc.

**Dividends**

The directors do not propose to pay a dividend in respect of the year ended 31<sup>st</sup> December 1999 (1998 : £30,000).

**Directors**

The directors of the Company who served during the year are listed below:

C M Fisher	(Resigned 28 <sup>th</sup> April 2000)
T R Bacon	(Resigned 28 <sup>th</sup> April 2000)
P N Hampden Smith	(Appointed 28 <sup>th</sup> April 2000)
F J McKay	(Appointed 28 <sup>th</sup> April 2000)
B D Roper	(Resigned 29 <sup>th</sup> February 2000)
J Truman	

On 1<sup>st</sup> December 1999, the recommended offer ("The Offer") for Sharpe & Fisher plc by Travis Perkins plc was declared unconditional in all respects. The directors accepted the Offer in full in respect of their holdings of both shares and options in Sharpe & Fisher plc. The shares and share options were converted to either cash, loan notes or shares in Travis Perkins plc. The holdings shown below at 1<sup>st</sup> January 1999 are their interests in the shares and options of Sharpe & Fisher plc. The holdings shown below at 31<sup>st</sup> December 1999 are their interests in the shares, options and loan notes of Travis Perkins plc.

	Sharpe & Fisher plc		Travis Perkins plc		
	ordinary shares of 25p each		ordinary shares of 10p each		
	Shares 1 Jan '99	Share Options 1 Jan '99	Shares 31 Dec '99	Options 31 Dec '99	Loan Notes £ 31 Dec '99
TR Bacon	35,814	104,873	6,457	-	-
CM Fisher	3,772,486	192,495	791,945	-	£3,267,402
CM Fisher (Trustee)	31,074	-	17,605	-	-
BD Roper	161,495	162,683	48,687	-	£110,756
J Truman	-	-	-	-	-

Messrs P N Hampden Smith and F J McKay are directors of the ultimate parent company, Travis Perkins plc, and their beneficial interests are shown in that company's accounts.

## Auditors

Pricewaterhouse Coopers resigned on 20<sup>th</sup> December 1999 and the directors appointed Deloitte & Touche as auditors to the company. A resolution to reappoint Deloitte & Touche as auditors to the company will be proposed at the annual general meeting.

## By order of the Board



**A. S. Pike**  
Secretary

25 October 2000

**Statement of directors' responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Auditors report to the members of Tanglewood Timber & Builders Merchants Limited**

We have audited the financial statements on pages 5 to 12, which have been prepared under the accounting policies set out on page 7.

### **Respective responsibilities of directors and auditors**

As described on page 3 the 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 report our opinion to you.

### **Basis of audit opinion**

We conducted our audit in accordance with the Auditing Standards issued by the Auditing Practices Board. An audit also includes examination, on a test basis, of evidence relevant to the amounts and disclosures in 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 presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 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 'Deloitte & Touche', with a long horizontal line extending to the right.

Deloitte & Touche  
Chartered Accountants and Registered Auditors  
2 Colmore Row  
Birmingham  
B3 2BN

27 October 2000

**Profit and loss account  
for the year ended 31 December 1999**

	Notes	<b>1 Jan '99 to 31 Dec '99 £'000</b>	<b>8 Nov '97 to 31 Dec '98 £'000</b>
<b>Turnover</b>	2	1,708	1,794
<b>Cost of sales</b>		<u>(1,128)</u>	<u>(1,073)</u>
<b>Gross profit</b>		580	721
Net operating expenses	3	<u>(417)</u>	<u>(488)</u>
<b>Operating profit</b>	6	163	233
Taxation charge on ordinary activities	7	<u>(43)</u>	<u>-</u>
<b>Profit for the financial year</b>		120	233
Preference share appropriation	8	<u>-</u>	<u>(30)</u>
<b>Retained profit for the financial year</b>		<u>120</u>	<u>203</u>


The above results all derive from discontinued operations.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

**Balance sheet**  
**at 31 December 1999**

	Notes	1999 £'000	1998 £'000
<b>Fixed assets</b>			
Tangible assets	9	33	24
<b>Current assets</b>			
Stocks	10	275	254
Debtors	11	318	186
Cash at bank and in hand		1	369
		<u>594</u>	<u>809</u>
<b>Creditors:</b>			
amounts falling due within one year	12	(140)	(466)
<b>Net current assets</b>		<u>454</u>	<u>343</u>
<b>Net assets</b>		<u>487</u>	<u>367</u>
<b>Capital and reserves</b>			
Called-up share capital	14	500	500
Profit and loss account	15	(13)	(133)
<b>Shareholders' funds</b>		<u>487</u>	<u>367</u>
Equity shareholders' funds	16	157	37
Non-equity shareholders' funds	16	330	330
		<u>487</u>	<u>367</u>

The financial statements were approved by the board of directors on 25<sup>th</sup> October 2000 and were signed on its behalf by:



**P. N. Hampden Smith**  
**Director**



**Notes to the financial statements  
for the year ended 31 December 1999****1 Basis of preparation**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been consistently applied is set out below.

**Basis of accounting**

The financial statements have been prepared on the historical cost basis of accounting.

**Tangible fixed assets**

Tangible fixed assets are stated in the balance sheet at cost less depreciation.

**Depreciation**

Depreciation is calculated so that tangible fixed assets are written off over their estimated useful lives in equal annual installments on the following basis:

Plant and equipment	From 10% to 25% on cost
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**Operating leases**

Rentals payable under operating leases are charged against profits as incurred.

**Pension costs**

The Company is an employer in various Sharpe & Fisher plc pension schemes which are open to all employees on a voluntary basis. The schemes' funds are administered by Trustees through managed funds. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company.

**Stocks**

Stocks are stated in the balance sheet at the lower of cost and net realisable value. Cost is defined as purchase price less all applicable discounts and rebates receivable from suppliers. Net realisable value is defined as the estimated selling price.

**Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

## 2 Turnover

Turnover, which excludes valued added tax and trade discounts, represents the invoiced value of goods and services supplied.

## 3 Net operating expenses

	1 Jan '99 to 31 Dec '99 £'000	8 Nov '97 to 31 Dec '98 £'000
Selling and distribution costs	373	390
Administrative expenses	44	98
	<u>417</u>	<u>488</u>

## 4 Directors' Emoluments

No remuneration was paid to the directors for their services to this Company. T R Bacon, C M Fisher and B D Roper's emoluments are paid by, and disclosed in the accounts of Sharpe & Fisher plc. No remuneration was paid to J Truman (1998: £Nil).

## 5 Employee Information

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	1 Jan '99 to 31 Dec '99 Number	8 Nov '97 to 31 Dec '98 Number
Distribution and selling	<u>13</u>	<u>13</u>
	1 Jan '99 to 31 Dec '99 £'000	8 Nov '97 to 31 Dec '98 £'000
Staff costs (for the above persons):		
Wages and salaries	186	217
Social security costs	13	25
Other pension costs	5	1
	<u>204</u>	<u>243</u>

**6 Profit on ordinary activities before taxation**

	1 Jan '99 to 31 Dec '99 £'000	8 Nov '97 to 31 Dec '98 £'000
Profit on ordinary activities before taxation is stated after:		
Loss on disposal of fixed assets	4	-
Depreciation charge for the year:		
Tangible owned fixed assets	8	9
Hire of vehicles, plant and machinery - operating leases	21	15
Rentals of premises	51	47

The management charge from Sharpe & Fisher (Building Supplies) Limited includes the annual audit fee.

**7 Taxation**

	1 Jan '99 to 31 Dec '99 £'000	8 Nov '97 to 31 Dec '98 £'000
United Kingdom corporation tax at 30.25% (1998 : 31.0%):		
Current	43	-

**8 Dividends**

	1 Jan '99 to 31 Dec '99 £'000	8 Nov '97 to 31 Dec '98 £'000
Preference dividend appropriation	-	30

**9 Tangible fixed assets**

	Plant and Machinery £'000
<b>Cost</b>	
At 1 January 1999	112
Transfers intergroup	(71)
Additions	21
Disposals	(8)
<b>At 31 December 1999</b>	<b>54</b>
<b>Depreciation</b>	
At 1 January 1999	88
Charge for the year	8
Transfers intergroup	(71)
Eliminated in respect of disposals	(4)
<b>At 31 December 1999</b>	<b>21</b>
<b>Net book value at 31 December 1999</b>	<b>33</b>
Net book value at 31 December 1998	24

**10 Stocks**

	1999 £'000	1998 £'000
Goods for resale	<u>275</u>	<u>254</u>

**11 Debtors**

	1999 £'000	1998 £'000
Amounts falling due within one year		
Trade debtors	239	186
Amounts owed by group undertakings:		
Parent company and fellow subsidiaries	69	-
Prepayments and accrued income	<u>10</u>	<u>-</u>
	<u>318</u>	<u>186</u>

**12 Creditors: amounts falling due within one year**

	1999 £'000	1998 £'000
Trade creditors	74	41
Amounts owed to group undertakings:		
Parent company and fellow subsidiaries	-	386
Corporation tax	43	-
Other taxation and social security payable	17	30
Accruals and deferred income	<u>6</u>	<u>9</u>
	<u>140</u>	<u>466</u>

**13 Pension and similar obligations**

The Sharpe & Fisher Group operates various pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Group and Company, and are administered by trustees through managed funds and insurance policies.

Pension costs are assessed in accordance with the advice of a qualified actuary using the projected unit method. The most recent valuation of the two principal schemes was at 31<sup>st</sup> December 1998. The market value of the schemes' assets as at this date was £15.5m. On a current funding level basis, the actuarial value of those assets was sufficient to cover 97% of the benefits that had accrued to members. This is using an assumed return on investment in excess of general earning growth of 3.8%.

A provision of £6.0m has been made in the financial statements of Sharpe & Fisher (Building Supplies) Limited in respect of the pension deficit identified at the time the Group was acquired by Travis Perkins plc. The contributions of the employees will remain unchanged. The pension cost charge for the year is disclosed in note 5.

## 14 Called-up share capital

	1999 £'000	1998 £'000
<b>Authorised, allotted, called up and fully paid</b>		
200,000 ordinary shares of £1 each	200	200
300,000 participating preference shares of £1 each	300	300
	<u>500</u>	<u>500</u>

## 15 Profit and loss account

	£'000
At 1 January 1999	(133)
Retained profit for the year	120
	<u>(13)</u>
At 31 December 1999	

## 16 Reconciliation of movement in shareholders' funds

	1999 £'000	1998 £'000
Profit for the financial year	120	203
Preference share appropriation	-	30
<b>Net addition to shareholders' funds</b>	<u>120</u>	<u>233</u>
Opening shareholders' funds	367	134
<b>Closing shareholders' funds</b>	<u>487</u>	<u>367</u>
<b>Shareholders' fund allocated to non-equity</b>		
Non equity share capital	300	300
Preference share appropriation	30	30
	<u>330</u>	<u>330</u>
<b>Shareholders' fund allocated to equity</b>		
Equity share capital	200	200
Profit & Loss account reserve	(13)	(133)
Preference share appropriation	(30)	(30)
	<u>157</u>	<u>37</u>

## 17 Contingent Liabilities

	1999 £'000	1998 £'000
VAT liability of parent company and fellow subsidiary undertakings	609	555

## 18 Lease commitments

At 31 December 1999 the Company had annual commitments under non-cancellable operating leases as follows:

	1999		1998	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiring within one year	-	11	-	-
Expiring between one and two years inclusive	-	3	-	-
Expiring between two and five years inclusive	-	4	-	20
Expiring in over five years	47	13	47	-
	<u>47</u>	<u>31</u>	<u>47</u>	<u>20</u>

The majority of land and building leases are subject to rent review periods of five years.

## 19 Related party transactions

The Company has taken advantage of the exemption permitted by Financial Reporting Standard No 8, available where 90% or more of the voting rights of subsidiary undertakings are controlled within the Group and where the consolidated financial statements of that group are publicly available, not to disclose transactions with its subsidiary companies within these accounts.

## 20 Ultimate holding company

The directors regard Gammon & Smith Limited, a company registered in England and Wales, as the immediate parent undertaking, by virtue of its 100% interest in the equity of the Company at 31<sup>st</sup> December 1999.

The directors regard Travis Perkins plc, a company registered in England and Wales, as the ultimate controlling party by virtue of its 100% interest in the equity of Sharpe & Fisher plc. Copies of the consolidated financial statements may be obtained from The Secretary, Travis Perkins plc, Lodge Way House, Lodge Way, Harlestone Road, Northampton NN5 7UG.