

BRADFORDS BUILDING SUPPLIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 APRIL 1994

REGISTERED NUMBER: 278994



BRADFORDS BUILDING SUPPLIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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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 1994.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of merchanting building materials and timber.

On 30 April 1993 the activities of May & Wills Limited and Kemp & Sons (1990) Limited were transferred to divisions of Bradfords Building Supplies Limited. The assets and liabilities of each company were transferred accordingly on that date.

BUSINESS REVIEW

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

PROPOSED DIVIDEND AND TRANSFER TO RESERVES

The directors recommend the payment of a dividend of £3.50 per share (1993 - £Nil). The retained profit for the year of £277,865 has been transferred to reserves.

SIGNIFICANT CHANGES IN FIXED ASSETS

Information relating to changes in fixed assets is given in notes 10 and 11 to the financial statements.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year were as follows:

P S Bradford (Chairman)
G King (Managing Director)
S J Bradford
J P Clarke (retired - 30 April 1994)
M J David
M J Tidmarsh

The interests of P S Bradford and S J 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.

Mr A Gamble was appointed on 1 May 1994.

During the year the company maintained liability insurance for its directors and officers.

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.

BRADFORDS BUILDING SUPPLIES LIMITED

DIRECTORS' REPORT (CONT)

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

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

AUDITORS

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

By order of the Board


K J ATHERSUCH
Secretary

96 Hendford Hill
Yeovil
Somerset
BA20 2QT

13 September 1994

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.

AUDITORS' REPORT TO THE MEMBERS OF BRADFORDS BUILDING SUPPLIES LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Solomon Hare

Solomon Hare
Registered Auditors
Chartered Accountants

Oakfield House
Oakfield Grove
Clifton
Bristol BS8 2BN

13 September 1994

BRADFORDS BUILDING SUPPLIES LIMITED**PROFIT AND LOSS ACCOUNT**

30 APRIL 1994

	Note	1994 £	1993 £
TURNOVER			
Continuing operations	2	27,558,511	25,153,324
Acquisitions		3,132,715	-
		<hr/>	<hr/>
		30,691,226	25,153,324
 Cost of sales	3	 (22,193,212)	 (18,693,644)
		<hr/>	<hr/>
GROSS PROFIT		8,498,014	6,459,680
 Distribution costs	3	 (6,547,738)	 (5,482,471)
Administrative expenses	3	(1,127,239)	(1,054,439)
		<hr/>	<hr/>
TRADING PROFIT/(LOSS)			
Continuing operations		805,139	(77,230)
Acquisitions		17,898	-
		<hr/>	<hr/>
		823,037	(77,230)
 Interest payable	7	 (104,172)	 (135,193)
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	718,865	(212,423)
 Taxation	8	 (361,000)	 49,964
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		417,865	(162,459)
 Dividend	9	 (140,000)	 -
		<hr/>	<hr/>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	17	277,865	(162,459)
		<hr/>	<hr/>

TOTAL RECOGNISED GAINS AND LOSSES

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

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

A separate movement of shareholders funds statement is not provided as there are no changes for the current or previous years other than the retained profit in the profit and loss account.

The notes on page 7 to 14 form part of these financial statements

BRADFORDS BUILDING SUPPLIES LIMITED

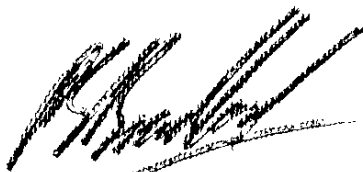
BALANCE SHEET

30 APRIL 1994

	Note	1994	1993
		£	£
FIXED ASSETS			
Tangible assets	10	852,920	1,029,388
Investments	11	66,085	66,260
		<u>919,005</u>	<u>1,095,648</u>
CURRENT ASSETS			
Stocks	12	3,715,611	3,330,241
Debtors	13	4,943,620	4,724,122
Cash at bank and in hand		4,065	4,119
		<u>8,663,296</u>	<u>8,058,482</u>
CREDITORS: amounts falling due within one year	14	<u>(6,814,717)</u>	<u>(6,664,411)</u>
NET CURRENT ASSETS		<u>1,848,579</u>	<u>1,394,071</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,767,334</u>	<u>2,489,719</u>
CREDITORS: amounts falling due after more than one year	15	<u>(65,205)</u>	<u>(65,205)</u>
NET ASSETS		<u>2,702,129</u>	<u>2,424,514</u>
CAPITAL AND RESERVES			
Called up share capital	16	40,000	40,000
Other reserves	17	2,100	2,100
Profit and loss account	17	2,660,029	2,382,414
		<u>2,702,129</u>	<u>2,424,514</u>

These financial statements were approved by the board of directors on 13 September 1994 and were signed on its behalf by:

P S BRADFORD
Director



The notes on pages 7 to 14 form part of these financial statements

BRADFORDS BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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.

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 as follows:

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

Pension costs

The company is a member of group pension schemes covering certain employees providing benefits based on final pensionable pay. The assets of the schemes are held in separate trustee administered funds. Contributions to the schemes 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 on a first in first out basis at net invoice values charged by suppliers or net realisable values, if lower.

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 deferred tax only to the extent that it is probable that an actual liability will crystallise.

Investments

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

Leasing commitments

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

BRADFORDS BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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 and the value of work carried out 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 ANALYSIS OF OPERATIONS

	Continuing £	Acquisitions £	1994 Total £	1993 Continuing £
Cost of Sales	20,016,768	2,176,444	22,193,212	18,693,644
Net operating expenses:				
Distribution costs	5,714,203	833,535	6,547,738	4,482,471
Administrative expenses	1,022,401	104,838	1,127,239	1,054,439

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1994 £	1993 £
Profit on ordinary activities before taxation is stated after charging:		
Directors' emoluments	183,189	163,158
Auditors' remuneration (including expenses)		
- audit work	20,250	24,600
- non audit work	6,000	6,000
Depreciation	305,416	267,965
Property lease rentals	104,604	92,222
Profit on disposal of fixed assets	(15,183)	(11,552)

5 REMUNERATION OF DIRECTORS

	1994 £	1993 £
Directors' emoluments:		
As directors	183,189	163,158

The emoluments, excluding pension contributions, of the chairman were £Nil (1993: £Nil) and those of the highest paid director were £55,594 (1993: £53,190).

The emoluments, excluding pension contributions, of the directors (including the chairman, and highest paid director) were within the following ranges:

BRADFORDS BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5 REMUNERATION OF DIRECTORS (CONTINUED)

	Number of directors	
	1994	1993
£Nil	2	2
£30,001 - £35,000	-	1
£35,001 - £40,000	1	2
£40,001 - £45,000	1	-
£45,001 - £50,000	1	-
£50,001 - £55,000	-	1
£55,001 - £60,000	1	-

6 STAFF NUMBERS AND COSTS

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

	Number of employees	
	1994	1993
Administration	50	45
Sales and distribution	278	252
	<u>328</u>	<u>297</u>

The aggregate payroll costs of these persons were as follows:

	1994	1993
	£	£
Wages and salaries	3,707,467	3,138,868
Social security costs	327,511	255,814
Other pension costs	92,637	51,937
	<u>4,127,615</u>	<u>3,446,619</u>

7 INTEREST PAYABLE

	1994	1993
	£	£
On bank overdraft	<u>104,172</u>	<u>135,193</u>

BRADFORDS BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8 TAXATION

	1994 £	1993 £
UK corporation tax at 33%	(301,000)	-
Group relief receivable at 33%	-	30,000
Deferred taxation	-	20,564
Adjustment relating to earlier year	-	(600)
	<u>(301,000)</u>	<u>49,964</u>

9 DIVIDEND

	1994 £	1993 £
Proposed dividend: £3.50 per share (1993 - £N/A)	<u>140,000</u>	<u>-</u>

10 TANGIBLE FIXED ASSETS

	Land and buildings £	Plant machinery and vehicles £	Total £
Cost			
At beginning of year	53,127	2,725,205	2,778,332
Additions	-	157,631	157,631
Disposals	-	(105,506)	(105,506)
Intra-group transfers	-	(6,684)	(6,684)
	<u>53,127</u>	<u>2,770,646</u>	<u>2,823,773</u>
At end of year	53,127	2,770,646	2,823,773
Depreciation			
At beginning of year	18,535	1,730,409	1,748,944
Charge for year	2,592	302,824	305,416
On disposals	-	(75,271)	(75,271)
Intra-group transfers	-	(8,236)	(8,236)
	<u>21,127</u>	<u>1,949,726</u>	<u>1,970,853</u>
At end of year	21,127	1,949,726	1,970,853
Net book value			
At 30 April 1994	<u>32,000</u>	<u>820,920</u>	<u>852,920</u>
At 30 April 1993	<u>34,592</u>	<u>994,796</u>	<u>1,029,388</u>

The net book value of Land and buildings comprises shop and household premises.

BRADFORDS BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11 FIXED ASSET INVESTMENTS

	Shares in subsidiaries (unquoted) £	Trade investments (unquoted) £	Loan to trade organisation £	Total investments £
Cost				
At 1 May 1993	65,205	890	165	66,260
Disposals	-	(10)	(165)	(175)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1994	65,205	880	-	66,085
	<hr/>	<hr/>	<hr/>	<hr/>

Details of the company's subsidiaries, all of which are wholly owned and registered in England and Wales, are as follows:

B R Slade Limited	Dormant company
Miller & Lilley Limited	Dormant company

Group financial statements are not submitted as the company is a wholly owned subsidiary of Bradford and Sons Limited, which is incorporated in Great Britain. 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 investments in the company's subsidiaries are worth at least the amount at which they are stated in the balance sheet.

12 STOCKS

	1994 £	1993 £
Goods for resale	3,706,394	3,314,784
Sundry stock	8,907	15,457
	<hr/>	<hr/>
	3,715,611	3,330,241
	<hr/>	<hr/>

13 DEBTORS

	1994 £	1993 £
Debtors due within one year:		
Trade debtors	4,365,268	4,287,528
Amounts owed by parent and fellow subsidiaries	23,372	214,080
Sundry debtors and prepayments	131,980	148,014
Group tax relief receivable	-	71,500
	<hr/>	<hr/>
	4,940,620	4,721,122
Debtors due after one year:		
Unsecured loan note	3,000	3,000
	<hr/>	<hr/>
	4,943,620	4,724,122
	<hr/>	<hr/>

BRADFORDS BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994 £	1993 £
Bank overdraft	1,942,330	2,262,792
Obligations under hire purchase contracts	-	2,636
Trade creditors	3,074,342	3,142,571
Amounts owed to parent and fellow subsidiaries	651,386	667,872
Tax and social security	378,066	324,119
Other creditors and accruals	327,593	264,421
Corporation tax	301,000	-
Proposed dividend	140,000	-
	<u>6,814,717</u>	<u>6,664,411</u>

The bank overdraft is secured on certain of the groups properties.

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1994 £	1993 £
Amounts owed to subsidiaries	<u>65,205</u>	<u>65,205</u>

The amounts owed to subsidiaries represent interest-free permanent loans and are not expected to be repaid in the foreseeable future.

16 CALLED UP SHARE CAPITAL

	1994 £	1993 £
Authorised, allotted, called up and fully paid 40,000 ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

17 RESERVES

	Profit and Loss £	General Reserve £
At beginning of year	2,382,414	2,100
Profit for the year	277,865	-
	<u>2,660,279</u>	<u>2,100</u>

BRADFORDS BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

18 CONTINGENT LIABILITIES

In accordance with group policy, the company has guaranteed the overdrafts of other group companies; the amount outstanding at the year end was £Nil (1993: £Nil).

The company has also guaranteed a loan of £600,000 (1993: £800,000) repayable by its parent company, Bradford and Sons Limited.

19 COMMITMENTS

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

	1994 £	1993 £
Contracted for but not provided	12,500	-
Authorised but not contracted	171,900	-

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

	1994 Land and buildings £	1993 Land and buildings £
Operating leases which expire:		
Within one year	28,000	-
Within two to five years	-	28,000
Over five years	77,900	73,900
	<u>105,900</u>	<u>101,900</u>

20 PENSION SCHEME

As explained in the accounting policies note, the company is a member of group pension schemes covering certain employees providing benefits based on final pensionable pay. The assets of the schemes are held in separate trustee administered funds. Contributions to the schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

The contributions are determined by a qualified actuary on the basis of the triennial valuations using the projected unit method.

The main scheme relates to salaried staff and the most recent valuation of this scheme was at 1 April 1992. 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 the investment returns would be 9% per annum, that salary increases would average 8% per annum and that present and future pensions would increase at the rates of 3% and 5% per annum respectively. The market value of the schemes assets at 5 April 1994 were £7,286,248 (1993 £6,220,337).

BRADFORDS BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

20 PENSION SCHEME (CONTINUED)

In accordance with the actuary's advice contained in the valuation at 1 April 1992, the group has charged a reduced rate of funding in the accounts representing 9.6% of pensionable salaries. The actuary's valuation revealed a surplus in the main scheme of £1,293,000 which is being written back to the profit and loss account of the group companies over 12 years, being the average remaining service lives of current employees in the scheme. The effect of this has been to reduce the total provision by £76,000 (1993: £76,000) giving a net charge in the accounts of £87,000.

The company also operates a works pension scheme, which is much smaller than the main scheme. Similar circumstances apply to the works scheme as to the main scheme stated above, but the effect is immaterial in relation to the accounts. The market value of the schemes assets at 5 April 1994 were £104,560 (1993: £273,016).

21 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Bradford and Sons Limited, which is registered in England and Wales. 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.