Registered number
1744021

Rabart Decorators Merchants Ltd

Report and Accounts

31 December 2003



Rabart Decorators Merchants Ltd

Report and accounts
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Rabart Decorators Merchants Ltd

Company Information

Directors
Mr A Bush
Mr S Bush

Secretary
Mr S Bush

Auditors
Martin Howell and Co
Rabart House
Pontsarn Road
Merthyr Tydfil
Mid Glamorgan
CF48 2TN

Registered office
Rabart House
Pontsarn Road
Merthyr Tydfil
CF48 2SR

Registered number
1744021

Rabart Decorators Merchants Ltd

Directors' Report

The directors present their report and accounts for the year ended 31 December 2003.

Principal activities and review of the business
The company's principal activity during the year continued to be that of trade and retail sale of decorating materials.

The profit for the year, after taxation, amounted to £69,420. The Directors' are disappointed with the results for the financial year, which have been hit by poor sales at the Gloucester branch, which was subsequently closed in January 2004. The Directors' are hopeful that the current years figures will be much improved.

Future developments
The directors aim to restore the company to such profitability as seen in recent years. They believe that they are now in the ideal position to achieve this.

Directors
The directors who served during the year and their interests in the share capital of the company were as follows:

	£1 Ordinary shares	
	2003	2002
Mr A Bush	1	1
Mr S Bush	1	1

In accordance with the Articles of Association, Mr S Bush retires by rotation at the forthcoming AGM, and offers himself for re-election.

Directors' responsibilities
Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, the directors are required to:

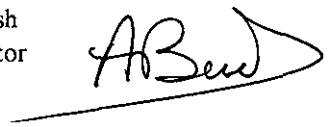
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 accounts 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.

Auditors
A resolution to reappoint Martin Howell and Co as auditors will be put to the members at the Annual General Meeting in accordance with s385 of the Companies Act 1985.

This report was approved by the board on 30th June 2004, and signed on its behalf by:

A Bush
Director



Rabart Decorators Merchants Ltd

Independent auditors' report
to the shareholders of Rabart Decorators Merchants Ltd

We have audited the accounts of Rabart Decorators Merchants Ltd for the year ended 31st December 2003 which comprise pages 4 to 14. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 an auditor's report 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion
In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Martin Howell & Co

Martin Howell and Co
Chartered Certified Accountants & Registered Auditors

Rabart House
Pontsarn Road
Merthyr Tydfil
CF48 2TN

30th June 2004

Rabart Decorators Merchants Ltd

Profit and Loss Account
for the year ended 31 December 2003

	Notes	2003 £	2002 £
Turnover	2	4,227,949	4,109,178
Cost of sales		(3,281,920)	(3,039,450)
Gross profit		946,029	1,069,728
Distribution costs		(418,291)	(401,937)
Administrative expenses		(464,536)	(451,994)
Other operating income		22,528	21,918
Operating profit	3	85,730	237,715
Exceptional items:			
profit/(loss) on the disposal of tangible fixed assets	4	7,609	(1,720)
		93,339	235,995
Interest receivable		4,481	4,080
Interest payable	6	(2,641)	(358)
Profit on ordinary activities before taxation		95,179	239,717
Tax on profit on ordinary activities	7	(22,098)	(48,169)
Profit for the financial year		73,081	191,548
Dividends:			
ordinary dividend on equity shares	8	(80,000)	(32,000)
Retained (loss)/profit for the financial year	18	(6,919)	159,548

Continuing operations
None of the company's activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses
The company has no recognised gains or losses other than the profit for the above two financial years.

Rabart Decorators Merchants Ltd

Balance Sheet
as at 31 December 2003

	Notes		2003 £		2002 £
Fixed assets					
Intangible assets	9		72,784		77,066
Tangible assets	10		180,971		165,923
			253,755		242,989
Current assets					
Stocks	11	629,118		732,976	
Debtors	12	624,846		494,601	
Cash at bank and in hand		223,264		325,029	
		1,477,228		1,552,606	
Creditors: amounts falling due within one year	13	(641,072)		(703,887)	
Net current assets			836,156		848,719
Total assets less current liabilities			1,089,911		1,091,708
Creditors: amounts falling due after more than one year	14		(17,959)		(14,418)
Provisions for liabilities and charges					
Deferred taxation	16		(7,057)		(5,476)
Other provisions			-		-
			1,064,895		1,071,814
Capital and reserves					
Called up share capital	17		2		2
Profit and loss account	18		1,064,893		1,071,812
Shareholders' funds:					
Equity			1,064,895		1,071,814
	19		1,064,895		1,071,814

Approved by the board on 30th June 2004, and signed on its behalf by:

A Bush
Director

Rabart Decorators Merchants Ltd

Cash Flow Statement
for the year ended 31 December 2003

	Notes	2003 £	2002 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		85,730	237,715
Depreciation charges		53,905	51,187
Amortisation of goodwill		4,282	4,282
Decrease/(increase) in stocks		103,858	(121,857)
(Increase)/decrease in debtors		(130,245)	28,007
Decrease in creditors		(6,990)	(144,193)
Net cash inflow from operating activities		110,540	55,141
CASH FLOW STATEMENT			
Net cash inflow from operating activities		110,540	55,141
Returns on investments and servicing of finance	20	1,840	3,722
Taxation		(47,220)	(14,241)
Capital expenditure	20	(25,990)	(64,862)
		39,170	(20,240)
Equity dividends paid		(80,000)	(32,000)
		(40,830)	(52,240)
Financing	20	(14,676)	(2,714)
Decrease in cash		(55,506)	(54,954)
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the period		(55,506)	(54,954)
Decrease in debt and lease financing		14,676	2,714
New finance leases		(35,354)	(17,280)
Change in net debt	21	(76,184)	(69,520)
Net funds at 1 January 2003		264,204	333,724
Net funds at 31 December 2003		188,020	264,204

Rabart Decorators Merchants Ltd

Notes to the Accounts
for the year ended 31 December 2003

1 Accounting policies

Accounting convention
The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation
Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	over the lease term
Plant and machinery	between 4 and 7 years

Intangible fixed assets and amortisation
Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the separable fixed assets. It is amortised to profit and loss over its estimated economic life of 20 years.

Stocks
Stock is valued at the lower of cost and net realisable value.

Deferred taxation
Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

Leasing and hire purchase commitments
Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions
The company has defined pension contributions to personal schemes of certain employees. Contributions are charged to the profit and loss account as they become payable.

2 Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

3 Operating profit

	2003	2002
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	46,612	46,387
Depreciation of assets held under finance leases and hire purchase contracts	7,293	4,800
Amortisation of goodwill	4,282	4,282
Operating lease rentals - plant and machinery	2,707	4,542
Operating lease rentals - land buildings	152,726	145,587
Auditors' remuneration	8,172	9,248

4 Exceptional items

	2003	2002
	£	£
Profit/(loss) on disposal of plant and machinery	7,609	(1,720)

5 Staff costs

	2003	2002
	£	£
Wages and salaries	383,379	379,676
Social security costs	35,580	28,674
Pension costs	7,900	7,538
	426,859	415,888

Average number of employees during the year	**Number**	**Number**
Administration	7	8
Sales	21	20
	28	28

6 Interest payable

	2003	2002
	£	£
Finance charges payable under finance leases and hire purchase contracts	2,641	358

7 Taxation

	2003	2002
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	19,916	46,619
Adjustments in respect of previous periods	601	-
	20,517	46,619
Deferred tax:		
Origination and reversal of timing differences	1,581	1,550
Tax on profit on ordinary activities	22,098	48,169

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2003	2002
	£	£
Profit on ordinary activities before tax	95,179	239,717
Standard rate of corporation tax in the UK	19%	19%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	18,084	45,546
Effects of:		
Expenses not deductible for tax purposes	439	553
Capital allowances for period in excess of depreciation	1,393	520
Adjustments to tax charge in respect of previous periods	601	-
Current tax charge for period	20,517	46,619

8 Equity dividends

	2003	2002
	£	£
Equity dividends on ordinary shares	80,000	32,000

9 Intangible fixed assets

Goodwill:	£
Cost	
At 1 January 2003	85,630
At 31 December 2003	85,630
Amortisation	
At 1 January 2003	8,564
Provided during the year	4,282
At 31 December 2003	12,846
Net book value	
At 31 December 2003	72,784
At 31 December 2002	77,066

Goodwill is being written off in equal annual instalments over its estimated economic life of 20 years.

10 Tangible fixed assets

	Short leasehold land and buildings £	Plant and machinery £	Total £
Cost			
At 1 January 2003	68,158	427,207	495,365
Additions	4,700	64,253	68,953
Disposals	-	(49,749)	(49,749)
At 31 December 2003	72,858	441,711	514,569
Depreciation			
At 1 January 2003	23,377	306,065	329,442
Charge for the year	8,603	45,302	53,905
On disposals	-	(49,749)	(49,749)
At 31 December 2003	31,980	301,618	333,598
Net book value			
At 31 December 2003	40,878	140,093	180,971
At 31 December 2002	44,781	121,142	165,923

11 Stocks	2003 £	2002 £
Raw materials and consumables	629,118	732,976

The difference between purchase price or production cost of stocks and their replacement cost is not material.

12 Debtors	2003 £	2002 £
Trade debtors	573,358	456,231
Other debtors	11,347	10,790
Prepayments and accrued income	40,141	27,580
	624,846	494,601

13 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	-	46,259
Obligations under finance lease and hire purchase contracts	17,285	5,704
Trade creditors	455,548	461,977
Corporation tax	19,916	46,619
Other taxes and social security costs	47,272	63,736
Other creditors	29,287	33,384
Directors' loan accounts	21,764	1,764
Other loans	50,000	44,444
	641,072	703,887

14 Creditors: amounts falling due after one year	2003 £	2002 £
Obligations under finance lease and hire purchase contracts	17,959	8,862
Other loans	-	5,556
	17,959	14,418

15 Obligations under finance leases and hire purchase contracts	2003 £	2002 £
Amounts payable:		
Within one year	17,285	5,704
Within two to five years	17,959	8,862
	35,244	14,566

16 Deferred taxation

	2003 £	2002 £
Accelerated capital allowances	7,057	5,476
Undiscounted provision for deferred tax	7,057	5,476

	2003 £	2002 £
At 1 January 2003	5,476	3,926
Deferred tax charge in profit and loss account	1,581	1,550
At 31 December 2003	7,057	5,476

17 Share capital

	2003 £	2002 £
Authorised:		
Ordinary shares of £1 each	100	100

	2003 No	2002 No	2003 £	2002 £
Allotted, called up and fully paid:				
Ordinary shares of £1 each	2	2	2	2

18 Profit and loss account

	2003 £	2002 £
At 1 January 2003	1,071,812	912,264
Retained (loss)/profit	(6,919)	159,548
At 31 December 2003	1,064,893	1,071,812

19 Reconciliation of movement in shareholders' funds

	2003 £	2002 £
At 1 January 2003	1,071,814	912,266
Profit for the financial year	73,081	191,548
Dividends	(80,000)	(32,000)
At 31 December 2003	1,064,895	1,071,814

Rabart Decorators Merchants Ltd

Notes to the Accounts
for the year ended 31 December 2003

20 Gross cash flows

	2003	2002
	£	£
Returns on investments and servicing of finance		
Interest received	4,481	4,080
Interest element of finance lease rental payments	(2,641)	(358)
	1,840	3,722
Capital expenditure		
Payments to acquire tangible fixed assets	(33,599)	(64,862)
Receipts from sales of tangible fixed assets	7,609	-
	(25,990)	(64,862)
Financing		
Capital element of finance lease rental payments	(14,676)	(2,714)

21 Analysis of changes in net debt

	At 1 Jan 2003	Cash flows	Non-cash changes	At 31 Dec 2003
	£	£	£	£
Cash at bank and in hand	325,029	(101,765)		223,264
Overdrafts	(46,259)	46,259		-
		(55,506)		
Finance leases	(14,566)	(20,678)		(35,244)
Total	264,204	(76,184)	-	188,020

22 Major non-cash transactions

	2003
	£
Capital value of new finance lease arrangements	35,354

23 Pension commitments

The Company does not operate a pension scheme but has defined contribution commitments to personal pensions of certain employees. The contributions during the year amounted to £7,900 (2002 £7,538). There were no contributions outstanding at the year end (2002 £Nil)

24 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2003 £	Land and buildings 2002 £	Other 2003 £	Other 2002 £
Operating leases which expire:				
within two to five years	71,750	71,750	1,520	3,400
in over five years	20,200	20,200	-	-
	91,950	91,950	1,520	3,400

25 Transactions with directors

During the year, the Company traded with R A Bush Decorators, an unincorporated business in which Messrs A & S Bush are partners. Sales totalling £122,834 (2002 £63,456) were made to R A Bush Decorators during the year. There was a balance of £14,365 (2002 £19,731) due from R A Bush Decorators at the year end.

Services totalling £31,472 (2002 £16,793) were purchased from R A Bush during the year. At the 31st December 2003, there was a balance due to R A Bush of £155 (2002 £62).

The Company occupies premises which are owned by its directors, Messrs A & S Bush. Rent paid during the year was £60,856 (2002 £60,856). At the balance sheet date, there was a balance outstanding of £17,876 (2002 £Nil).

26 Controlling party

The company is controlled by its directors Messrs A & S Bush.