

**BRADFORDS BUILDING SUPPLIES LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**30 APRIL 2004**



**REGISTERED NUMBER: 278994**

## **BRADFORDS BUILDING SUPPLIES LIMITED**

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## **BRADFORDS BUILDING SUPPLIES LIMITED**

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### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 April 2004.

### **PRINCIPAL ACTIVITIES AND LIKELY FUTURE DEVELOPMENTS**

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.

### **BUSINESS REVIEW**

The results for the year are given in the profit and loss account on page 5.

### **PROPOSED DIVIDEND**

The directors recommend the payment of a final dividend of £12 per share (2003 - £17.88).

An interim dividend of £6 per share (2003 - £nil) 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

The interest of Mr P S Bradford in the share capital of the group of which this company is a member are 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.

### **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.

### **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**

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**DIRECTORS' REPORT (Continued)**

**AUDITORS**

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

By order of the Board

K J Athersuch  
Secretary



96 Hendford Hill  
Yeovil  
Somerset  
BA20 2QT

17 September 2004

**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 2004 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Solomon Hare LLP*  
Solomon Hare LLP  
Chartered Accountants  
Registered Auditors  
Oakfield House  
Oakfield Grove  
Clifton  
Bristol BS8 2BN

Date: 17 September 2004

**BRADFORDS BUILDING SUPPLIES LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 APRIL 2004**

	Note	2004 £	2003 £
<b>Turnover</b>	2	67,112,998	65,173,449
Cost of sales		(44,599,420)	(44,309,373)
<b>Gross profit</b>		22,513,578	20,864,076
Distribution costs		(15,846,439)	(15,084,888)
Administrative expenses		(2,701,885)	(2,449,392)
<b>Operating profit</b>	3	3,965,254	3,329,796
Interest receivable	6	111,990	51,841
<b>Profit on ordinary activities before taxation</b>		4,077,244	3,381,637
Taxation on profit on ordinary activities	7	(1,252,297)	(1,053,092)
<b>Profit on ordinary activities after taxation</b>		2,824,947	2,328,545
Dividends	8	(720,000)	(715,000)
<b>Retained profit for the financial year</b>	18	2,104,947	1,613,545

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

All activities relate to continuing activities.

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

**BRADFORDS BUILDING SUPPLIES LIMITED****BALANCE SHEET  
AS AT 30 APRIL 2004**

	Note	2004	2003
		£	£
<b>Fixed assets</b>			
Intangible assets	9	1,093,650	1,151,982
Tangible assets	10	3,869,884	3,370,865
Investments	11	31,773	31,773
		<u>4,995,307</u>	<u>4,554,620</u>
<b>Current assets</b>			
Stocks	12	6,330,393	6,162,533
Debtors	13	8,795,055	8,998,138
Cash at bank and in hand		1,804,683	544,957
		<u>16,930,131</u>	<u>15,705,628</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(9,347,760)</u>	<u>(9,768,210)</u>
<b>Net current assets</b>		<u>7,582,371</u>	<u>5,937,418</u>
<b>Total assets less current liabilities</b>		<u>12,577,678</u>	<u>10,492,038</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(30,200)	(41,255)
<b>Provisions for liabilities and charges</b>	16	<u>(4,773)</u>	<u>(13,025)</u>
<b>Net assets</b>		<u>12,542,705</u>	<u>10,437,758</u>
<b>Capital and reserves</b>			
Called up share capital	17	40,000	40,000
Other reserves	18	2,100	2,100
Profit and loss account	18	12,500,605	10,395,658
<b>Equity shareholders' funds</b>	19	<u>12,542,705</u>	<u>10,437,758</u>

These financial statements were approved by the board of directors on 17 September 2004 and were signed on its behalf by:



P S Bradford  
Director

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2004**

**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.

**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

**Pension costs**

The company is a member of a group pension scheme covering certain employees 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 based on pensions costs across the group as a whole and are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

**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.

**Deferred tax**

Provision is made for all deferred taxation. The provision is not discounted.

**Investments**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2004 (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 agreements**

Assets held under hire purchase 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.

**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.

**2 ANALYSIS OF TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Turnover represents the amounts (excluding value added tax) receivable for goods and services supplied to customers during the year.

All of the turnover and profit of the company arises from the sale of building materials and timber referred to in the directors' report. All sales were made to customers in the United Kingdom.

**3 OPERATING PROFIT**

	2004	2003
	£	£
Operating profit is stated after charging/(crediting):		
Auditors' remuneration (including expenses)		
- audit work	24,000	23,000
- non audit work	24,755	18,497
Depreciation – owned assets	968,546	905,923
Depreciation – leased assets	14,419	14,419
Amortisation of goodwill	58,332	58,332
Property lease rentals	324,667	311,956
(Profit)/loss on disposal of fixed assets	(12,922)	8,469

**BRADFORDS BUILDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2004 (CONTINUED)****4 EMOLUMENTS OF DIRECTORS**

	2004	2003
	£	£
Directors' emoluments:		
As directors	370,975	445,473
Company contributions to money purchase scheme in relation to directors' pensions	12,756	11,196

Four directors are accruing pension benefits under the group's defined benefits scheme (2003: four directors) and one director (2003: 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 £150,954 (2003: £126,387) and the company's contributions to the money purchase scheme in respect of this director were £12,756 (2003: £11,196).

The accrued pension of the highest paid director, arising from the defined benefit scheme at year end was £6,914 (2003: £4,768).

**5 STAFF NUMBERS AND COSTS**

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

	2004	2003
	No	No
Sales and distribution	411	415
Administration	74	76
	485	491

The aggregate payroll costs of these persons were as follows:

	2004	2003
	£	£
Wages and salaries	9,129,525	8,659,493
Social security costs	724,006	628,008
Other pension costs	372,528	392,721
	10,226,059	9,680,222

**BRADFORDS BUILDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2004 (CONTINUED)****6 INTEREST RECEIVABLE**

	2004	2003
	£	£
On bank balance	111,990	51,841

**7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES****a) UK corporation tax on profits for the year**

	2004	2003
	£	£
Current tax		
UK corporation tax at 30% (2003 – 30%)	1,243,291	1,024,066
Adjustment relating to earlier years	17,258	-
	1,260,549	1,024,066
Deferred tax (note 16)		
Origination and reversal of timing differences	(8,252)	29,026
	1,252,297	1,053,092

	2004	2003
	%	%
<b>b) Tax charge reconciliation</b>		
The standard rate of corporation tax	30.0	30.0
Effects of:		
Expenses not deductible	0.6	0.9
Capital allowances in excess of depreciation	(0.1)	(0.6)
Adjustments to tax charge in respect of previous periods	0.4	-
	30.9	30.3

**c) Factors affecting future tax charges**

The company has losses in the region of £10,000 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.

**BRADFORDS BUILDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2004 (CONTINUED)****8 DIVIDENDS**

	2004	2003
	£	£
Interim dividend paid: £6 per share (2003: £nil per share)	240,000	-
Proposed dividend: £12 per share (2003: £17.88 per share)	480,000	715,000
	<u>720,000</u>	<u>715,000</u>

**9 INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>Costs</b>	
At beginning of year	<u>1,261,036</u>
At end of year	<u>1,261,036</u>
<b>Amortisation</b>	
At beginning of year	109,054
Charge for period	<u>58,332</u>
At end of year	<u>167,386</u>
Net book value at 30 April 2004	<u>1,093,650</u>
Net book value at 30 April 2003	<u>1,151,982</u>

**BRADFORDS BUILDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2004 (CONTINUED)****10 TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant, machinery and vehicles £	Total £
<b>Cost</b>			
At beginning of year	475,228	6,978,897	7,454,125
Additions	341,143	1,236,231	1,577,374
Disposals	-	(358,878)	(358,878)
Intra-group transfers	-	(143,512)	(143,512)
At end of year	816,371	7,712,738	8,529,109
<b>Depreciation</b>			
At beginning of year	49,215	4,034,045	4,083,260
Charge for year	28,844	954,121	982,965
On disposals	-	(297,244)	(297,244)
Intra-group transfers	-	(109,756)	(109,756)
At end of year	78,059	4,581,166	4,659,225
<b>Net book value</b>			
At 30 April 2004	738,312	3,131,572	3,869,884
At 30 April 2003	426,013	2,944,852	3,370,865

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

Included within the net book value of £3,869,884 (2003: £3,370,865) is £23,380 (2003: £37,799) relating to assets held under hire purchase and finance lease agreements. The depreciation charged in the year in respect of these assets amounted to £14,419 (2003: £14,419).

**BRADFORDS BUILDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2004 (CONTINUED)****11 FIXED ASSET INVESTMENTS**

	Shares in subsidiaries (unquoted)	Trade investments (unquoted)	Total Investments
	£	£	£
Cost as at 1 May 2003 and 30 April 2004	30,200	1,573	31,773

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. In the opinion of the directors, the investment in the company's subsidiary is worth at least the amount at which it is stated in the balance sheet.

**12 STOCKS**

	2004	2003
	£	£
Goods for resale	6,302,614	6,136,592
Sundry stock	27,779	25,941
	<u>6,330,393</u>	<u>6,162,533</u>

**13 DEBTORS**

	2004	2003
	£	£
Debtors due within one year:		
Trade debtors	7,869,766	8,246,354
Sundry debtors and prepayments	925,289	751,784
	<u>8,795,055</u>	<u>8,998,138</u>

**BRADFORDS BUILDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2004 (CONTINUED)****14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2004	2003
	£	£
Trade creditors	6,028,130	6,239,001
Amounts owed to parent and fellow subsidiaries	342,674	741,347
Other taxes and social security	600,566	579,720
Other creditors and accruals	1,144,824	866,306
Hire purchase agreements	11,055	29,140
Corporation tax	740,511	597,696
Proposed dividend	480,000	715,000
	<u>9,347,760</u>	<u>9,768,210</u>

**15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2004	2003
	£	£
Amount owed to subsidiary company	30,200	30,200
Hire Purchase agreements	-	11,055
	<u>30,200</u>	<u>41,255</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.

Financial liabilities are due for repayment as follows:

	2004	2003
	£	£
Due within one year	11,055	29,140
Between 1 and 2 years	-	11,055
Between 2 and 5 years	-	-
	<u>11,055</u>	<u>40,195</u>

**16 DEFERRED TAX**

	2004	2003
	£	£
Accelerated capital allowances	97,351	118,973
Other timing differences	(92,578)	(105,948)
Full provision	<u>4,773</u>	<u>13,025</u>



**BRADFORDS BUILDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2004 (CONTINUED)****16 DEFERRED TAX (Continued)**

	2004	2003
	£	£
Provision/(asset) at 1 May 2003	13,025	(16,001)
Deferred tax (charge)/credit in profit and loss	(8,252)	29,026
Provision at 30 April 2004	<u>4,773</u>	<u>13,025</u>

**17 CALLED UP SHARE CAPITAL**

	2004	2003
	£	£
Authorised, allotted, called up and fully paid 40,000 ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

**18 RESERVES**

	Profit & loss account	General reserve
	£	£
At 30 April 2003	10,395,658	2,100
Retained profit for the year	<u>2,104,947</u>	-
At 30 April 2004	<u>12,500,605</u>	<u>2,100</u>

**19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2004	2003
	£	£
Profit for the financial year	2,824,947	2,328,545
Dividends	<u>(720,000)</u>	<u>(715,000)</u>
Net increase in shareholders' funds	2,104,947	1,613,545
Shareholders' funds at 1 May 2003	<u>10,437,758</u>	<u>8,824,213</u>
Shareholders' funds at 30 April 2004	<u>12,542,705</u>	<u>10,437,758</u>

## **BRADFORDS BUILDING SUPPLIES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2004 (CONTINUED)**

#### **20 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 2004 amounted to £3,019,000 (2003: £1,796,000).

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 2004 is £1,500,000 (2003: £2,000,000).

#### **21 COMMITMENTS**

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

	2004	2003
	£	£
Contracted for but not provided	424,540	56,494

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

	2004	2003
	£	£
Operating leases which expire:		
Within one year	-	-
Within two to five years	192,600	110,600
Over five years	294,350	214,000
	<u>486,950</u>	<u>324,600</u>

#### **22 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.

In accordance with the actuary's advice contained in the valuation at 6 April 2001, the company has charged an increased rate of funding from 1 May 2001 in the financial statements representing 13.7% of pensionable salaries (previously 9.6% of pensionable salaries). The actuary's valuation revealed a surplus in the group scheme of £848,000 which represents an MFR funding level of 102.5%. This is being written back to the group profit and loss account over 16 years, being the average remaining service lives of current employees in the scheme.

The most recent valuation of the scheme was at 6 April 2001. The assumptions 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 6.5% per annum, that salary increases would average 4.5% per annum and that future pensions increase at the rate of 2.5% per annum. The market value of the scheme's assets at 5 April 2004 was £15,411,000 (2003: £12,475,000).

**BRADFORDS BUILDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2004 (CONTINUED)****22 PENSION SCHEME (continued)**

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 which is much smaller than the main scheme. The charge for the year in the financial statements of the company was £12,756 (2003:£11,196).

**Financial Reporting Standard 17 disclosures**

This standard includes transitional arrangements which require certain disclosures to be made this year, principally the pension scheme assets and liabilities at fair value. The scheme assets are valued at market value and the liabilities are estimated by the actuary using the projected unit method.

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:

	2004	2003	2002
	%	%	%
Rate of increase in pensionable salaries	4.00	3.60	4.75
Rate of increase in pensions in payment and deferred provisions	2.75	2.50	2.75
Discount rate	5.75	5.75	6.00
Inflation assumption	3.00	2.60	2.75

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

	2004 Long term expected rate of return %	2004 Value £'000	2003 Long term expected rate of return %	2003 Value £'000	2002 Long term expected rate of return %	2002 Value £'000
Equities	7.50	11,430	7.10	9,447	7.50	11,396
Bonds	5.00	2,578	4.60	2,002	5.25	1,950
Indexed linked gilts	5.00	631	-	-	-	-
Cash	4.00	290	3.75	1,125	3.50	1,008
		<u>14,929</u>		<u>12,574</u>		<u>14,354</u>

**BRADFORDS BUILDING SUPPLIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2004 (CONTINUED)****22 PENSION SCHEME (continued)**

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

	2004	2003	2002
	£'000	£'000	£'000
Total market value of assets	14,929	12,574	14,354
Present value of scheme liabilities	(17,224)	(15,173)	(14,695)
Deficit in the scheme	(2,295)	(2,599)	(341)
Related deferred tax	689	780	102
Net pension liability	(1,606)	(1,819)	(239)

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

	2004	2003
	£'000	£'000
<b>Net assets</b>		
Net assets excluding SSAP 24 pension liability	29,331	25,354
Pension liability	(1,606)	(1,819)
	<u>27,725</u>	<u>23,535</u>

	2004	2003
	£'000	£'000
<b>Reserves</b>		
Profit and loss reserve excluding SSAP24 pension liability	22,085	19,320
Pension liability	(1,606)	(1,819)
	<u>20,479</u>	<u>17,501</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2004 (CONTINUED)**

**22 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:

	2004	2003
	£'000	£'000
<b>a) Operating profit analysis</b>		
Current service cost	494	583
Past service cost	-	-
Total operating charge	494	583
<b>b) Other finance income analysis</b>		
Expected return on pension scheme assets	819	999
Interest on pension scheme liabilities	(881)	(869)
Net (deficit)/ return	(62)	130
<b>c) Statement of Total Recognised Gains and Losses analysis</b>		
Actual return less expected return on pension scheme assets	1,095	(2,980)
Experience gains and losses arising on the scheme liabilities	(111)	(133)
Changes in assumptions underlying the present value of the scheme liabilities	(824)	674
Actuarial gain/(loss)	160	(2,439)
<b>d) Movement in deficit during the year</b>		
Deficit in scheme at the beginning of the year	(2,599)	(341)
Movement in the year:		
Current service costs	(494)	(583)
Contributions	700	634
Past service costs	-	-
Other finance income	(62)	130
Actuarial gain/(loss)	160	(2,439)
Deficit in scheme at end of the year	(2,295)	(2,599)
<b>e) History of experience gains and losses</b>		
Difference between the expected and actual return on scheme assets (£'000)	1,095	(2,980)
Percentage of scheme assets	7.3%	(23.7%)
Experience gains and losses arising on scheme liabilities (£'000)	(111)	(133)
Percentage of the present value of the scheme liabilities	(0.6%)	(0.9%)
Total amount recognised in statement of total recognised gains and losses (£'000)	160	(2,439)
Percentage of the present value of the scheme liabilities	0.9%	(16.1%)

**BRADFORDS BUILDING SUPPLIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2004 (CONTINUED)**

**23      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.

**BRADFORDS BUILDING SUPPLIES LIMITED****DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 APRIL 2004**

	2004	2003
	£	£
<b>Sales</b>	67,112,998	65,173,449
<b>Cost of sales</b>	(44,599,420)	(44,309,373)
<b>Gross profit</b>	22,513,578	20,864,076
<b>Overheads</b>		
Wages and salaries	9,853,531	9,287,501
Pension contributions	372,528	392,721
Lorry depreciation	256,112	271,784
Lorry running costs	1,127,353	1,109,830
Car depreciation	174,046	177,146
Car running costs	182,656	157,702
Rates	468,365	453,223
Rent payable	1,451,763	1,340,706
Light, heat and power	128,811	131,460
Repairs and renewals	393,505	416,017
General depreciation	552,807	471,412
Advertising	442,214	453,153
Printing and stationery	212,686	200,249
Postage	112,477	114,359
Telephone charges	117,585	151,225
Recruiting and training	141,109	171,361
Miscellaneous expenses	742,747	687,398
Insurance	162,331	147,586
Legal expenses	7,455	4,091
Trade subscriptions	17,345	13,956
Professional fees	20,185	22,777
(Profit)/loss on disposal of fixed assets	(12,922)	8,469
Computer charges	1,140,000	921,305
Audit and accountancy	33,475	41,497
Bad debts	87,061	27,193
Interest	(111,990)	(51,841)
Finance charges	39,767	46,827
Management charges	265,000	255,000
Goodwill amortisation	58,332	58,332
	18,436,334	17,482,439
<b>Profit before taxation and dividend</b>	4,077,244	3,381,637

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