

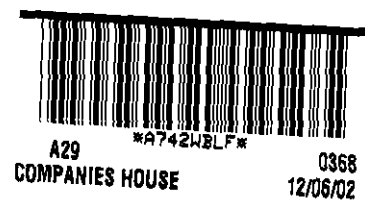
**ELLIOTTS HIGH PERFORMANCE
ROOFING LIMITED**

DIRECTORS' REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2001



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 2001.

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>1.1.01</u>	<u>31.12.01</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, Mr S G Mason Elliott and Mr D J Platt 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.

THE EURO

The directors have been preparing plans to address the financial and operational impact of the introduction of the Euro. The related costs of the development 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 ... 31st May 2002

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

We have audited the financial statements of Elliotts High Performance Roofing Limited for the year ended 31 December 2001 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements 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 financial statements, 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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 statement give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
and Registered Auditors
Date 27 May 2002

Charter Court
Third Avenue
SOUTHAMPTON
SO15 0AP

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2001**

	<u>NOTE</u>	<u>£</u>	<u>2000</u> <u>£</u>
TURNOVER	2	1,806,905	1,603,456
Cost of sales		<u>1,372,502</u>	<u>1,237,105</u>
GROSS PROFIT		434,403	366,351
Administrative expenses		<u>302,566</u>	<u>302,455</u>
OPERATING PROFIT	3	131,837	63,896
Interest receivable	5	<u>9,714</u>	<u>21,738</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		141,551	85,634
TAXATION	6	<u>36,433</u>	<u>18,293</u>
PROFIT FOR THE FINANCIAL YEAR		105,118	67,341
DIVIDENDS		<u>24,000</u>	<u>-</u>
RETAINED PROFIT FOR THE YEAR		<u>81,118</u>	<u>67,341</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 2001

	<u>NOTE</u>	£	£	<u>2000</u> £
FIXED ASSETS				
Tangible assets	7		17,384	12,736
CURRENT ASSETS				
Stock and work in progress	8	104,639		102,632
Debtors	9	451,038		263,712
Cash at bank		<u>128,434</u>		<u>296,809</u>
		684,111		663,153
CREDITORS: Amounts falling due within one year	10	<u>339,553</u>		<u>395,065</u>
NET CURRENT ASSETS			<u>344,558</u>	<u>268,088</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			361,942	280,824
CREDITORS: Amounts falling due after more than one year	11		-	-
NET ASSETS			<u>361,942</u>	<u>280,824</u>
EQUITY CAPITAL AND RESERVES				
Called up share capital	12		9,600	9,600
Profit and loss account	13		<u>352,342</u>	<u>271,224</u>
			<u>361,942</u>	<u>280,824</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 (effective March 2000).

Signed on behalf of the board of directors

 - DIRECTOR

Approved by the board on 31st May 2002

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

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

This is stated after charging:

Remuneration of auditors

- for audit work

- for non-audit work

Depreciation of tangible fixed assets

Operating lease payments

Pension contributions - defined contribution scheme

<u>2001</u>	<u>2000</u>
£	£
1,750	1,425
750	575
6,340	7,407
17,415	17,415
8,403	6,138

4 DIRECTORS' REMUNERATION

Total remuneration

<u>2001</u>	<u>2000</u>
£	£
63,484	55,701

Retirement benefits are accruing under the company's money purchase scheme for one director as at 31 December 2001.

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

5 INTEREST RECEIVABLE		<u>2001</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
Bank interest		<u>9,714</u>	<u>21,738</u>
6 TAXATION		<u>2001</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
Corporation tax payable calculated @ 24% (2000: 20%)		<u>36,000</u>	<u>19,500</u>
Under/(over) provision in prior years		<u>433</u>	<u>(1,207)</u>
		<u>36,433</u>	<u>18,293</u>
7 FIXED ASSETS	<u>PLANT AND EQUIPMENT</u>	<u>OFFICE EQUIPMENT</u>	<u>TOTAL</u>
	<u>£</u>	<u>£</u>	<u>£</u>
COST			
At 1 January 2001	<u>28,482</u>	<u>23,988</u>	<u>52,470</u>
Additions	<u>7,750</u>	<u>3,238</u>	<u>10,988</u>
At 31 December 2001	<u>36,232</u>	<u>27,226</u>	<u>63,458</u>
DEPRECIATION			
At 1 January 2001	<u>20,710</u>	<u>19,024</u>	<u>39,734</u>
Charge for year	<u>3,537</u>	<u>2,803</u>	<u>6,340</u>
At 31 December 2001	<u>24,247</u>	<u>21,827</u>	<u>46,074</u>
NET BOOK VALUE			
At 31 December 2001	<u>11,985</u>	<u>5,399</u>	<u>17,384</u>
At 31 December 2000	<u>7,772</u>	<u>4,964</u>	<u>12,736</u>
8 STOCK AND WORK IN PROGRESS		<u>2001</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
Short term work in progress		<u>162,975</u>	<u>109,057</u>
Less:			
Payments on account		<u>98,221</u>	<u>35,618</u>
		<u>64,754</u>	<u>73,439</u>
Stock of raw materials		<u>39,885</u>	<u>29,193</u>
		<u>104,639</u>	<u>102,632</u>
9 DEBTORS		<u>2001</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
Trade debtors		<u>443,052</u>	<u>258,788</u>
Other debtors		<u>7,986</u>	<u>4,924</u>
		<u>451,038</u>	<u>263,712</u>

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

10	CREDITORS: Amounts falling due within one year	2001	2000
		£	£
	Trade creditors	140,286	120,687
	Amounts owed to group undertakings	107,668	208,917
	Corporation tax	36,000	19,500
	Payments received on account	6,200	7,000
	Other creditors	49,399	38,481
	Current instalments due on hire purchase agreements	-	481
		<u>339,553</u>	<u>395,066</u>
11	CREDITORS: Amounts falling due after more than one year	2001	2000
		£	£
	HIRE PURCHASE AGREEMENTS		
	Gross amount outstanding	-	481
	Less:		
	Amounts repayable within one year	-	481
	Amounts repayable within two to five years	-	-
12	CALLED UP SHARE CAPITAL	2001	2000
		£	£
	Authorised:		
	100,000 ordinary shares of £1 each	100,000	100,000
	Allotted, called up and fully paid:		
	9,600 ordinary shares of £1 each	9,600	9,600
13	RESERVES	2001	2000
		£	£
	Profit and loss account		
	As at 1 January	271,224	203,883
	Profit for the year	81,118	67,341
	As at 31 December	<u>352,342</u>	<u>271,224</u>
14	CONTINGENT LIABILITIES		
	The company has given an unlimited guarantee to its bankers (supported by a fixed and floating charge) in respect of overdraft and loan facilities available to other group companies. The amount outstanding at 31 December 2001 was £1,519,134.		
15	COMMITMENTS TO CAPITAL EXPENDITURE	2001	2000
		£	£
	Authorised and contracted for	<u>20,000</u>	-

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

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>2001</u> £	<u>2000</u> £
Non-property assets		
Leases expiring within 2 to 5 years	<u>17,415</u>	<u>17,415</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 PURCHASES</u> £	<u>SALES</u> £
<u>2001</u>		
Elliott Brothers Limited (immediate parent company)	<u>18,379</u>	<u>126</u>
<u>2000</u>		
Elliott Brothers Limited (immediate parent company)	<u>13,161</u>	<u>685</u>

	<u>AMOUNTS OWED BY COMPANY</u> <u>AT</u> <u>31.12.01</u> £	<u>AT</u> <u>31.12.00</u> £
Elliott Brothers (Builders Merchants) Limited	29,511	23,511
Elliott Brothers Limited	<u>78,157</u>	<u>185,406</u>
	<u>107,668</u>	<u>208,917</u>