

BRADFORDS BUILDING SUPPLIES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
30 APRIL 2000



REGISTERED NUMBER: 278994

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2000.

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 dividend of £15 per share (1999 - £10.625).

DIRECTORS AND DIRECTORS' INTERESTS

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

P S Bradford (Chairman)
D J Smith (Managing Director)
S P J Bradford
M J David
M J Tidmarsh
A Gamble
P D Slade
S P Love

The interests of Mr P S Bradford and Mr S P 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. Mr S P Love had the following shareholdings in the ultimate parent company: 375 5% preference shares, 3,200 £1 ordinary shares and 1,988 £1 'A' ordinary shares. 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 introduction of the Euro. 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 abled people and endeavours to provide as much employment as the demands of the company's operations and the abilities of the less abled persons allow.

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.

DIRECTORS' REPORT (Continued)

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

5 September 2000

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 16 which have been prepared under the accounting policies set out on pages 7 and 8.

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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


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

5 September 2000

BRADFORDS BUILDING SUPPLIES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2000**

| | Note | 2000 £ | 1999 £ |
|--|------|--------------|--------------|
| Turnover | 2 | 47,445,754 | 45,277,123 |
| Cost of sales | | (34,016,070) | (32,727,221) |
| Gross profit | | 13,429,684 | 12,549,902 |
| Distribution costs | | (10,361,812) | (9,029,358) |
| Administrative expenses | | (1,841,118) | (1,568,632) |
| Operating profit | 3 | 1,226,754 | 1,951,912 |
| Interest receivable | 6 | 81,624 | 108,366 |
| Profit on ordinary activities before taxation | | 1,308,378 | 2,060,278 |
| Taxation on profit on ordinary activities | 7 | (378,438) | (613,314) |
| Profit on ordinary activities after taxation | | 929,940 | 1,446,964 |
| Dividend proposed | 8 | (600,000) | (425,000) |
| Retained profit for the financial year | 17 | 329,940 | 1,021,964 |

All of the activities are continuing.

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

The notes on page 7 to 16 form part of these financial statements

BRADFORDS BUILDING SUPPLIES LIMITED**BALANCE SHEET
AS AT 30 APRIL 2000**

| | Note | 2000 | | 1999 | |
|--|------|--------------------|------------------|--------------------|------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 9 | | 2,190,564 | | 2,012,080 |
| Investments | 10 | | 31,773 | | 32,373 |
| | | | <u>2,222,337</u> | | <u>2,044,453</u> |
| Current assets | | | | | |
| Stocks | 11 | 5,113,435 | | 4,683,636 | |
| Debtors | 12 | 7,130,327 | | 6,948,256 | |
| Cash at bank and in hand | | 5,449 | | 341,156 | |
| | | <u>12,249,211</u> | | <u>11,973,048</u> | |
| Creditors: amounts falling due within one year | 13 | <u>(6,928,023)</u> | | <u>(6,803,916)</u> | |
| Net current assets | | | <u>5,321,188</u> | | <u>5,169,132</u> |
| Total assets less current liabilities | | | <u>7,543,525</u> | | <u>7,213,585</u> |
| Creditors: amounts falling due after more than one year | 14 | | (30,200) | | (30,200) |
| Provisions for liabilities and charges | 15 | | - | | - |
| Net assets | | | <u>7,513,325</u> | | <u>7,183,385</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 | | 7,471,225 | | 7,141,285 |
| Equity shareholders' funds | | | <u>7,513,325</u> | | <u>7,183,385</u> |

These financial statements were approved by the board of directors on 5 September 2000 and were signed on its behalf by:



P S Bradford
Director

The notes on pages 7 to 16 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2000**

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 cashflow 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. 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 impairment in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2000 (Continued)****1 ACCOUNTING POLICIES (Continued)****Leasing commitments**

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

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

| | 2000 | 1999 |
|--|-------------------|-------------------|
| | £ | £ |
| Operating profit is stated after charging/crediting: | | |
| Auditors' remuneration (including expenses) | | |
| - audit work | 25,500 | 24,600 |
| - non audit work | 33,047 | 8,800 |
| Depreciation | 565,554 | 456,722 |
| Property lease rentals | 120,805 | 116,844 |
| Profit on disposal of fixed assets | (11,782) | (24,948) |
| | <u> </u> | <u> </u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2000 (Continued)****4 EMOLUMENTS OF DIRECTORS**

| | 2000 | 1999 |
|---|---------|---------|
| | £ | £ |
| Directors' emoluments: | | |
| As directors | 333,490 | 372,689 |
| Company contributions to money purchase scheme in relation to directors' pensions | 9,432 | 6,376 |

Seven directors are accruing pension benefits under the group's defined benefits scheme (1999: six directors). One director (1999: no director) is accruing pension benefits under the money purchase scheme (the executive pension scheme).

The emoluments of the highest paid director were £86,821 (1999: £71,367) and the company's contributions to the money purchase scheme in respect of this director were £9,432 (1999: £6,376).

The accrued pension of the highest paid director, arising from the defined benefit scheme at year end was £1,231 (1999: £NIL).

5 STAFF NUMBERS AND COSTS

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

| | 2000 | 1999 |
|------------------------|------|------|
| | No | No |
| Administration | 55 | 52 |
| Sales and distribution | 315 | 307 |
| | 370 | 359 |

The aggregate payroll costs of these persons were as follows:

| | 2000 | 1999 |
|-----------------------|-----------|-----------|
| | £ | £ |
| Wages and salaries | 5,819,288 | 5,175,723 |
| Social security costs | 449,397 | 409,177 |
| Other pension costs | 157,734 | 152,170 |
| | 6,426,419 | 5,737,070 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2000 (Continued)****6 INTEREST RECEIVABLE**

| | 2000 | 1999 |
|-----------------|--------|---------|
| | £ | £ |
| On bank balance | 81,624 | 108,366 |

7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

| | 2000 | 1999 |
|---|---------|----------|
| | £ | £ |
| UK corporation tax at 30% (1999: 30.9%) | 375,000 | 629,000 |
| Adjustment relating to earlier years | 3,438 | (15,686) |
| | 378,438 | 613,314 |

8 DIVIDENDS

| | 2000 | 1999 |
|--|---------|---------|
| | £ | £ |
| Proposed dividend: £15.00 per share (1999: £10.625 per share) | 600,000 | 425,000 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2000 (Continued)**

9 TANGIBLE FIXED ASSETS

| | Land and buildings £ | Plant and machinery and vehicles £ | Total £ |
|-----------------------|----------------------------|---|------------|
| Cost | | | |
| At beginning of year | 53,126 | 4,593,361 | 4,646,487 |
| Additions | - | 767,135 | 767,135 |
| Disposals | - | (446,810) | (446,810) |
| Intra-group transfers | - | (115,717) | (115,717) |
| At end of year | 53,126 | 4,797,969 | 4,851,095 |
| Depreciation | | | |
| At beginning of year | 34,083 | 2,600,324 | 2,634,407 |
| Charge for year | 2,591 | 562,963 | 565,554 |
| On disposals | - | (421,770) | (421,770) |
| Intra-group transfers | - | (117,660) | (117,660) |
| At end of year | 36,674 | 2,623,857 | 2,660,531 |
| Net book value | | | |
| At 30 April 2000 | 16,452 | 2,174,112 | 2,190,564 |
| At 30 April 1999 | 19,043 | 1,993,037 | 2,012,080 |

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

10 FIXED ASSET INVESTMENTS

| | Shares in subsidiaries (unquoted) £ | Trade investments (unquoted) £ | Total Investments £ |
|--------------------------|--|---|---------------------------|
| Cost as at 1 May 1999 | 30,200 | 2,173 | 32,373 |
| Disposal | - | (600) | (600) |
| Cost as at 30 April 2000 | 30,200 | 1,573 | 31,773 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2000 (Continued)****10 FIXED ASSET INVESTMENTS (Continued)**

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.

11 STOCKS

| | 2000 | 1999 |
|------------------|------------------|------------------|
| | £ | £ |
| Goods for resale | 5,090,326 | 4,665,206 |
| Sundry stock | 23,109 | 18,430 |
| | <u>5,113,435</u> | <u>4,683,636</u> |

12 DEBTORS

| | 2000 | 1999 |
|--|------------------|------------------|
| | £ | £ |
| Debtors due within one year: | | |
| Trade debtors | 6,511,347 | 6,382,167 |
| Amounts owed by parent and fellow subsidiaries | 38,298 | 28,559 |
| Sundry debtors and prepayments | 580,682 | 535,530 |
| | <u>7,130,327</u> | <u>6,946,256</u> |
| Debtors due after one year: | | |
| Unsecured loan note | - | 2,000 |
| | <u>7,130,327</u> | <u>6,948,256</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2000 (Continued)****13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 2000 | 1999 |
|--|------------------|------------------|
| | £ | £ |
| Bank overdraft | 627,533 | - |
| Trade creditors | 4,598,458 | 4,715,374 |
| Amounts owed to parent and fellow subsidiaries | 211,492 | 343,593 |
| Other taxes and social security | 313,885 | 315,116 |
| Other creditors and accruals | 326,911 | 493,100 |
| Corporation tax | 249,744 | 511,733 |
| Proposed dividend | 600,000 | 425,000 |
| | <u>6,928,023</u> | <u>6,803,916</u> |

The bank overdraft is not secured, but the parent company has given a pledge to its bankers that it will not, without first giving them 28 days notice, give any of its property or assets as security to any other party.

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2000 | 1999 |
|-----------------------------------|---------------|---------------|
| | £ | £ |
| Amount owed to subsidiary company | <u>30,200</u> | <u>30,200</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 PROVISIONS FOR LIABILITIES AND CHARGES

The amounts provided for deferred taxation at 30% (1999: 30%) are as follows:

| | 2000 | 1999 |
|--------------------------------|----------|----------|
| | £ | £ |
| Accelerated capital allowances | 86,909 | 90,670 |
| Other timing differences | (86,909) | (90,670) |
| | <u>-</u> | <u>-</u> |

At 30 April 2000 the company had deferred tax assets of £52,000 (1999: £81,000) which are not recorded in the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2000 (Continued)**

16 CALLED UP SHARE CAPITAL

| | 2000 | 1999 |
|---|--------|--------|
| | £ | £ |
| Authorised, allotted, called up and fully paid 40,000 ordinary shares of £1 each | 40,000 | 40,000 |

17 RESERVES

| | Profit & loss account | General reserve |
|---------------------|--------------------------|--------------------|
| | £ | £ |
| At 1 May 1999 | 7,141,285 | 2,100 |
| Profit for the year | 329,940 | - |
| At 30 April 2000 | 7,471,225 | 2,100 |

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2000 | 1999 |
|--------------------------------------|-----------|-----------|
| | £ | £ |
| Profit for the financial year | 929,940 | 1,446,964 |
| Dividend | (600,000) | (425,000) |
| Net increase in shareholders' funds | 329,940 | 1,021,964 |
| Shareholders' funds at 1 May 1999 | 7,183,385 | 6,161,421 |
| Shareholders' funds at 30 April 2000 | 7,513,325 | 7,183,385 |

19 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 £3,135,651 (1999: £1,973,147).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2000 (Continued)**

20 COMMITMENTS

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

| | 2000 | 199 |
|---------------------------------|--------|---------|
| | £ | |
| Contracted for but not provided | 80,254 | 142,569 |

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

| | 2000 | 1999 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Operating leases which expire: | | |
| Within one year | 30,800 | - |
| Within two to five years | - | 30,800 |
| Over five years | 92,000 | 86,000 |
| | <u>122,800</u> | <u>116,800</u> |

21 PENSION SCHEME

The company is a member of the group operated pension scheme covering the majority of 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 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 1998, the company has charged a reduced rate of funding in the financial statements representing 9.6% of pensionable salaries. The actuary's valuation revealed a group surplus in the scheme of £595,000 which is being written back to the profit and loss account over 15 years, being the average remaining service lives of current employees in the scheme. The effect of this, together with the release of the unamortised balance arising from the previous surplus, has been to reduce the total provision in respect of the company by £72,326 (1999: £76,716) giving a net charge in the financial statements of £157,734 (1999: £152,170).

The scheme relates to eligible staff who choose to join and the most recent valuation of the scheme was at 6 April 1998. 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 8% per annum, that salary increases would average 6% per annum and that future pensions would increase at the rate of 3.5% per annum. The market value of the scheme's assets at 5 April 2000 was £15,723,000 (1999: £14,153,000). This represents a M.F.R. funding level of 118% (1999: 118%).

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 £9,432 (1999: £6,376).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2000 (Continued)**

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.