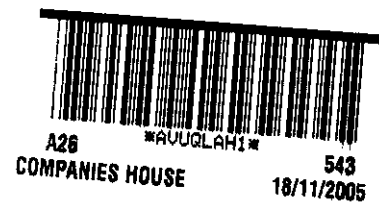


BRADFORDS BUILDING SUPPLIES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
30 APRIL 2005



REGISTERED NUMBER: 278994

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BRADFORDS BUILDING SUPPLIES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2005.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of merchanting building materials and timber. The directors anticipate that the business will continue to trade in the same manner in the coming year.

FINANCIAL MATTERS

The results for the year are given in the profit and loss account on page 5. On 1 May 2004, the trade and certain assets of C E Curtis Limited, a fellow subsidiary, were transferred into the company. The effect of this transfer is disclosed in the attached accounts.

PROPOSED DIVIDEND

The directors recommend the payment of a final dividend of £13.32 per share (2004 - £12).

An interim dividend of £6.67 per share (2004 - £6) was paid during the year.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year and at the date of this report are as follows:

P S Bradford (Chairman)
D J Smith (Managing Director)
M J Tidmarsh
A Gamble
P D Slade
K J Athersuch (appointed 1 October 2004)

The interest of Mr P S Bradford in the share capital of the group of which this company is a wholly owned member is disclosed in the financial statements of the ultimate parent company, Bradford and Sons Limited. None of the other directors had any interests in the shares of group companies during the year.

FIXED ASSETS

Details of the changes in fixed assets of the company are set out on pages 12 to 13.

CHARITABLE AND POLITICAL DONATIONS

The company has made donations for charitable purposes during the year which amounted to £439 (2004 - £689).

The company has not made any donation or subscription for political purposes.

EMPLOYEES

The directors acknowledge the importance of good communications and relations with their employees and believe that they should be aware of matters which affect the company they serve. Employees are provided with regular information by various means and are represented at discussions concerning their welfare.

The company recognises its obligations towards less able people and endeavours to provide as much employment as the demands of the company's operations and the abilities of the less able persons allow.

Applications for employment from less able people are studied with care, and if existing employees become less able, every effort is made to find them appropriate work and training where it is needed.

Opportunities are offered to less able employees to develop their knowledge and skills and undertake greater responsibility.

BRADFORDS BUILDING SUPPLIES LIMITED

DIRECTORS' REPORT (continued)

EURO

The directors continue to review the implications of economic and monetary union and the possible introduction of the Euro in the United Kingdom. No material revenue costs are anticipated.

AUDITORS

On 31 May 2005, Solomon Hare LLP changed its name to Solomon Hare Audit LLP. Pursuant to a shareholders' resolution, the company is not obliged to re-appoint its auditors annually and Solomon Hare Audit LLP will therefore continue in office.

By order of the Board



K J Athersuch
Secretary

96 Hendford Hill
Yeovil
Somerset
BA20 2QT

Date: 8 September 2005

BRADFORDS BUILDING SUPPLIES LIMITED

STATEMENT OF 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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.

BRADFORDS BUILDING SUPPLIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BRADFORDS BUILDING SUPPLIES LIMITED

We have audited the financial statements of Bradfords Building Supplies Limited for the year ended 30 April 2005 set out on pages 5 to 20. These financial statements 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

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 information specified by law regarding the 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. This 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.

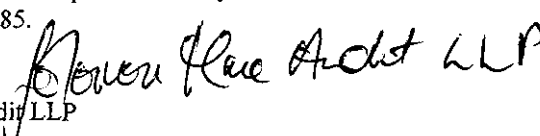
Basis of audit opinion

We conducted our audit in accordance with 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 30 April 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Solomon Hare Audit LLP
Registered Auditors
Oakfield House
Oakfield Grove
Clifton
Bristol BS8 2BN

Date: 8 September 2005

BRADFORDS BUILDING SUPPLIES LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2005**

	Note	2005 £'000	2005 £'000	2004 £'000
Turnover				
- continuing activities	2	68,754		67,113
- acquired activities	2	<u>6,153</u>		<u>-</u>
			74,907	67,113
Cost of sales	2		<u>(49,760)</u>	<u>(44,599)</u>
Gross profit			25,147	22,514
Distribution costs			(18,303)	(15,846)
Administrative expenses			<u>(2,937)</u>	<u>(2,702)</u>
Operating profit- continuing activities	2	3,655		
- acquired activities	2	<u>252</u>		
			3,907	3,966
Interest receivable	5		<u>147</u>	<u>111</u>
Profit on ordinary activities before taxation			4,054	4,077
Taxation on profit on ordinary activities	6		<u>(1,263)</u>	<u>(1,252)</u>
Profit for the year after taxation			2,791	2,825
Dividends paid and proposed	7		<u>(800)</u>	<u>(720)</u>
Retained profit for the financial year	17		<u>1,991</u>	<u>2,105</u>

All recognised gains and losses are included in the profit and loss account.

The notes on page 7 to 20 form part of these financial statements

BRADFORDS BUILDING SUPPLIES LIMITED**BALANCE SHEET
AS AT 30 APRIL 2005**

		2005		2004	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	8		1,022		1,094
Tangible assets	9		5,331		3,870
Investments	10		32		32
			<u>6,385</u>		<u>4,996</u>
Current assets					
Stocks	11	7,440		6,330	
Debtors	12	9,917		8,795	
Cash at bank and in hand		2,721		1,805	
		<u>20,078</u>		<u>16,930</u>	
Creditors: amounts falling due within one year	13	<u>(11,819)</u>		<u>(9,348)</u>	
Net current assets			<u>8,259</u>		<u>7,582</u>
Total assets less current liabilities			<u>14,644</u>		<u>12,578</u>
Creditors: amounts falling due after more than one year	14		(30)		(30)
Provisions for liabilities and charges	15		(80)		(5)
Net assets			<u>14,534</u>		<u>12,543</u>
Capital and reserves					
Called up share capital	16		40		40
Other reserves	17		2		2
Profit and loss account	17		14,492		12,501
Equity shareholders' funds	18		<u>14,534</u>		<u>12,543</u>

These financial statements were approved by the board of directors on 8 September 2005 and were signed on its behalf by:

P S Bradford
Director



The notes on pages 7 to 20 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2005**

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a group which prepares a consolidated cash flow statement.

Turnover

Turnover is based on invoiced amounts excluding value added tax.

Depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, which in the case of assets purchased new are taken as follows:

Land and buildings	-	over life of lease
Plant and machinery, office equipment and fixtures and fittings	-	3, 5 or 10 years
Heavy commercial vehicles	-	8 years
Other vehicles	-	5 or 6 years

Stocks

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

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Provision is made for all deferred taxation with the exception of deferred tax on gains recognised on revaluing properties to their market value. Such tax would only become payable if the properties were sold without it being possible to claim roll-over relief. The provision is not discounted.

Pension costs

The company is a member of a group pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group.

The group also operates a defined contribution non-contributory executive pension scheme and a stakeholder scheme. Contributions to these schemes are charged to the profit and loss account as they become payable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2005 (CONTINUED)**

1 ACCOUNTING POLICIES (continued)

Goodwill

Goodwill represents the difference between the amount paid on the acquisition of a business and the fair value of the net assets acquired.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Leasing commitments

Rentals payable under operating leases are charged to the profit and loss account as they are incurred.

Hire purchase and finance lease agreements

Assets held under hire purchase and finance lease agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account in equal proportions over the period of the lease.

Investments

Investments are stated at cost less provision for any impairment in value.

Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard 8 from providing details of related party transactions with group companies as they are incorporated within the financial statements of its parent company, Bradford and Sons Limited. Copies of that company's financial statements are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.

Consolidation

The company has taken exemption from preparing group financial statements in accordance with Section 228 of the Companies Act 1985 as it is a wholly owned subsidiary of a company incorporated within the EU. Accordingly, the financial statements present information about the company as an individual undertaking and not about its group.

BRADFORDS BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2005 (CONTINUED)****2 TURNOVER AND OPERATING PROFIT**

Turnover, which all arises in the UK, represents sales to external UK customers (excluding value added tax) in respect of the company's principal activity of merchanting building materials and timber.

Operating profit is stated after charging/(crediting):	2005	2004
	£'000	£'000
Depreciation written off tangible fixed assets:		
Owned assets	1,045	969
Leased assets	8	14
Amortisation of goodwill	72	58
Property leasing costs	491	325
Auditors' remuneration (including expenses):		
Audit work	30	24
Non audit work	34	25
Profit on sale of fixed assets	(32)	(13)
	<u>£'000</u>	<u>£'000</u>
Acquired activities are as follows:		
Cost of sales	4,731	-
Operating expenses	1,170	-
	<u>5,901</u>	<u>-</u>

The acquired activities relate to the transfer of a business from a fellow subsidiary, C E Curtis Limited. Further details are shown in note 23.

3 STAFF NUMBERS AND COSTS

The average number of persons (including directors) employed by the company during the year, analysed by activity was as follows:

	2005	2004
	No	No
Sales and distribution	437	411
Administration	82	74
	<u>519</u>	<u>485</u>

BRADFORDS BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2005 (CONTINUED)****3 STAFF NUMBERS AND COSTS (continued)**

The aggregate payroll costs of these persons were as follows:

	2005	2004
	£'000	£'000
Wages and salaries	10,339	9,130
Social security costs	770	724
Other pension costs	560	372
	<u>11,669</u>	<u>10,226</u>

4 EMOLUMENTS OF DIRECTORS

	2005	2004
	£'000	£'000
Directors' emoluments	<u>386</u>	<u>371</u>
Company contributions to money purchase scheme in relation to directors' pensions	<u>13</u>	<u>13</u>

Five directors are accruing pension benefits under the group's defined benefits scheme (2004: four directors) and one director (2004: one director) is also accruing pension benefits under the money purchase scheme (the executive pension scheme).

The emoluments, excluding pension contributions, of the highest paid director were £138,000 (2004: £151,000) and the company's contributions to the money purchase scheme in respect of this director were £13,000 (2004: £13,000).

The accrued pension of the highest paid director, arising from the defined benefit scheme, at year end was £9,000 (2004: £7,000).

5 INTEREST RECEIVABLE

	2005	2004
	£'000	£'000
On bank balance	<u>147</u>	<u>111</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2005 (CONTINUED)**

6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

a) UK corporation tax on profits for the year

	2005	2004
	£'000	£'000
Current tax		
UK corporation tax at 30% (2004 – 30%)	1,204	1,243
Adjustment relating to earlier years	(2)	17
	<u>1,202</u>	<u>1,260</u>
Deferred tax (note 15)		
Origination and reversal of timing differences	61	(8)
	<u>1,263</u>	<u>1,252</u>

	2005	2004
	%	%
b) Tax charge reconciliation		
Standard rate of corporation tax	30.0	30.0
Effects of:		
Expenses not deductible for corporation tax	1.1	0.6
Capital allowances more than depreciation	(0.7)	(0.1)
Utilisation losses	(0.7)	-
Adjustments to tax charge in respect of previous periods	-	0.4
Effective rate of current tax for the year	<u>29.7</u>	<u>30.9</u>

c) Factors affecting future tax charges

The company has losses in the region of £21,000 that may be relieved against profits arising in future periods in respect of the May and Wills trade.

There are also capital losses in the region of £27,000 that may be relieved against chargeable gains arising in future periods.

7 DIVIDENDS

	2005	2004
	£'000	£'000
Interim dividend paid: £6.67 per share (2004: £6 per share)	267	240
Proposed dividend: £13.32 per share (2004: £12 per share)	533	480
	<u>800</u>	<u>720</u>

BRADFORDS BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2005 (CONTINUED)****8 INTANGIBLE FIXED ASSETS**

	Goodwill
Cost	£'000
At 1 May 2004 and 30 April 2005	1,261
At end of year	
Amortisation	
At 1 May 2004	167
Charge for the year	72
At 30 April 2005	239
Net book value	
At 30 April 2005	1,022
At 30 April 2004	1,094

Goodwill is being written off over its estimated economic life of 20 years.

9 TANGIBLE FIXED ASSETS

	Land and buildings	Plant, equipment and vehicles	Total
Cost	£'000	£'000	£'000
At 1 May 2004	816	7,713	8,529
Transfer from C E Curtis Limited	169	988	1,157
Additions	512	1,475	1,987
Disposals	-	(662)	(662)
Intra-group transfers	-	(98)	(98)
At 30 April 2005	1,497	9,416	10,913
Depreciation			
At 1 May 2004	78	4,581	4,659
Transfer from C E Curtis Limited	9	543	552
Charge for year	50	1,003	1,053
On disposals	-	(584)	(584)
Intra-group transfers	-	(98)	(98)
At 30 April 2005	137	5,445	5,582
Net book value			
At 30 April 2005	1,360	3,971	5,331
At 30 April 2004	738	3,132	3,870

The net book value of land and buildings comprises short leasehold premises.

BRADFORDS BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2005 (CONTINUED)****9 TANGIBLE FIXED ASSETS (continued)**

Included within the net book value of £5,331,269 (2004: £3,869,884) is £nil (2004: £23,380) relating to assets held under hire purchase and finance lease agreements. The depreciation charged in the year in respect of these assets amounted to £8,010 (2004: £14,419).

10 FIXED ASSET INVESTMENTS

	Shares in subsidiaries (unquoted) £'000	Trade investments (unquoted) £'000	Total Investments £'000
Cost as at 1 May 2004 and 30 April 2005	30	2	32

Details of the company's subsidiary, which is wholly owned, are as follows:

B R Slade Limited Dormant company

Group financial statements are not submitted as the company is a wholly owned subsidiary of Bradford and Sons Limited, which is registered in Great Britain and prepares consolidated financial statements. The financial statements therefore give information about the company as an individual undertaking and not about its group.

11 STOCKS

	2005 £'000	2004 £'000
Goods for resale	7,376	6,303
Consumables	64	27
	<u>7,440</u>	<u>6,330</u>

12 DEBTORS

	2005 £'000	2004 £'000
Trade debtors	8,971	7,870
Amounts owed by parent and fellow subsidiaries	44	-
Other debtors and prepayments	902	925
	<u>9,917</u>	<u>8,795</u>

BRADFORDS BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2005 (CONTINUED)****13 CREDITORS: Amounts falling due within one year**

	2005	2004
	£'000	£'000
Trade creditors	8,629	6,028
Amounts owed to parent and fellow subsidiaries	332	343
Corporation tax	669	740
Other taxes and social security	700	601
Other creditors and accruals	956	1,145
Obligations under hire purchase agreements	-	11
Dividend proposed	533	480
	<u>11,819</u>	<u>9,348</u>

14 CREDITORS: Amounts falling due after more than one year

	2005	2004
	£'000	£'000
Amount owed to subsidiary company	<u>30</u>	<u>30</u>

The amount owed to the subsidiary company represents an interest-free permanent loan and is not expected to be repaid in the foreseeable future.

15 DEFERRED TAX

	2005	2004
	£'000	£'000
Accelerated capital allowances	181	97
Other timing differences	(101)	(92)
Full provision	<u>80</u>	<u>5</u>

	2005	2004
	£'000	£'000
Provision at 1 May 2004	5	13
Deferred tax charge in profit and loss	61	(8)
Transfer from C E Curtis Limited	14	-
Provision at 30 April 2005	<u>80</u>	<u>5</u>

16 CALLED UP SHARE CAPITAL

	2005	2004
	£'000	£'000
Authorised, allotted, called up and fully paid 40,000 ordinary shares of £1 each	<u>40</u>	<u>40</u>

BRADFORDS BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2005 (CONTINUED)****17 RESERVES**

	Profit & loss account	General reserve
	£'000	£'000
At 1 May 2004	12,501	2
Retained profit for the year	1,991	-
At 30 April 2005	<u>14,492</u>	<u>2</u>

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2005	2004
	£'000	£'000
Profit for the financial year	2,791	2,825
Dividends	(800)	(720)
Net increase in shareholders' funds	<u>1,991</u>	<u>2,105</u>
Shareholders' funds at 1 May 2004	12,543	10,438
Shareholders' funds at 30 April 2005	<u>14,534</u>	<u>12,543</u>

19 CONTINGENT LIABILITIES

There is a cross guarantee in place between the company and its fellow group companies to secure the bank overdrafts. The contingent liability to the company at 30 April 2005 amounted to £1,917,000 (2004: £3,019,000).

There is a cross guarantee in place between the company and its fellow group companies in respect of the bank loan. The maximum potential liability at 30 April 2005 is £1,000,000 (2004: £1,500,000).

20 CAPITAL COMMITMENTS

i) Capital commitments at the end of the financial year for which no provision has been made:

	2005	2004
	£'000	£'000
Contracted but not provided in the financial statements	<u>409</u>	<u>424</u>

ii) Annual commitments under non-cancellable property operating leases are as follows:

	2005	2004
	£'000	£'000
Operating leases which expire:		
Within two to five years	190	192
Over five years	<u>423</u>	<u>294</u>
	<u>613</u>	<u>486</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2005 (CONTINUED)****21 PENSION SCHEME****SSAP24 disclosures**

The company is a member of the group operated defined benefit pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held in a separate trustee administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of the triennial valuations using the projected unit method.

The scheme actuary in his valuation of 6 April 2004 calculated that scheme funding on the basis of a long term assessment of the scheme was a deficit of £2,328,000 (2001 - £848,000 surplus) which represents a funding level of 87% (2001 - 106%). As a result, in accordance with the actuary's advice the group has charged an increased rate of funding from 6 April 2004 in the financial statements representing 17.8% of pensionable salaries (previously 13.7% of pensionable salaries).

However, the actuary's valuation also revealed a surplus on the statutory Minimum Funding Requirement ("MFR") basis in the scheme of £745,000 (2004 - £340,000), which represents a funding level of 105% (2001 - 103%).

These factors have contributed to the increased contributions noted above being made, with the intention of writing the variance off to the profit and loss account over the average remaining service lives of current employees, currently estimated at 13 years.

The assumptions under the MFR basis which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries and pensions. It was assumed that investment returns would be 6.6% per annum, that salary increases would average 5.1% per annum and that future pensions increase at the rate of 2.9% per annum. The market value of the scheme assets at 5 April 2005 was £17,403,000 (2004: £15,411,000).

The scheme was closed to new members from 1 April 2002. Under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

The Group also operates a defined contribution non-contributory executive pension scheme and a stakeholder pension scheme. The charge for the year in the financial statements of the company was £13,000 (2004: £13,000) and £30,000 (2004: £nil) respectively.

FRS 17 Disclosures

In November 2000, the Accounting Standards Board ("ASB") issued FRS 17 "Retirement Benefits" replacing SSAP 24 "Accounting for Pension Costs". In November 2002, the ASB amended FRS 17 to allow an extension to the transitional arrangements. For the year ended 30 April 2006, the Group will account for pension costs under FRS 17. The Group is in the fourth year of the transitional arrangements under FRS 17 and the required disclosures are made below.

It is not possible to allocate the scheme assets to specific subsidiary companies and accordingly, the following information is given in respect of the group scheme as a whole, of which this company is a member.

The major assumptions used by the actuary to calculate the scheme liabilities in accordance with FRS17 are:

	2005	2004	2003
	%	%	%
Rate of increase in pensionable salaries	3.90	4.00	3.60
Rate of increase in pensions in payment and deferred provisions	2.75	2.75	2.50
Discount rate	5.30	5.75	5.75
Inflation assumption	2.90	3.00	2.60

BRADFORDS BUILDING SUPPLIES LIMITED
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2005 (CONTINUED)**
21 PENSION SCHEME (continued)

The fair value of assets in the scheme and the expected rate of return were:

	2005 Long term expected rate of return %	2005 Value £'000	2004 Long term expected rate of return %	2004 Value £'000	2003 Long term expected rate of return %	2003 Value £'000
Equities	7.10	11,168	7.50	11,430	7.10	9,447
Bonds	5.30	3,967	5.00	2,578	4.60	2,002
Indexed linked gilts	4.60	1,147	5.00	631	-	-
Cash	4.25	572	4.00	290	3.75	1,125
		<u>16,854</u>		<u>14,929</u>		<u>12,574</u>

The following amounts were measured in accordance with the requirements of FRS17:

	2005 £'000	2004 £'000	2003 £'000
Total market value of assets	16,854	14,929	12,574
Present value of scheme liabilities	(21,504)	(17,224)	(15,173)
Deficit in the scheme	(4,650)	(2,295)	(2,599)
Related deferred tax	1,395	689	780
Net pension liability	<u>(3,255)</u>	<u>(1,606)</u>	<u>(1,819)</u>

Had the group adopted FRS 17 early the group net assets and group profit and loss reserves would have been as follows:

	2005 £'000	2004 £'000
Net assets		
Net assets excluding SSAP 24 pension liability	31,838	29,331
Pension liability	(3,255)	(1,606)
Net assets, as adjusted	<u>28,583</u>	<u>27,725</u>
	2005 £'000	2004 £'000
Reserves		
Profit and loss reserve excluding SSAP24 pension liability	24,705	22,085
Pension liability	(3,255)	(1,606)
Profit and loss reserve, as adjusted	<u>21,450</u>	<u>20,479</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2005 (CONTINUED)**

21 PENSION SCHEME (continued)

The potential FRS 17 charges to group Profit and Loss Account and Statement of Total Recognised Gains and Losses, on full implementation of the standard, are summarised below:

	2005	2004
a) Analysis of the amount charged to operating profit	£'000	£'000
Current service cost	502	494
Past service cost	-	-
Total operating charge	502	494
b) Analysis of the amount charged to other finance income		
Expected return on pension scheme assets	1,051	819
Interest on pension scheme liabilities	(1,019)	(881)
Net return	32	(62)
c) Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses		
Actual return less expected return on pension scheme assets	205	1,095
Experience gains and losses arising on the scheme liabilities	(1,284)	(111)
Changes in assumptions underlying the present value of the scheme liabilities	(1,691)	(824)
Actuarial (loss)/gain	(2,770)	160
d) Movement in deficit during the year		
Deficit in scheme at the beginning of the year	(2,295)	(2,599)
Movement in the year:		
Current service costs	(502)	(494)
Contributions	885	700
Past service costs	-	-
Other finance income	32	(62)
Actuarial (loss)/gain	(2,770)	160
Deficit in scheme at end of the year	(4,650)	(2,295)

BRADFORDS BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2005 (CONTINUED)****21 PENSION SCHEME (continued)**

	2005	2004	2003
e) History of experience gains and losses			
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	205	1,095	(2,980)
Percentage of scheme assets	1.2%	7.3%	(23.7)%
Experience gains and losses arising on scheme liabilities			
Amount (£'000)	(1,284)	(111)	(133)
Percentage of the present value of the scheme liabilities	(6.0)%	(0.6)%	(0.9)%
Total amount recognised in Statement of Total Recognised Gains and Losses			
Amount (£'000)	(2,770)	160	(2,439)
Percentage of the present value of the scheme liabilities	(12.9)%	0.9%	(16.1)%

22 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Bradford and Sons Limited, which is registered in England and Wales and is the immediate controlling party. The consolidated financial statements of the group are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.

There is no ultimate controlling party.

23 ACQUISITIONS

On 1 May 2004, the trade and certain assets of C E Curtis Limited, a fellow subsidiary, were transferred in to the company. The details of the assets transferred are shown below:

Assets and liabilities were transferred at net book value, which the directors considered to be fair value:

	£'000
Fixed assets	605
Stock	678
Debtors	2,685
Liabilities	(986)
	<u>2,982</u>

Consideration was settled via the inter-company accounts with group companies.

BRADFORDS BUILDING SUPPLIES LIMITED**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2005**

	2005	2004
	£	£
Sales	74,906,781	67,112,998
Cost of sales	(49,759,962)	(44,599,420)
Gross profit	25,146,819	22,513,578
Overheads		
Wages and salaries	11,090,018	9,853,531
Pension contributions	560,009	372,528
Lorry depreciation	269,134	256,112
Lorry running costs	1,368,078	1,127,353
Car depreciation	202,561	174,046
Car running costs	203,636	182,656
Rates	589,747	468,365
Rent payable	1,781,727	1,451,763
Light, heat and power	179,380	128,811
Repairs and renewals	363,666	393,505
General depreciation	581,692	552,807
Advertising	565,364	442,214
Printing and stationery	232,644	212,686
Postage	137,026	112,477
Telephone charges	159,500	117,585
Recruiting and training	195,911	141,109
Miscellaneous expenses	853,580	742,747
Insurance	186,305	162,331
Legal expenses	8,522	7,455
Trade subscriptions	15,418	17,345
Professional fees	35,371	20,185
(Profit)/loss on disposal of fixed assets	(32,328)	(12,922)
Computer charges	1,127,000	1,140,000
Audit and accountancy	35,932	33,475
Bad debts	114,342	87,061
Interest	(146,720)	(111,990)
Finance charges	43,609	39,767
Management charges	280,250	265,000
Goodwill amortisation	72,492	58,332
	21,092,866	18,436,334
Profit before taxation and dividend	4,053,953	4,077,244

This page does not form part of the audited financial statements.