

**ELLIOTTS HIGH PERFORMANCE ROOFING
LIMITED**

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2002



ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

COMPANY INFORMATION

Directors	G E N Mason Elliott TD S G Mason Elliott BA (Hons) T James D J Platt FCA
Secretary	D J Platt FCA
Company number	2079607
Registered office	Millbank Wharf Millbank Street Northam Southampton SO14 5AG
Auditors	HLB AV Audit plc Charter Court Third Avenue Southampton SO15 0AP

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

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ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and financial statements for the year ended 31 December 2002.

Principal activities

The company trades as a specialist roofing contractor.

Directors' interests

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:

	31 December 2002	Shares Heading 1 January 2002
G E N Mason Elliott	-	250
S G Mason Elliott	-	250
T James	-	1,500
D J Platt	-	-

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.

Auditors

HLB AV Audit plc acquired the audit practice of Burnett Swayne and in accordance with section 26 of the Companies Act 1989 has been appointed as auditors in succession. In accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

Directors' responsibilities

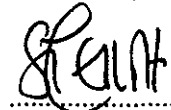
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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.

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

On behalf of the board


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ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

We have audited the financial statements of Elliotts High Performance Roofing Limited on pages 3 to 8 for the year ended 31 December 2002. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), 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 the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 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

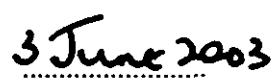
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


HLB AV Audit plc
Registered Auditor


Charter Court
Third Avenue
Southampton
SO15 0AP

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Turnover		1,866,247	1,806,905
Cost of sales		(1,351,606)	(1,372,502)
Gross profit		514,641	434,403
Administrative expenses		(368,497)	(302,376)
Operating profit	2	146,144	132,027
Other interest receivable and similar income		7,550	9,714
Interest payable and similar charges		-	(190)
Profit on ordinary activities before taxation		153,694	141,551
Tax on profit on ordinary activities	3	(36,461)	(36,433)
Profit on ordinary activities after taxation		117,233	105,118
Dividends		-	(24,000)
Retained profit for the year	10	117,233	81,118

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	4		45,268		17,384
Current assets					
Stocks	5	185,182		104,639	
Debtors	6	524,344		451,038	
Cash at bank and in hand		184,430		128,434	
		<u>893,956</u>		<u>684,111</u>	
Creditors: amounts falling due within one year	7	<u>(460,049)</u>		<u>(339,553)</u>	
Net current assets			433,907		344,558
Total assets less current liabilities			<u>479,175</u>		<u>361,942</u>
Capital and reserves					
Called up share capital	9		9,600		9,600
Profit and loss account	10		469,575		352,342
Shareholders' funds			<u>479,175</u>		<u>361,942</u>

These 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 June 2002).

The financial statements were approved by the Board on



Director

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Over the life of the lease – Expires October 2017
Plant and equipment	20%
Office equipment	20% - 33.33%

1.4 Stock and work in progress

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

1.5 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.

2	Operating Profit	2002	2001
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	6,791	6,340
	Remuneration of auditors		
	- Auditors' remuneration	2,600	1,750
	- Non auditors' remuneration	430	750
	Directors' emoluments	<u>73,690</u>	<u>63,484</u>
3	Taxation	2002	2001
		£	£
	Domestic current year tax		
	UK corporation tax	38,100	36,000
	Adjustment for prior years	<u>(1,639)</u>	<u>-</u>
	Current tax charge	36,461	36,000
	Deferred tax		
	Deferred tax adjust re previous year	<u>-</u>	<u>433</u>
		<u>36,461</u>	<u>36,433</u>

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

4 Tangible fixed assets

	Land and buildings	Other tangible fixed assets	Total
	£	£	£
Cost			
At 1 January 2002	-	63,458	63,458
Additions	28,909	5,766	34,675
At 31 December 2002	28,909	69,224	98,133
Depreciation			
At 1 January 2002	-	46,074	46,074
Charge for the year	402	6,389	6,791
At 31 December 2002	402	52,463	52,865
Net book value			
At 31 December 2002	28,507	16,761	45,268
At 31 December 2001	-	17,384	17,384

5 Stocks and work in progress

	2002 £	2001 £
Stocks	514,170	202,860
- Payments on account	(328,988)	(98,221)
	185,182	104,639

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

6 Debtors

	2002 £	2001 £
Trade debtors	515,043	443,052
Other debtors	9,301	7,986
	524,344	451,038

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

7	Creditors: amounts falling due within one year	2002 £	2001 £
	Trade creditors	147,662	140,286
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	202,089	107,668
	Taxation and social security	43,032	40,011
	Payments received on account	-	6,200
	Other creditors	67,266	45,388
		<u>460,049</u>	<u>339,553</u>

8 Pension costs

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.

9	Share capital	2002 £	2001 £
	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>

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2002	352,342
Retained profit for the year	117,233
	<u>469,575</u>
Balance at 31 December 2002	<u>469,575</u>

11 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 2002 was £2,065,836.

ELLIOTTS HIGH PERFORMANCE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

12 Financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002 £	2001 £
Expiry date:		
Between two and five years	10,918	17,415
In over five years	24,250	-
	<u>35,168</u>	<u>17,415</u>

13 Capital commitments

At 31 December 2002 the company had capital commitments as follows:

	2002 £	2001 £
Contracted for but not provided in the financial statements	<u>10,000</u>	<u>20,000</u>

14 Related party transactions

Related party transactions during the year were:

<u>GOODS AND SERVICES</u>	<u>PURCHASES</u> £	<u>SALES</u> £
<u>2002</u>		
Elliott Brothers Limited (immediate parent company)	<u>21,122</u>	<u>2,386</u>
<u>2001</u>		
Elliott Brothers Limited (immediate parent company)	<u>18,379</u>	<u>126</u>

AMOUNTS OWED BY THE COMPANY

	AT 31.12.02 £	AT 31.12.01 £
Elliott Brothers (Builders Merchants) Limited	29,511	29,511
Elliott Brothers Limited	102,503	78,157
	<u>132,014</u>	<u>107,668</u>