

**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011**  
**FOR**  
**BAYRAM TIMBER LIMITED**

SATURDAY



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**FOR THE YEAR ENDED 31 OCTOBER 2011**

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**BAYRAM TIMBER LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

|                                      |  |
|--------------------------------------|--|
| <b>DIRECTORS:</b>                    | G Goodwin<br>J A Grace<br>A D Clarke<br>C J Husband  |
| <b>SECRETARY:</b>                    | I W Jordan   |
| <b>REGISTERED OFFICE:</b>            | Gibson Lane<br>Melton<br>North Ferriby<br>Hull<br>Humberside<br>HU14 3HF                               |
| <b>REGISTERED NUMBER:</b>            | 03995988   |
| <b>SENIOR STATUTORY<br/>AUDITOR:</b> | David Miller   |
| <b>AUDITORS:</b>                     | Bartfields (UK) Limited<br>Statutory Auditors<br>Burley House<br>12 Clarendon Road<br>Leeds<br>LS2 9NF |
| <b>BANKERS:</b>                      | Barclays Bank plc<br>PO box 456<br>25 James Street<br>Harrogate<br>North Yorkshire<br>HG1 1QX          |
| <b>SOLICITORS:</b>                   | Carrick Read Solicitors<br>12 Park Place<br>Leeds<br>LS1 2RU   |

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

The directors present their report with the financial statements of the company for the year ended 31 October 2011

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of adding value to imported kiln dried sawn softwoods by processing and cutting for supply in ready to assemble form to industrial end users from two factories in the Hull area

**REVIEW OF BUSINESS**

The difficult trading conditions from the latter half of the 2010 financial year continued into the first quarter of 2011 a situation not helped by the adverse weather conditions which affected demand. We were also experiencing pressure on gross margin due to the high raw material prices carried over from the previous year.

However, increased demand from the garden sector saw a marked improvement in turnover through quarters 2 & 3 and demand from the core leisure sector customers held up as well. Cheaper raw material prices started to filter through giving a welcome boost to gross margin and we saw a return to consistent profitable trading.

We entered the final quarter at a break even position and whilst we anticipated a downturn in demand due to holiday shutdowns and the end of the garden season, a small profit looked achievable. However, demand from the leisure sector never recovered to the expected levels after the shutdown and this had a negative impact on profitability.

The efforts to diversify into new markets with the recruitment of a new salesman were not a success and the process was short lived. However, we have continued with our drive to move into new sectors and this has proved much more successful on the back of a restructuring of our sales department and further investment in plant and machinery with a new department created to service value added turnover.

We have seen little organic growth from many of our core customers and although this new business has replaced the lost volume, the nature of the product has meant that we have not been able to replace the lost mark up. This has resulted in a weakening gross margin, down by nearly 1.5% on the previous year, which was the single largest factor in the trading loss.

Strict overhead controls have remained in place and overall costs have been slightly lower than the previous year despite a higher sales volume. However, the weaker gross margin has led to a decline of £150k in profitability over the year. This has reinforced the need to maintain tight controls, systems and procedures and the Board will continue to analyse daily statistical reports and key performance indicators to ensure the company operates in the most cost effective manner and identify efficiencies wherever possible.

Market conditions will remain difficult through 2012 but we have again seen a seasonal increase in demand in early Spring and profitability of the first quarter is ahead of the corresponding period 12 months ago. The Board forecasts that sales volumes will be similar to last year but that gross margins will remain under pressure, but that efficiencies can be introduced so that a return to profitability can be expected.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 October 2011.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 November 2010 to the date of this report.

G Goodwin  
J A Grace  
A D Clarke  
C J Husband

The company has made qualifying third party indemnity provisions for the benefit of its directors.

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

**PRINCIPAL RISKS AND UNCERTAINTIES**

Global demand for timber and the willingness of other countries to pay higher prices is starting to affect UK raw material prices and higher prices are forecast in the second half of the year, although the company has secured good volumes of cheaper material to balance the affects of this

Sterling remains relatively weak against the euro and other European currencies and there is still a possibility that this could force UK prices higher. However, the company does have a foreign exchange facility and can buy some material in currency to hedge against this

Weak UK demand coupled with increased competition will make it difficult to pass on any raw material price increases which will place pressure on gross margin so the need for further efficiency gains and strict overhead control is crucial to maintain profitability

Energy and fuel costs form a significant proportion of the company's overhead and unit costs remain relatively high, with little sign of reductions forthcoming. The Board is still in discussion with the landlords of both sites regarding alternative fuel sources which could reduce current cost levels.

The company still generates substantial revenue from sales of wood shavings and the market price for this product is both seasonal and volatile. There is little the company can do to influence the market price of this product but the Board has entered into an annual contract with a fixed minimum price level to mitigate this risk

The company continues to operate strict control systems covering accounts, sales, production, operational matters, stock control, quality control, and health and safety in order to manage these risks

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

**BAYRAM TIMBER LIMITED (REGISTERED NUMBER: 03995988)**

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

**AUDITORS**

Bartfields (UK) Limited will be proposed for re-appointment in accordance with the Companies Act 2006

**ON BEHALF OF THE BOARD:**



G Goodwin - Director

Date 29 - 3 - 12

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**BAYRAM TIMBER LIMITED**

We have audited the financial statements of Bayram Timber Limited for the year ended 31 October 2011 on pages six to eighteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

David Miller (Senior Statutory Auditor)  
for and on behalf of Bartfields (UK) Limited  
Statutory Auditors  
Burley House  
12 Clarendon Road  
Leeds  
LS2 9NF

Date 30-3-12

**BAYRAM TIMBER LIMITED (REGISTERED NUMBER. 03995988)**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

|   | Notes | 2011<br>£ | £          | 2010<br>£ | £          |
|---|-------|-----------|------------|-----------|------------|
| <b>TURNOVER</b>   |       |           | 14,026,663 |           | 14,161,545 |
| Cost of sales   |       |           | 11,834,502 |           | 11,751,680 |
| <b>GROSS PROFIT</b>   |       |           | 2,192,161  |           | 2,409,865  |
| Distribution costs  |       | 734,266   |            | 792,596   |            |
| Administrative expenses   |       | 1,495,799 |            | 1,505,670 |            |
|   |       |           | 2,230,065  |           | 2,298,266  |
|   |       |           | (37,904)   |           | 111,599    |
| Other operating income  |       |           | 73,333     |           | 61,667     |
| <b>OPERATING PROFIT</b>   | 3     |           | 35,429     |           | 173,266    |
| Interest payable and similar charges                            | 4     |           | 102,682    |           | 80,153     |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |       |           | (67,253)   |           | 93,113     |
| Tax on (loss)/profit on ordinary activities                     | 5     |           | (5,603)    |           | 1,220      |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>                     |       |           | (61,650)   |           | 91,893     |

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year

The notes form part of these financial statements



**BAYRAM TIMBER LIMITED (REGISTERED NUMBER: 03995988)**

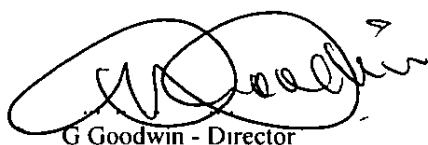
**BALANCE SHEET**  
**31 OCTOBER 2011**

|  | Notes | 2011<br>£               | 2010<br>£               |
|--|-------|-------------------------|-------------------------|
| <b>FIXED ASSETS</b>                          |       |                         |                         |
| Tangible assets                              | 7     | 611,223                 | 573,415                 |
| <b>CURRENT ASSETS</b>                        |       |                         |                         |
| Stocks                                       | 8     | 2,219,433               | 2,061,913               |
| Debtors                                      | 9     | 2,720,971               | 2,753,014               |
| Cash at bank and in hand                     |       | 186,893                 | 172,753                 |
|  |       | <u>5,127,297</u>        | <u>4,987,680</u>        |
| <b>CREDITORS</b>                             |       |                         |                         |
| Amounts falling due within one year          | 10    | <u>4,310,510</u>        | <u>4,099,105</u>        |
| <b>NET CURRENT ASSETS</b>                    |       | <u>816,787</u>          | <u>888,575</u>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>1,428,010</u>        | <u>1,461,990</u>        |
| <b>CREDITORS</b>                             |       |                         |                         |
| Amounts falling due after more than one year | 11    | (86,500)                | (66,971)                |
| <b>PROVISIONS FOR LIABILITIES</b>            | 15    | <u>(55,359)</u>         | <u>(47,218)</u>         |
| <b>NET ASSETS</b>                            |       | <u><u>1,286,151</u></u> | <u><u>1,347,801</u></u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                         |                         |
| Called up share capital                      | 16    | 10,000                  | 10,000                  |
| Capital redemption reserve                   | 17    | 90,000                  | 90,000                  |
| Profit and loss account                      | 17    | <u>1,186,151</u>        | <u>1,247,801</u>        |
| <b>SHAREHOLDERS' FUNDS</b>                   | 21    | <u><u>1,286,151</u></u> | <u><u>1,347,801</u></u> |

The financial statements were approved by the Board of Directors on its behalf by

29-3-12

and were signed on



G Goodwin - Director

The notes form part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 OCTOBER 2011**

|  | Notes | 2011<br>£   | 2010<br>£   |
|--|-------|-------------|-------------|
| <b>Net cash inflow/(outflow)<br/>from operating activities</b>                   | 1     | 371,851     | (383,521)   |
| <b>Returns on investments and<br/>servicing of finance</b>                       | 2     | (102,682)   | (80,153)    |
| <b>Taxation</b>  |       | (24,357)    | (84,493)    |
| <b>Capital expenditure</b>   | 2     | (200,101)   | 10,161      |
| <b>Equity dividends paid</b>   |       | -           | (100,000)   |
|  |       | 44,711      | (638,006)   |
| <b>Financing</b>   | 2     | (30,571)    | 730,119     |
| <b>Increase in cash in the period</b>  |       | 14,140      | 92,113      |
| <b>Reconciliation of net cash flow<br/>to movement in net debt</b>               | 3     |             |             |
| Increase<br>in cash in the period  |       | 14,140      | 92,113      |
| Cash outflow/(inflow)<br>from decrease/(increase) in debt and lease<br>financing |       | 30,571      | (730,119)   |
| Change in net debt resulting<br>from cash flows                                  |       | 44,711      | (638,006)   |
| New finance leases   |       | -           | (106,825)   |
| <b>Movement in net debt in the period</b>  |       | 44,711      | (744,831)   |
| <b>Net debt at 1 November</b>  |       | (1,933,084) | (1,188,253) |
| <b>Net debt at 31 October</b>  |       | (1,888,373) | (1,933,084) |

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

**1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

|  | 2011<br>£      | 2010<br>£        |
|--|----------------|------------------|
| Operating profit   | 35,429         | 173,266          |
| Depreciation charges                                       | 164,298        | 168,597          |
| Profit on disposal of fixed assets                         | (2,000)        | (10,800)         |
| Increase in stocks   | (157,520)      | (420,397)        |
| Decrease/(Increase) in debtors                             | 205,674        | (310,122)        |
| Increase in creditors                                      | 125,970        | 15,935           |
| <b>Net cash inflow/(outflow) from operating activities</b> | <b>371,851</b> | <b>(383,521)</b> |

**2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

|   | 2011<br>£        | 2010<br>£       |
|---|------------------|-----------------|
| <b>Returns on investments and servicing of finance</b>                      |                  |                 |
| Interest paid   | (93,755)         | (70,502)        |
| Interest element of hire purchase payments                                  | (8,927)          | (9,651)         |
| <b>Net cash outflow for returns on investments and servicing of finance</b> | <b>(102,682)</b> | <b>(80,153)</b> |
| <b>Capital expenditure</b>  |                  |                 |
| Purchase of tangible fixed assets   | (202,101)        | (12,689)        |
| Sale of tangible fixed assets   | 2,000            | 22,850          |
| <b>Net cash (outflow)/inflow for capital expenditure</b>                    | <b>(200,101)</b> | <b>10,161</b>   |
| <b>Financing</b>  |                  |                 |
| New loans in year   | 106,110          | 200,000         |
| Invoice discounting loan movement   | (60,376)         | 626,087         |
| Hire purchase capital repayments in year                                    | (76,305)         | (95,968)        |
| <b>Net cash (outflow)/inflow from financing</b>                             | <b>(30,571)</b>  | <b>730,119</b>  |

**BAYRAM TIMBER LIMITED (REGISTERED NUMBER: 03995988)**

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

**3 ANALYSIS OF CHANGES IN NET DEBT**

|                                      | At<br>1 11 10<br>£ | Cash flow<br>£ | At<br>31 10 11<br>£ |
|--------------------------------------|--------------------|----------------|---------------------|
| Net cash                             |                    |                |                     |
| Cash at bank and in hand             | 172,753            | 14,140         | 186,893             |
|                                      | <u>172,753</u>     | <u>14,140</u>  | <u>186,893</u>      |
| Debt                                 |                    |                |                     |
| Hire purchase                        | (131,486)          | (29,805)       | (161,291)           |
| Debts falling due<br>within one year | (1,974,351)        | 60,376         | (1,913,975)         |
|                                      | <u>(2,105,837)</u> | <u>30,571</u>  | <u>(2,075,266)</u>  |
| Total                                | <u>(1,933,084)</u> | <u>44,711</u>  | <u>(1,888,373)</u>  |

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

**1 ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The company's business activities, together with the factors likely to affect its future development, performance and position, and the principal risks and uncertainties it faces, are set out in the Directors Report

The company meets its day-to-day working capital requirements through an invoice discounting facility which is variable dependent on sales. The current economic conditions create uncertainty particularly over the level of demand for the company's products and the cost of the company's raw materials. However, the company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company will be able to operate within the level of its facility.

Accordingly, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

|                          |       |  |
|--------------------------|-------|--|
| Improvements to property |       | straight line over the life of the lease |
| Plant and machinery      | 12.5% | on cost                                  |
| Fixtures and fittings    | 25.0% | on cost                                  |
| Motor vehicles           | 25.0% | on cost                                  |

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Cost includes directly attributable transport and machining costs incurred in bringing the stock to its current state and location. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Where assets are financed by leasing arrangements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

All other leases are treated as operating leases. Their annual rentals are charged/(credited) to the profit and loss account on a straight-line basis over the term of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

**1 ACCOUNTING POLICIES - continued**

**Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General meeting.

**Financial liability and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the instrument's legal form.

**2 STAFF COSTS**

|                       | 2011             | 2010             |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| Wages and salaries    | 2,162,792        | 2,124,260        |
| Social security costs | 204,073          | 210,619          |
| Other pension costs   | 38,542           | 37,840           |
|                       | <u>2,405,407</u> | <u>2,372,719</u> |

The average monthly number of employees during the year was as follows

|                      | 2011       | 2010      |
|----------------------|------------|-----------|
| Directors            | 4          | 4         |
| Senior management    | 5          | 5         |
| Sales/Administration | 9          | 9         |
| Manufacturing        | 82         | 79        |
|                      | <u>100</u> | <u>97</u> |

**3 OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

|  | 2011           | 2010           |
|--|----------------|----------------|
|  | £              | £              |
| Other operating leases                                     | 245,192        | 245,299        |
| Operating lease income                                     | (73,333)       | (61,667)       |
| Depreciation - owned assets                                | 119,902        | 113,329        |
| Depreciation - assets on hire purchase contracts           | 44,391         | 55,268         |
| Profit on disposal of fixed assets                         | (2,000)        | (10,800)       |
| Auditors remuneration                                      | 7,350          | 6,950          |
| Hire of plant and machinery - operating leases             | 96,891         | 94,948         |
|  | <u>230,411</u> | <u>241,208</u> |
| Directors' remuneration                                    | 33,014         | 33,014         |
| Directors' pension contributions to money purchase schemes |                |                |

The number of directors to whom retirement benefits were accruing was as follows

|                        | 4        | 4        |
|------------------------|----------|----------|
| Money purchase schemes | <u>4</u> | <u>4</u> |

**BAYRAM TIMBER LIMITED (REGISTERED NUMBER. 03995988)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

**3 OPERATING PROFIT - continued**

Information regarding the highest paid director is as follows

|   | 2011   | 2010   |
|---|--------|--------|
|   | £      | £      |
| Emoluments etc                                  | 61,757 | 61,336 |
| Pension contributions to money purchase schemes | 7,354  | 7,354  |

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

|                                    | 2011           | 2010          |
|------------------------------------|----------------|---------------|
|                                    | £              | £             |
| Bank interest                      | 202            | 151           |
| Discounting interest               | 81,369         | 63,679        |
| Other interest                     | 12,184         | 6,672         |
| Hire purchase and leasing interest | 8,927          | 9,651         |
|                                    | <u>102,682</u> | <u>80,153</u> |

**5 TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss on ordinary activities for the year was as follows

|  | 2011           | 2010         |
|--|----------------|--------------|
|  | £              | £            |
| Current tax                                    |                |              |
| UK corporation tax                             | -              | 24,500       |
| Adjustment for previous periods                | (13,744)       | -            |
| Total current tax                              | (13,744)       | 24,500       |
| Origination and reversal of timing differences | 8,141          | (23,280)     |
| Tax on (loss)/profit on ordinary activities    | <u>(5,603)</u> | <u>1,220</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 OCTOBER 2011**

**5 TAXATION - continued**

**Factors affecting the tax (credit)/charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

|   | 2011<br>£       | 2010<br>£     |
|---|-----------------|---------------|
| (Loss)/profit on ordinary activities before tax   | <u>(67,253)</u> | <u>93,113</u> |
| (Loss)/profit on ordinary activities<br>multiplied by the standard rate of corporation tax<br>in the UK of 20% (2010 - 21%) | (13,451)        | 19,554        |
| Effects of  |                 |               |
| Expenses not deductible for tax purposes  | 1,075           | 1,163         |
| Capital allowances for period in deficit / (excess) of depreciation   | (3,288)         | 1,775         |
| Other short term timing differences   | 1,920           | 2,016         |
| Rounding  | -               | (8)           |
| Current tax (credit)/charge   | <u>(13,744)</u> | <u>24,500</u> |

**6 DIVIDENDS**

|                                | 2011<br>£ | 2010<br>£      |
|--------------------------------|-----------|----------------|
| Ordinary 'A' shares of £1 each |           |                |
| Interim dividend               | <u>-</u>  | <u>100,000</u> |

**7 TANGIBLE FIXED ASSETS**

|                       | Improvements<br>to<br>property<br>£ | Plant and<br>machinery<br>£ | Fixtures<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Totals<br>£      |
|-----------------------|-------------------------------------|-----------------------------|----------------------------------|------------------------|------------------|
| <b>COST</b>           |                                     |                             |                                  |                        |                  |
| At 1 November 2010    | 142,627                             | 1,357,820                   | 123,094                          | 92,454                 | 1,715,995        |
| Additions             | 14,545                              | 163,478                     | 24,078                           | -                      | 202,101          |
| At 31 October 2011    | <u>157,172</u>                      | <u>1,521,298</u>            | <u>147,172</u>                   | <u>92,454</u>          | <u>1,918,096</u> |
| <b>DEPRECIATION</b>   |                                     |                             |                                  |                        |                  |
| At 1 November 2010    | 39,431                              | 938,933                     | 106,448                          | 57,768                 | 1,142,580        |
| Charge for year       | 14,951                              | 125,430                     | 11,999                           | 11,913                 | 164,293          |
| At 31 October 2011    | <u>54,382</u>                       | <u>1,064,363</u>            | <u>118,447</u>                   | <u>69,681</u>          | <u>1,306,873</u> |
| <b>NET BOOK VALUE</b> |                                     |                             |                                  |                        |                  |
| At 31 October 2011    | <u>102,790</u>                      | <u>456,935</u>              | <u>28,725</u>                    | <u>22,773</u>          | <u>611,223</u>   |
| At 31 October 2010    | <u>103,196</u>                      | <u>418,887</u>              | <u>16,646</u>                    | <u>34,686</u>          | <u>573,415</u>   |



**BAYRAM TIMBER LIMITED (REGISTERED NUMBER: 03995988)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

**7 TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

|                       | Plant and<br>machinery<br>£ | Motor<br>vehicles<br>£ | Totals<br>£ |
|-----------------------|-----------------------------|------------------------|-------------|
| <b>COST</b>           |                             |                        |             |
| At 1 November 2010    | 188,196                     | 42,325                 | 230,521     |
| Additions             | 120,760                     | -                      | 120,760     |
|                       | <hr/>                       | <hr/>                  | <hr/>       |
| At 31 October 2011    | 308,956                     | 42,325                 | 351,281     |
|                       | <hr/>                       | <hr/>                  | <hr/>       |
| <b>DEPRECIATION</b>   |                             |                        |             |
| At 1 November 2010    | 44,060                      | 8,971                  | 53,031      |
| Charge for year       | 33,810                      | 10,581                 | 44,391      |
|                       | <hr/>                       | <hr/>                  | <hr/>       |
| At 31 October 2011    | 77,870                      | 19,552                 | 97,422      |
|                       | <hr/>                       | <hr/>                  | <hr/>       |
| <b>NET BOOK VALUE</b> |                             |                        |             |
| At 31 October 2011    | 231,086                     | 22,773                 | 253,859     |
|                       | <hr/>                       | <hr/>                  | <hr/>       |
| At 31 October 2010    | 144,136                     | 33,354                 | 177,490     |
|                       | <hr/>                       | <hr/>                  | <hr/>       |

**8 STOCKS**

|  | 2011<br>£ | 2010<br>£ |
|--|-----------|-----------|
| Finished goods and goods for<br>resale | 2,219,433 | 2,061,913 |
|  | <hr/>     | <hr/>     |

**9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                | 2011<br>£ | 2010<br>£ |
|--------------------------------|-----------|-----------|
| Trade debtors                  | 2,547,340 | 2,584,523 |
| Taxation                       | 13,744    | -         |
| Prepayments and accrued income | 159,887   | 168,491   |
|                                | <hr/>     | <hr/>     |
|                                | 2,720,971 | 2,753,014 |
|                                | <hr/>     | <hr/>     |

**10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                       | 2011<br>£ | 2010<br>£ |
|---------------------------------------|-----------|-----------|
| Other loans (see note 12)             | 1,913,975 | 1,974,351 |
| Hire purchase contracts (see note 13) | 74,791    | 64,515    |
| Trade creditors                       | 1,780,799 | 1,368,409 |
| Taxation                              | 650       | 25,007    |
| Social security and other taxes       | 382,174   | 353,050   |
| Other creditors                       | -         | 100,000   |
| Accruals and deferred income          | 158,121   | 213,773   |
|                                       | <hr/>     | <hr/>     |
|                                       | 4,310,510 | 4,099,105 |
|                                       | <hr/>     | <hr/>     |

**BAYRAM TIMBER LIMITED (REGISTERED NUMBER: 03995988)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

**11 CREDITORS. AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                                       | 2011<br>£     | 2010<br>£     |
|---------------------------------------|---------------|---------------|
| Hire purchase contracts (see note 13) | <u>86,500</u> | <u>66,971</u> |

**12 LOANS**

An analysis of the maturity of loans is given below

|  | 2011<br>£        | 2010<br>£        |
|--|------------------|------------------|
| Amounts falling due within one year or on demand |                  |                  |
| Invoice discounting loan                         | 1,713,975        | 1,774,351        |
| Other loans                                      | <u>200,000</u>   | <u>200,000</u>   |
|  | <u>1,913,975</u> | <u>1,974,351</u> |

**13 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

|                            | 2011<br>£      | 2010<br>£                     |
|----------------------------|----------------|-------------------------------|
|                            |                | Hire<br>purchase<br>contracts |
| Net obligations repayable  |                |                               |
| Within one year            | 74,791         | 64,515                        |
| Between one and five years | <u>86,500</u>  | <u>66,971</u>                 |
|                            | <u>161,291</u> | <u>131,486</u>                |

The following operating lease payments are committed to be paid within one year

|                            | Land and<br>buildings |                | Other<br>operating<br>leases |               |
|----------------------------|-----------------------|----------------|------------------------------|---------------|
|                            | 2011<br>£             | 2010<br>£      | 2011<br>£                    | 2010<br>£     |
| Expiring                   |                       |                |                              |               |
| Within one year            | 75,000                | -              | 16,702                       | 4,108         |
| Between one and five years | -                     | 75,000         | 82,264                       | 91,520        |
| In more than five years    | <u>160,000</u>        | <u>160,000</u> | <u>-</u>                     | <u>-</u>      |
|                            | <u>235,000</u>        | <u>235,000</u> | <u>98,966</u>                | <u>95,628</u> |

**BAYRAM TIMBER LIMITED (REGISTERED NUMBER: 03995988)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

**14 SECURED DEBTS**

The following secured debts are included within creditors

|                          | 2011<br>£        | 2010<br>£        |
|--------------------------|------------------|------------------|
| Invoice discounting loan | 1,713,975        | 1,774,351        |
| Hire purchase contracts  | 161,291          | 131,486          |
| Other loans              | 200,000          | 200,000          |
|                          | <u>2,075,266</u> | <u>2,105,837</u> |

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate

The invoice discounting loan is secured by a first fixed charge on book debts and a floating charge over other assets of the company

The other loans are secured by a first fixed charge over the assets, excluding book debts, of the company

**15 PROVISIONS FOR LIABILITIES**

|                                | 2011<br>£     | 2010<br>£            |
|--------------------------------|---------------|----------------------|
| Deferred tax                   |               |                      |
| Accelerated capital allowances | 55,359        | 50,074               |
| loss relief                    | -             | (2,856)              |
|                                | <u>55,359</u> | <u>47,218</u>        |
|                                |               | Deferred<br>tax<br>£ |
| Balance at 1 November 2010     |               | 47,218               |
| Accelerated capital allowances |               | 8,141                |
| Balance at 31 October 2011     |               | <u>55,359</u>        |

**16 CALLED UP SHARE CAPITAL**

| Allotted, issued and fully paid |              | Nominal<br>value | 2011<br>£     | 2010<br>£     |
|---------------------------------|--------------|------------------|---------------|---------------|
| Number                          | Class        |                  |               |               |
| 9,000                           | Ordinary     | £1               | 9,000         | 9,000         |
| 1,000                           | Ordinary 'A' | £1               | 1,000         | 1,000         |
|                                 |              |                  | <u>10,000</u> | <u>10,000</u> |

The ordinary 'A' shares of £1 each carry the same rights as the ordinary shares of £1 each

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

**17 RESERVES**

|                      | Profit<br>and loss<br>account<br>£ | Capital<br>redemption<br>reserve<br>£ | Totals<br>£      |
|----------------------|------------------------------------|---------------------------------------|------------------|
| At 1 November 2010   | 1,247,801                          | 90,000                                | 1,337,801        |
| Deficit for the year | (61,650)                           |                                       | (61,650)         |
| At 31 October 2011   | <u>1,186,151</u>                   | <u>90,000</u>                         | <u>1,276,151</u> |

**18 PENSION COMMITMENTS**

The company contributes to defined contribution pension schemes in respect of certain employees. At the year end contributions outstanding amounted to £23,200 (2010 £13,600).

**19 RELATED PARTY DISCLOSURES**

The directors and their families are all shareholders of the company and they have not fully drawn monies due to them from dividends voted to them in the year. The amounts still owing to them and their families at the year end and interest charged by them in the year was as follows:

|             | Amounts due to/(from) |        | Interest charged |       |
|-------------|-----------------------|--------|------------------|-------|
|             | 2011                  | 2010   | 2011             | 2010  |
| G Goodwin   | -                     | 51,000 | -                | 1,957 |
| J A Grace   | -                     | 9,800  | -                | 376   |
| A D Clarke  | -                     | 9,800  | -                | 376   |
| C J Husband | -                     | 9,800  | -                | 376   |

The above balances bear interest at 2% above base rate.

In addition G Goodwin has advanced loans to the company of £75,000, bearing interest at 4.75% above base rate, and £125,000 interest free. Both loans are repayable on demand and are secured by a first fixed charge over the assets, excluding book debts, of the company.

**20 ULTIMATE CONTROLLING PARTY**

The company is controlled by G Goodwin, a director and majority shareholder.

**21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|                                      | 2011<br>£        | 2010<br>£        |
|--------------------------------------|------------------|------------------|
| (Loss)/Profit for the financial year | (61,650)         | 91,893           |
| Dividends                            | -                | (100,000)        |
| Redemption of preference shares      |                  |                  |
| Net reduction of shareholders' funds | <u>(61,650)</u>  | <u>(8,107)</u>   |
| Opening shareholders' funds          | <u>1,347,801</u> | <u>1,355,908</u> |
| Closing shareholders' funds          | <u>1,286,151</u> | <u>1,347,801</u> |