

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS



FOR THE YEAR ENDED

31 DECEMBER 1998

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the company for the year ended 31 December 1998.

PRINCIPAL ACTIVITIES

The company trades as a specialist roofing contractor.

DIRECTORS

The directors who served the company during the year, and their interests in the issued share capital at the beginning and end of the year were:

	<u>Shareholding</u>	
	<u>1.1.98</u>	<u>31.12.98</u>
G E N Mason Elliott	250	250
S G Mason Elliott	250	250
T James	1500	1500
D J Platt FCA	-	-

The interests of Mr G E N Mason Elliott and Mr S G Mason Elliott in the share capital of Elliott Brothers (Builders Merchants) Limited, the ultimate holding company, are shown in the financial statements of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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 of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

YEAR 2000 COMPLIANCE AND THE EURO

The directors have made an assessment of the risks and uncertainties associated with the Year 2000 problems and have a plan to address those Year 2000 problems relating to the business. The directors have also been preparing plans to address the financial and operational impact of the introduction of the Euro. The related costs of both developments are not likely to be material and will be charged to the profit and loss account.

AUDITORS

A resolution proposing the reappointment of Burnett Swayne as auditors to the company will be put to the Annual General Meeting.

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

Signed on behalf of the board of directors



..... - DIRECTOR

Approved by the board on 27 April 1999

REPORT OF THE AUDITORS TO THE MEMBERS OF

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

We have audited the financial statements on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

BASIS OF OPINION

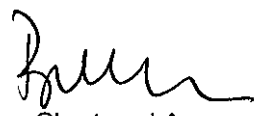
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 December 1998, and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

30 April 1999
SOUTHAMPTON


Chartered Accountants
and Registered Auditors

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998

	<u>NOTE</u>	£	<u>1997</u> £
TURNOVER	2	1,045,532	896,046
Cost of sales		<u>808,115</u>	<u>719,337</u>
GROSS PROFIT		237,417	176,709
Administrative expenses		<u>199,026</u>	<u>139,867</u>
OPERATING PROFIT	3	38,391	36,842
Interest receivable	5	<u>21,644</u>	<u>12,728</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		60,035	49,570
TAXATION	6	<u>12,703</u>	<u>11,286</u>
PROFIT FOR THE FINANCIAL YEAR		<u>47,332</u>	<u>38,284</u>

RESERVES

A statement of movements on reserves is shown in note 13 to the financial statements.

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1998

	<u>NOTE</u>	£	£	<u>1997</u> £
FIXED ASSETS				
Tangible assets	7		15,849	12,090
CURRENT ASSETS				
Stock and work in progress	8	62,151		14,664
Debtors	9	114,465		173,513
Cash at bank		<u>148,806</u>		<u>210,374</u>
		325,422		398,551
CREDITORS: Amounts falling due within one year	10	<u>159,301</u>		<u>273,116</u>
NET CURRENT ASSETS			<u>166,121</u>	<u>125,435</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			181,970	137,525
CREDITORS: Amounts falling due after more than one year	11		<u>3,370</u>	<u>6,257</u>
NET ASSETS			<u>178,600</u>	<u>131,268</u>
EQUITY CAPITAL AND RESERVES				
Called up share capital	12		9,600	9,600
Profit and loss account	13		<u>169,000</u>	<u>121,668</u>
			<u>178,600</u>	<u>131,268</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

Signed on behalf of the board of directors

 - DIRECTOR

Approved by the board on 27 April 1999

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

1 HOLDING COMPANY

The company is a 79% owned subsidiary of Elliott Brothers Limited. The company's ultimate holding company is Elliott Brothers (Builders Merchants) Limited.

2 ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover comprises the invoiced value of sales made during the year, exclusive of value added tax.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off each asset evenly over its expected useful life. The rates used are as follows:

Plant and equipment	20%
Office equipment	20% - 33 $\frac{1}{3}$ %

Stock and work in progress

Stock and short term work in progress are valued at the lower of cost or net realisable value.

Leases

Rentals payable under operating leases are charged to profit and loss account on the straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Cash flow statement

The company is a subsidiary undertaking of Elliott Brothers Limited and has therefore taken advantage of the exemption under FRS 1 not to prepare a cash flow statement.

Deferred taxation

Provision is made on the liability basis for taxation which is deferred because of differences between the depreciation provided in the financial statements and the corresponding allowance for taxation purposes.

3 OPERATING PROFIT

	<u>1998</u>	<u>1997</u>
	£	£
This is stated after charging:		
Auditors' remuneration	1,800	1,700
Depreciation of tangible fixed assets	5,183	4,133
Operating lease payments	10,928	8,432
Pension contributions - defined contribution scheme	<u>5,065</u>	<u>4,732</u>

4 DIRECTORS' REMUNERATION

	<u>1998</u>	<u>1997</u>
	£	£
Total remuneration	<u>51,345</u>	<u>42,220</u>

Retirement benefits are accruing under money purchase schemes for one director as at 31 December 1998.

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

5	INTEREST RECEIVABLE		1998	1997
			£	£
	Bank interest		<u>21,644</u>	<u>12,728</u>
6	TAXATION		1998	1997
			£	£
	Corporation tax payable calculated @ 21% (1997: 21.75%)		12,750	11,100
	(Over) provision in prior years		(47)	186
			<u>12,703</u>	<u>11,286</u>
7	FIXED ASSETS	PLANT AND EQUIPMENT	OFFICE EQUIPMENT	TOTAL
		£	£	£
	COST			
	At 1 January 1998	18,296	14,928	33,224
	Additions	<u>4,434</u>	<u>4,508</u>	<u>8,942</u>
	At 31 December 1998	<u>22,730</u>	<u>19,436</u>	<u>42,166</u>
	DEPRECIATION			
	At 1 January 1998	8,723	12,411	21,134
	Charge for year	<u>3,300</u>	<u>1,883</u>	<u>5,183</u>
	At 31 December 1998	<u>12,023</u>	<u>14,294</u>	<u>26,317</u>
	NET BOOK VALUE			
	At 31 December 1998	<u>10,707</u>	<u>5,142</u>	<u>15,849</u>
	At 31 December 1997	<u>9,573</u>	<u>2,517</u>	<u>12,090</u>
Included in plant and equipment are assets subject to hire purchase agreements. The net book value of those assets at 31 December 1998 was £6,498 and the depreciation charge for the year includes £2,887 in respect of them.				
8	STOCK AND WORK IN PROGRESS		1998	1997
			£	£
	Short term work in progress		56,478	104,364
	Less:			
	Payments on account		<u>11,670</u>	<u>103,296</u>
			44,808	1,068
	Stock of raw materials		<u>17,343</u>	<u>13,596</u>
			<u>62,151</u>	<u>14,664</u>
9	DEBTORS		1998	1997
			£	£
	Trade debtors		108,196	170,906
	Other debtors		<u>6,269</u>	<u>2,607</u>
			<u>114,465</u>	<u>173,513</u>

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

10 CREDITORS: Amounts falling due within one year	1998	1997
	£	£
Trade creditors	53,706	59,061
Amounts owed to group undertakings	64,811	172,682
Corporation tax	12,750	11,100
Payments received on account	-	14,279
Other creditors	25,147	13,107
Current instalments due on hire purchase agreements	2,887	2,887
	<u>159,301</u>	<u>273,116</u>
11 CREDITORS: Amounts falling due after more than one year	1998	1997
	£	£
HIRE PURCHASE AGREEMENTS		
Gross amount outstanding	6,257	9,144
Less:		
Amounts repayable within one year	<u>2,887</u>	<u>2,887</u>
Amounts repayable within two to five years	<u>3,370</u>	<u>6,257</u>
12 CALLED UP SHARE CAPITAL	1998	1997
	£	£
Authorised:		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid:		
9,600 ordinary shares of £1 each	<u>9,600</u>	<u>9,600</u>
13 RESERVES	1998	1997
	£	£
Profit and loss account		
As at 1 January	121,668	83,384
Profit for the year	<u>47,332</u>	<u>38,284</u>
As at 31 December	<u>169,000</u>	<u>121,668</u>
14 CONTINGENT LIABILITIES		
The company has given an unlimited composite guarantee (supported by a fixed and floating charge) to its bankers in respect of overdraft and loan facilities made available to Elliott Brothers Limited, Elliott Brothers (Builders Merchants) Limited and E B International Limited.		
15 COMMITMENTS TO CAPITAL EXPENDITURE	1998	1997
	£	£
Authorised and contracted for	<u>-</u>	<u>-</u>

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

16 LEASES

Commitments under operating leases to pay rentals during the year following the period of these financial statements are given below, analysed according to the period in which the lease expires.

	<u>1998</u>	<u>1997</u>
	£	£
Non-property assets		
Leases expiring within 2 to 5 years	17,415	8,530
	<u>17,415</u>	<u>8,530</u>

17 PENSION SCHEME

The company is part of the Elliott Brothers Group money purchase pension scheme. All monies paid by both employer and employees are put into pension funds for the benefit of employees. All contributions due for the year were paid to the group employer during the year.

18 RELATED PARTY TRANSACTIONS

Related party transactions during the year were:-

	<u>GOODS AND SERVICES</u>	
	<u>PURCHASES</u>	<u>SALES</u>
	£	£
<u>1998</u>		
Elliott Brothers (Builders Merchants) Limited (ultimate holding company)	6,000	6,740
Elliott Brothers Limited (immediate parent company)	33,060	594
	<u>39,060</u>	<u>7,334</u>
<u>1997</u>		
Elliott Brothers (Builders Merchants) Limited (ultimate holding company)	4,800	-
Elliott Brothers Limited (immediate parent company)	16,248	5,952
	<u>21,048</u>	<u>5,952</u>

	<u>AMOUNTS OWED</u>	
	<u>BY COMPANY</u>	
	<u>AT</u>	<u>AT</u>
	<u>31.12.98</u>	<u>31.12.97</u>
	£	£
Elliott Brothers (Builders Merchants) Limited	531	4,800
Elliott Brothers Limited	64,280	167,882
	<u>64,811</u>	<u>172,682</u>

The loans are interest free.