

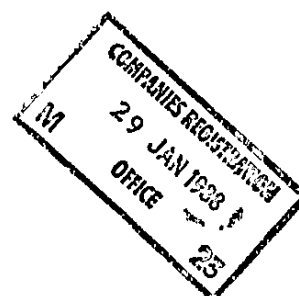
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BRADFORDS BUILDING SUPPLIES LIMITED

FINANCIAL STATEMENTS

30 APRIL 1987

PEAT MARWICK McLINTOCK
Bristol



BRADFORDS BUILDING SUPPLIES LIMITED

FINANCIAL STATEMENTS

30 April 1987

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DIRECTORS' REPORT

The directors present their annual report and the financial statements for the year ended 30 April 1987.

ACTIVITIES

The principal activity of the company continues to be that of merchanting of building materials through a number of depots located in South West England and the merchanting of timber under the name of Snows Timber.

On 30 April 1986 the company's operations were expanded following the transfer of the trade and assets of the building supplies division of Miller & Lilley Limited and of the trade and assets of Burt & Son Limited to the company. Miller & Lilley Limited and Burt & Son Limited are both wholly owned subsidiaries of Bradford & Sons Limited.

On 5 January 1987 the company acquired the trade and assets of King Roofing, a business specialising in contract roofing. The total cost of the acquisition amounted to £186,710 of which £95,000 related to goodwill. In accordance with group policy this goodwill has been written off against reserves.

No further significant changes in the activities of the company are envisaged in the future although full advantage will be taken of any opportunities that may arise.

FINANCIAL MATTERS

The results for the year are given in the profit and loss account on page 4.

The directors recommend that an ordinary dividend of £150,000 be paid for the year.

After deducting the total ordinary dividends of £150,000 the profit for the year retained in the company is £434,187.

FIXED ASSETS

Information relating to changes in fixed assets is given in notes 11 to 12 to the financial statements.

DIRECTORS

The directors who served during the year together with those subsequently appointed were:

Mr MK Merriam
Mr PS Bradford
Mr DH Bradford
Mr JF Clarke
Mr G King
Mr MJ David
Mr G Howe (appointed 1 May 1987)

Messrs G King and MJ David retire by rotation in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Mr G Howe having been appointed since the last annual general meeting retires and, being eligible, offers himself for re-election.

DIRECTORS' REPORT

DIRECTORS (continued)

The interests of Messrs MK Merriam and PS Bradford in the share capital of the group of which this company is a member, are disclosed in the financial statements of the ultimate holding company, Bradford & Sons Limited.

The interest of Mr DH Bradford in the share capital of the group is as follows:

	<u>30 April 1987</u>	<u>30 April 1986</u>
<u>Bradford & Sons Limited</u>		
Ordinary shares of £1 each	10,380	3,460

None of the other directors had any interest in the share capital of the group.

INCOME AND CORPORATION TAXES ACT 1970

The company is a close company within the meaning of the terms of the above Act.

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 some discussions concerning their welfare.

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

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

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

AUDITORS

Our auditors, KMG Thomson McLintock, have merged with Peat Marwick Mitchell & Co and are now practising under the name of Peat Marwick McLintock. Accordingly they have signed the audit report in their new name. A resolution concerning the appointment of Peat Marwick McLintock as auditors and their remuneration will be submitted to the annual general meeting.

96 Mendford Hill
Yeovil
Somerset

By order of the Board

MJ David
Secretary
2 October 1987

BRAEFORDS BUILDING SUPPLIES LIMITED

We have audited the financial statements on pages 4 to 13 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 April 1987 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The financial statements do not include a statement of source and application of funds. Such a statement has been prepared on a group basis and is disclosed in the financial statements of the ultimate holding company.

Bristol
2 October 1987

Peat Marwick McLintock
PEAT MARWICK McLINTOCK
Chartered Accountants

PROFIT AND LOSS ACCOUNT

For the year ended 30 April 1987

	Note	<u>1987</u> £	<u>1986</u> £
TURNOVER	2	33,124,356	21,370,141
Cost of sales		<u>(26,387,567)</u>	<u>(16,439,373)</u>
GROSS PROFIT		6,736,789	4,930,768
Distribution costs		(4,880,021)	(3,744,653)
Administrative expenses		(846,233)	(759,677)
Income from fixed asset investments	4	20,000	1,722,023
Interest receivable	5	54,014	11,352
Interest payable and similar charges	6	<u>(174,048)</u>	<u>(132,402)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,7	910,501	2,027,411
Tax on profit on ordinary activities	9	<u>(326,314)</u>	<u>(160,335)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		584,187	1,867,076
Dividends paid and proposed	10	<u>(150,000)</u>	<u>(100,000)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	18	<u>434,187</u>	<u>1,767,076</u>

The notes on pages 6 to 13 form part of these financial statements.

BALANCE SHEET

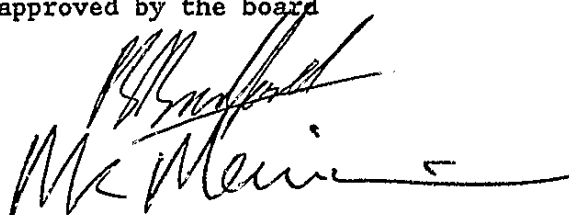
At 30 April 1987

	Note	1987 £	1986 £
FIXED ASSETS			
Tangible assets	11	1,230,548	893,901
Investments	12	366,327	365,697
		<u>1,596,875</u>	<u>1,259,598</u>
CURRENT ASSETS			
Stocks	13	4,349,654	3,601,780
Debtors	14	5,186,972	5,501,727
Cash at bank and in hand		2,668	2,417
		<u>9,539,294</u>	<u>9,105,924</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	15	<u>(7,524,452)</u>	<u>(6,123,353)</u>
NET CURRENT ASSETS		<u>2,014,842</u>	<u>2,982,571</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,611,717</u>	<u>4,242,169</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	15	(876,755)	(1,867,708)
PROVISIONS FOR LIABILITIES AND CHARGES			
	16	<u>(182,451)</u>	<u>(161,137)</u>
		<u>2,552,511</u>	<u>2,213,324</u>
CAPITAL AND RESERVES			
Called up share capital	17	40,000	40,000
Other reserves	18	2,100	2,100
Profit and loss account	18	<u>2,510,411</u>	<u>2,171,224</u>
		<u>2,552,511</u>	<u>2,213,324</u>

The notes on pages 6 to 13 form part of these financial statements.

These financial statements were approved by the board
of directors on 2 October 1987.

PS Bradford)
) Directors
MK Merriam)



NOTES TO THE ACCOUNTS

30 April 1987

1. PRINCIPAL 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.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain assets.

(b) Depreciation

Tangible fixed assets are depreciated on a straight line basis over the following periods:

Plant and machinery, office machinery and furniture and fittings	5 or 10 years
Heavy commercial vehicles	8 years
Other vehicles	5 or 6 years

(c) Stocks

Stocks are valued on a first in first out basis at net invoice values charged by suppliers or net realisable values, if lower.

(d) Taxation

The charge for taxation is based on the profit 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 taxation only to the extent that it is probable that an actual liability will crystallise.

(e) Repairs and renewals

No provision is made for future repairs and renewals, all such items being written off as incurred.

(f) Pension costs

The group of which this company is a member operates pension schemes covering the majority of employees. Payments made to the schemes and charged against profits are calculated with actuarial advice and represent a proper charge to cover the accruing liabilities on a continuing basis. Independent actuarial valuations of the schemes are made every three years.

(g) Goodwill

Purchased goodwill is written off against reserves in the year in which it arises.

NOTES TO THE ACCOUNTS (continued)

30 April 1987

2. TURNOVER

Turnover represents the amounts receivable for goods and services supplied to customers and the value of work carried out during the year.

All turnover and profit arises from the sale of building materials referred to in the directors' report. No sales have been made to overseas customers.

3. STAFF NUMBERS AND COSTS

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

<u>1987</u>	<u>1986</u>
448	365

The aggregate payroll costs of these persons were as follows:

	<u>1987</u> £	<u>1986</u> £
Wages and salaries	3,082,848	2,418,625
Social security costs	252,080	204,585
Other pension costs	152,912	98,758
	<u>3,487,840</u>	<u>2,721,968</u>

4. INCOME FROM FIXED ASSET INVESTMENTS

	<u>1987</u> £	<u>1986</u> £
Income from shares in group companies	<u>20,000</u>	<u>1,722,023</u>

5. OTHER INTEREST RECEIVABLE

	<u>1987</u> £	<u>1986</u> £
Income from other group companies	54,014	-
Income from short-term deposits	-	11,352
	<u>54,014</u>	<u>11,352</u>

NOTES TO THE ACCOUNTS (continued)

30 April 1987

6. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1987</u> £	<u>1986</u> £
Amounts payable to other group companies	-	45,887
Interest on bank overdrafts	170,128	86,515
Interest on bills payable	3,920	-
	<u>174,048</u>	<u>132,402</u>

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1987</u> £	<u>1986</u> £
The profit on ordinary activities before taxation is stated after charging:		
Directors' emoluments (see note 8)	109,791	99,795
Depreciation of tangible fixed assets	209,806	162,807
Hire of plant and machinery	102,976	20,510
Property lease rentals	43,522	38,000
Auditors' remuneration	23,100	21,000

8. DIRECTORS' EMOLUMENTS

	<u>1987</u> £	<u>1986</u> £
Fees	-	-
Other emoluments	109,791	99,795
	<u>109,791</u>	<u>99,795</u>

The chairman who is also the highest paid director is a director of the ultimate holding company and all of his remuneration is for his services to that company. Accordingly his remuneration has been disclosed in the financial statements of the ultimate holding company.

The emoluments of the other directors fell into the following ranges:

	<u>1987</u> <u>Number</u>	<u>1986</u> <u>Number</u>
£Nil	1	1
£20,001 - £25,000	3	3
£25,001 - £30,000	1	1

NOTES TO THE ACCOUNTS (continued)

30 April 1987

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1987</u> £	<u>1986</u> £
UK corporation tax at 35% (1986 - 40%) on the profit for the year	311,000	141,656
Transfer to deferred tax	17,437	19,979
Prior years' adjustment	(2,123)	(1,300)
	<u>326,314</u>	<u>160,335</u>

In 1986 the taxation charge was increased by approximately £38,000 as a result of different values attributed for tax purposes to the assets acquired from John Snow & Co Limited compared with those incorporated in the financial statements.

10. DIVIDENDS

	<u>1987</u> £	<u>1986</u> £
Ordinary dividend - interim paid	-	-
- final proposed	150,000	100,000
	<u>150,000</u>	<u>100,000</u>

11. TANGIBLE FIXED ASSETS

	<u>Land and buildings</u> £	<u>Plant, vehicles and machinery</u> £	<u>Total</u> £
COST OR VALUATION			
At beginning of year	63,029	1,574,735	1,637,764
Intra group transfers	-	(14,749)	(14,749)
Additions	-	580,181	580,181
Disposals	-	(121,311)	(121,311)
At end of year	<u>63,029</u>	<u>2,018,856</u>	<u>2,081,885</u>
DEPRECIATION			
At beginning of year	30,841	713,022	743,863
Intra group transfers	-	(20,814)	(20,814)
Charge for year	10,590	199,216	209,806
Disposals	-	(81,518)	(81,518)
At end of year	<u>41,431</u>	<u>809,906</u>	<u>851,337</u>
NET BOOK VALUE			
At 30 April 1987	<u>21,598</u>	<u>1,208,950</u>	<u>1,230,548</u>
At 30 April 1986	<u>32,188</u>	<u>861,713</u>	<u>893,901</u>

NOTES TO THE ACCOUNTS (continued)

30 April 1987

11. TANGIBLE FIXED ASSETS (continued)

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

The value of assets stated at valuation is £244,010; all other assets are stated at cost. The valuation was carried out in 1985.

The historical net book values of the revalued assets are as follows:

	<u>1987</u> £	<u>1986</u> £
Cost	178,480	178,480
Depreciation	(102,389)	(65,510)
	<u>76,091</u>	<u>112,970</u>

12. FIXED ASSET INVESTMENTS

	<u>Subsidiary companies unquoted</u> £	<u>Trade investments unquoted</u> £	<u>Total</u> £
COST			
At beginning of year	363,857	1,840	365,697
Acquired in year	-	630	630
	<u>363,857</u>	<u>2,470</u>	<u>366,327</u>

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

BR Slade Limited Merchants of building materials and timber.

Burt & Son Limited Dormant company.

Miller & Lilley Limited Dormant company.

Group accounts are not submitted as the company is a wholly owned subsidiary of Bradford & Sons Limited, which is incorporated in Great Britain. In the opinion of the directors the investment in the company's subsidiaries is worth at least the amount at which they are stated in the financial statements.

NOTES TO THE ACCOUNTS (continued)

30 April 1987

13. STOCKS

	<u>1987</u> £	<u>1986</u> £
Goods for resale	4,341,988	3,597,018
Sundry stock	<u>7,666</u>	<u>4,762</u>
	<u>4,349,654</u>	<u>3,601,780</u>

14. DEBTORS

	<u>1987</u> £	<u>1986</u> £
Trade debtors	4,916,489	4,124,647
Amounts due from holding company and fellow subsidiaries	101,248	42,957
Amounts due from subsidiaries	<u>7,475</u>	-
Sundry debtors and prepayments	141,760	91,629
Dividend receivable	<u>20,000</u>	<u>1,242,494</u>
	<u>5,186,972</u>	<u>5,501,727</u>

All debtors are due within one year of the balance sheet date.

15. CREDITORS DUE WITHIN ONE YEAR

	<u>1987</u>		<u>1986</u>
	Due within one year £	Due after one year £	Due within one year £
Bank overdrafts	2,520,539	-	1,292,800
Trade creditors	4,006,263	-	3,544,795
Amounts owed to group companies:			
subsidiaries	-	50,755	491,300
holding company and fellow subsidiaries	94,583	515,000	113,700
Corporation tax	288,314	311,000	157,641
Other tax and social security	260,337	-	246,864
Proposed dividend	150,000	-	100,000
Accruals and deferred income	<u>204,416</u>	<u>-</u>	<u>176,253</u>
	<u>7,524,452</u>	<u>876,755</u>	<u>6,123,353</u>
			<u>1,867,708</u>

Corporation tax is payable 1 January 1988 and 1989.

Amounts due to the holding company and fellow subsidiaries and due after one year represent permanent loans, interest free, and are not expected to be repaid in the foreseeable future.

NOTES TO THE ACCOUNTS (continued)

30 April 1987

16. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Accelerated capital allowances</u> £
<u>Deferred tax</u>	
At beginning of year	161,137
Released during year (note 8)	<u>21,314</u>
At end of year	<u>182,451</u>

Full provision has been made for deferred taxation at the rate of 35%

17. SHARE CAPITAL

	<u>Authorised</u> £	<u>Allotted, called up and fully paid</u> £
Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

There was no change in the authorised or issued share capital during the year.

18. RESERVES

	<u>General reserve</u> £	<u>Profit and loss account</u> £
At beginning of year	2,100	2,171,224
Transfer from profit and loss account	-	434,187
Goodwill written off	-	<u>(95,000)</u>
At end of year	<u>2,100</u>	<u>2,510,411</u>

The company's general reserve and profit and loss account are realised.

Purchased goodwill arising in the year has been written off in accordance with the group accounting policy.

19. CAPITAL COMMITMENTS

	<u>1987</u> £	<u>1986</u> £
Authorised but not contracted for	<u>-</u>	<u>105,000</u>
Contracted for but not provided	<u>26,000</u>	<u>56,500</u>

NOTES TO THE ACCOUNTS (continued)

30 April 1987

20. CONTINGENT LIABILITIES

In accordance with group policy, the company has guaranteed the overdrafts of other group companies, which at 30 April 1987 amounted to nil.

The company has guaranteed bills payable drawn by the holding company, which amounted to £1,250,000 at 30 April 1987.

21. LEASING COMMITMENTS

The company had commitments for the following year under non-cancellable operating leases as follows:

Operating leases which expire	<u>Property</u> £
Within one year	-
Between two and five years	21,000
After five years	17,000

22. PENSION COMMITMENTS

The group operates pension schemes covering the majority of its employees. The latest actuarial valuation of the main scheme which was carried out in April 1986 indicates that it is fully funded. The next actuarial valuation is planned for 1989.