

**Bathroom Distribution Group UK Limited**

**Directors' report and financial  
statements**

Registered number 01367550

31 December 2007



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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

### **Principal activities**

The principal activity of the company during the year has been that of plumbing and bathroom supplies

### **Business review**

The results for the year are shown in the profit and loss account on page 6

On 1 January 2007 the trade and net assets of a fellow subsidiary undertaking, Briten Limited were acquired by the Company

The new combined operation traded satisfactorily throughout the year and results matched expectations. The outlook for 2008 is less optimistic and volume of business could be affected if adverse trading conditions are encountered in the retail bathroom and housing markets.

Our key financial performance indicators are turnover and operating profit together with management of working capital and cash generated from operations.

### ***Principal risks and uncertainties***

Trading in the business is influenced by the macro economic environment in the UK. The level of activity in the residential and non-residential construction and in the residential repair, maintenance and improvement markets in particular influence demand. Demand in these markets is sensitive to economic conditions generally including economic growth, interest rate movements, inflation, unemployment and demographic trends.

### **Proposed dividend**

The directors do not recommend the payment of a dividend.

### **Directors**

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

MR Aldridge  
C O'Nuallain  
M Chadwick  
JL Parker  
C Rinn

None of the directors benefited from qualifying third party indemnity provisions in place either during the year or at the date of this report.

### **Political and charitable contributions**

The company made no political or charitable contributions during the year.

## **Directors' report** *(continued)*

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board



**MR Aldridge**  
*Director*

Aquis Court  
31 Fishpool Street  
St Albans  
AL3 4RF  
28 10 2008

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions



## KPMG LLP

St James' Square  
Manchester  
M2 6DS  
United Kingdom

### **Independent auditors' report to the members of Bathroom Distribution Group UK Limited**

We have audited the financial statements of Bathroom Distribution Group UK Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under 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 financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

**Independent auditors' report to the members of Bathroom Distribution Group UK Limited (*continued*)**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*KPMG LLP*

*3d/d/08*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

**Profit and loss account**  
*for the year ended 31 December 2007*

	<i>Note</i>	<b>2007</b> £	<b>2006</b> £
<b>Turnover</b>			
Continuing operations		<b>12,876,413</b>	11,531,485
Acquisitions		<b>5,980,770</b>	-
		<hr/>	<hr/>
	2-3	<b>18,857,183</b>	11,531,485
 Cost of sales		 <b>(13,118,790)</b>	 (8,096,932)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>5,738,393</b>	3,434,553
Administrative expenses		<b>(3,627,035)</b>	(2,412,139)
		<hr/>	<hr/>
<b>Operating profit</b>	2-6		
Continuing operations		<b>1,340,943</b>	1,022,414
Acquisitions		<b>770,415</b>	-
		<hr/>	<hr/>
		<b>2,111,358</b>	1,022,414
 Profit on disposal of tangible fixed assets	4	 -	 416,910
Interest receivable	7	<b>235,909</b>	111,668
Interest payable	8	-	-
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>2,347,267</b>	1,550,992
Tax on profit on ordinary activities	9	<b>1,000</b>	12,000
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation and profit for the financial year</b>	16	<b>2,348,267</b>	1,562,992
		<hr/>	<hr/>

There have been no recognised profits and losses in either the current or preceding year, other than those noted above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the company's results as reported and on an historical cost basis. Accordingly no note of historical cost profit and loss has been prepared



**Balance sheet**  
*at 31 December 2007*

	<i>Note</i>	<b>2007</b> £	<b>2007</b> £	<b>2006</b> £	<b>2006</b> £
<b>Fixed assets</b>					
Tangible assets	10		749,129		568,337
<b>Current assets</b>					
Stocks	11	2,363,525		1,655,079	
Debtors	12	4,747,799		3,663,600	
Cash at bank and in hand		1,061,582		1,526,281	
		<u>8,172,906</u>		<u>6,844,960</u>	
<b>Creditors</b> amounts falling due within one year	13	<u>(5,817,494)</u>		<u>(3,176,749)</u>	
<b>Net current assets</b>			<b>2,355,412</b>		<b>3,668,211</b>
<b>Net assets</b>			<b>3,104,541</b>		<b>4,236,548</b>
<b>Capital and reserves</b>					
Called up share capital	15		10,000		10,000
Profit & loss account	16		3,059,114		4,210,847
Capital contribution reserve	16		35,427		15,701
<b>Shareholders' funds</b>			<b>3,104,541</b>		<b>4,236,548</b>

These financial statements were approved by the board of directors on 28.10.08 and were signed on its behalf by



**MR Aldridge**  
Director

**Reconciliation of movements in shareholders' funds**  
*for the year ended 31 December 2007*

	2007 £	2006 £
<b>Profit for the financial year</b>	<b>2,348,267</b>	<b>1,562,992</b>
Dividends on shares classed in shareholder's funds	(3,500,000)	-
Capital contribution during year	19,726	15,701
	<hr/>	<hr/>
<b>Net (reduction in)/addition to shareholders' funds</b>	<b>(1,132,007)</b>	<b>1,578,693</b>
Opening shareholders' funds	4,236,548	2,657,855
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>3,104,541</b>	<b>4,236,548</b>
	<hr/>	<hr/>

## Notes

*(forming part of 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 financial statements

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of certain fixed assets

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is consolidated within Grafton Group plc, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions with entities which form part of the group. The consolidated financial statements of Grafton Group Plc, within which this company is included, can be obtained from the address given in note 22

#### ***Fixed assets and depreciation***

Depreciation is provided 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

Freehold buildings	-	2-5% per annum
Plant and machinery	-	25% per annum
Fixtures and fittings	-	15% per annum
Motor vehicles	-	20%-25% per annum
Computer equipment	-	15%-25% per annum

No depreciation is charged on freehold land

#### ***Leases***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

#### ***Post-retirement benefits***

The company is a member of a group defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Net realisable value is based on the estimated selling price less further costs to completion and disposal.

#### ***Taxation***

The charge for taxation is based on the result for the year and takes into account deferred taxation. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

## Notes (continued)

### 1 Accounting policies (continued)

#### Turnover

Turnover represents the net invoiced value of sales of goods, excluding value added tax, derived wholly within the UK, delivered to or collected by third party customers in the year. Goods are deemed to have been delivered to customers when the customer has access to the significant benefits inherent in the goods and exposure to the risks inherent in those benefits.

#### Equity settled share based payment transactions

The Grafton Group share schemes allow employees to acquire shares in Grafton Group plc. They are all equity settled. The fair value of share entitlements granted is recognised as an employee expense in the profit and loss account with a corresponding increase in a capital contribution reserve. The fair value is determined by an external valuer using a binomial model. Share entitlements granted by the Company are subject to certain non-market based vesting conditions. Non-market vesting conditions are not taken into account when estimating the fair value of entitlements as at the grant date. The expense for the share entitlements shown in the profit and loss account is based on the fair value of the total number of entitlements expected to vest and is allocated to accounting periods on a straight line basis over the vesting period. The cumulative charge to the profit and loss account is only reversed where entitlements do not vest because all non-market performance conditions have not been met or where an employee in receipt of share entitlements leaves the company before the end of the vesting period.

### 2 Analysis of continuing and discontinued operations

	2007			2006		
	Continuing	Acquisition	Total	Continuing	Acquisition	Total
	£	£	£	£	£	£
Turnover	12,876,413	5,980,770	18,857,183	11,531,485	-	11,531,485
Cost of sales	(9,006,904)	(4,111,886)	(13,118,790)	(8,096,932)	-	(8,096,932)
Gross profit	3,869,509	1,868,884	5,738,393	3,434,553	-	3,434,553
Administrative expenses	(2,528,566)	(1,098,469)	(3,627,035)	(2,412,139)	-	(2,412,139)
Operating profit	1,340,943	770,415	2,111,358	1,022,414	-	1,022,414

### 3 Turnover and profit on ordinary activities before taxation

The total turnover and profit on ordinary activities before taxation are derived from the principal activities, which is wholly undertaken in the United Kingdom.

### 4 Profit on ordinary activities before taxation

	2007	2006
	£	£
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration		
Audit of these financial statements	18,650	13,250
Depreciation and other amounts written off tangible fixed assets		
Owned	279,106	193,931
Operating lease rentals		
Other operating leases	180,194	118,694
Loss/(profit on disposal of fixed assets)	332	(416,910)

## Notes (continued)

### 5 Remuneration of directors

	2007 £	2006 £
Directors' emoluments	97,000	86,000
Company contributions to money purchase pension schemes	8,000	7,100
	<u>105,000</u>	<u>93,100</u>

Retirement benefits are accruing to 1 director (2006 1) under money purchase pension plans

### 6 Staff numbers and costs

The average number of persons employed by the company (including one director) during the year, analysed by category, was as follows

	Number of employees	
	2007	2006
Distribution of building materials	96	68
	<u>96</u>	<u>68</u>

The aggregate payroll costs of these persons were as follows

	2007 £	2006 £
Wages and salaries	1,794,592	1,260,870
Social security costs	168,418	131,661
Share based payments charge	19,726	15,701
Other pension costs (see note 19)	35,700	38,934
	<u>2,018,436</u>	<u>1,447,166</u>

### 7 Interest receivable

	2007 £	2006 £
Bank interest	235,909	111,668
	<u>235,909</u>	<u>111,668</u>

### 8 Interest payable

	2007 £	2006 £
Other interest	-	-
	<u>-</u>	<u>-</u>

## Notes (continued)

### 9 Taxation

#### Analysis of charge/(credit) in the year

	2007		2006	
	£	£	£	£
<i>UK corporation tax</i>				
Current tax on income for the year/period		-		-
<i>Deferred tax (see note 14)</i>				
Origination/reversal of timing differences	(3,000)		(8,000)	
Adjustment in respect of prior periods	2,000		(4,000)	-
		(1,000)		(12,000)
Tax (credit)/charge on profit on ordinary activities		(1,000)		(12,000)

#### Factors affecting the tax charge/(credit) for the current period

The current tax charge for the year is lower (2006 lower) than the standard rate of corporation tax in the UK (30%, 2006 30%). The differences are explained below

	2007	2006
	£	£
Profit on ordinary activities before tax	2,347,267	1,550,992
Current tax at 30% (2006 30%)	704,180	465,298
<i>Effects of</i>		
Expenses not deductible for tax	4,000	5,099
Share schemes	5,820	4,710
Other permanent differences	-	(37,500)
Differences between depreciation and capital allowances	3,000	8,000
Group relief not paid for trading losses	(717,000)	(323,207)
capital losses	-	(122,400)
Total current tax charge (see above)	-	-

**Notes (continued)**

**10 Tangible fixed assets**

	Leasehold improvements £	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Computer equipment £	Total £
<b>Cost</b>						
At 1 January 2007	191,897	37,694	511,798	76,755	217,976	1,036,120
Assets acquired	51,523	73,402	258,737	36,342	61,906	481,910
Additions	34,510	-	147,882	46,537	49,946	278,875
Disposals	-	-	(97,500)	(4,000)	-	(101,500)
At 31 December 2007	277,930	111,096	820,917	155,634	329,828	1,695,405
<b>Depreciation</b>						
At 1 January 2007	90,397	34,393	171,115	68,936	102,942	467,783
On assets acquired	1,808	60,958	165,342	7,390	55,157	290,655
Charge for year	40,312	5,733	165,579	17,434	47,048	279,106
Disposals	-	-	(84,268)	(4,000)	-	(88,268)
At 31 December 2007	132,517	101,084	417,768	89,760	205,147	946,276
<b>Net book value</b>						
At 31 December 2007	145,413	10,012	403,149	65,874	124,681	749,129
At 31 December 2006	101,500	3,301	340,683	7,819	115,034	568,337

Assets acquired relate to the tangible fixed assets transferred into the company following the transfer of trade and net assets from a fellow subsidiary undertaking, Britten Limited, with effect from 1 January 2008

**11 Stocks**

	2007 £	2006 £
Finished goods and goods for resale	2,363,525	1,655,079

In the opinion of the directors, there is no material difference between the replacement cost of stocks and their balance sheet amounts

## Notes (continued)

### 12 Debtors

	2007 £	2006 £
Trade debtors	2,474,103	1,493,329
Amounts owed by group undertakings	2,156,216	2,061,765
Prepayments and accrued income	75,159	67,185
Deferred taxation (see note 14)	42,321	41,321
	<u>4,747,799</u>	<u>3,663,600</u>

### 13 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	-	-
Trade creditors	1,133,757	463,591
Amounts owed to group undertakings	4,472,063	2,598,003
Other creditors	-	16,038
Accruals and deferred income	211,674	99,117
	<u>5,817,494</u>	<u>3,176,749</u>

### 14 Deferred taxation

The amounts provided for deferred taxation are set out below

	2007 £	2006 £
Difference between accumulated depreciation and capital allowances	15,222	14,222
Other timing differences	27,099	27,099
<b>Deferred tax asset (see note 12)</b>	<u>42,321</u>	<u>41,321</u>
At beginning of year	41,321	29,321
Credit/(charge) for the year (see note 9)	1,000	12,000
At end of year	<u>42,321</u>	<u>41,321</u>

The deferred tax asset has been included in debtors (see note 12)



## Notes (continued)

### 15 Called up share capital

	2007 £	2006 £
<i>Authorised</i>		
Equity Ordinary shares of £1 each	10,000	10,000
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>		
Equity Ordinary shares of £1 each	10,000	10,000
	<u>          </u>	<u>          </u>

### 16 Reserves

	Capital contribution £	Profit and loss account £
At beginning of year	15,701	4,210,847
Profit for the year	-	2,348,267
Capital contribution	19,726	-
Dividends on shares classified within shareholders' funds	-	(3,500,000)
	<u>          </u>	<u>          </u>
At end of year	35,427	3,059,114
	<u>          </u>	<u>          </u>

### 17 Contingent liabilities

Bathroom Distribution Group UK Limited act as a guarantor to Lloyds TSB Bank plc in respect of facilities made available to other group companies which at the balance sheet date amount to £25,000,000 (2006 £25,000,000) Bathroom Distribution Group UK Limited, along with other UK subsidiaries of Grafton Group plc, act as guarantor for the group sterling bank borrowings which at the balance sheet date amounted to £544,550,000 (2006 £490,254,000)

### 18 Commitments

- (a) There were capital commitments at year end of £nil (2006 £nil)
- (b) Annual commitments under non-cancellable operating leases are as follows

	2007		2006	
	Land and Buildings £	Others £	Land and Buildings £	Others £
Operating leases which expire				
Within one year	-	-	-	-
In the second to fifth years inclusive	-	-	-	-
Over five years	180,194	-	118,694	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	180,194	-	118,694	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## Notes (continued)

### 19 Pension scheme

The company is a member of a group defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £35,700 (2006 £38,934). There were no outstanding or prepaid contributions at the end of the year (2006 £nil).

### 20 Share based payments

The charge for share based payments included within the results of the company is £19,726 (2006 £15,701). The charge has been pushed down by Grafton Group Plc, the details of the share based payment schemes of Grafton Group Plc are as follows:

It is the practice of the Grafton Group to enable key executives throughout the Group to acquire shares in the Group so as to provide an incentive to perform strongly over an extended period and to align their interests with those of shareholders. Under the terms of the 1999 Grafton Group Share Scheme, two types of share may be acquired by conversion subject to the conditions set out below:

(i) Basic shares which cannot be converted before the expiration of five years, unless the Remuneration Committee agrees to a shorter period which shall not be less than three years, and provided the Group's earnings per share has grown at not less than the rate of growth in the Consumer Price Index plus 5 per cent compounded during that period.

(ii) Second tier shares which cannot be converted before the expiration of five years and only if over a period of at least five years the growth in the Group's earnings per share would place it in the top 25 per cent of the companies listed on the Irish Stock Exchange Index over the same period and provided that such shares shall be acquired only if the Group's earnings per share growth over the relevant period is greater, by not less than 10 per cent on an annualised basis, than the increase in the Consumer Price Index over that period.

The share scheme has a ten year life and the percentage of share capital which may be issued under the scheme and individual grant limits comply with Institutional Guidelines.

### Share Schemes

The number of Grafton Units issued to all Group employees during the year under the Grafton Group's Executive Share Schemes was 782,517 (2006 1,822,720) and the total consideration received amounted to €2,545,000 (2006 €4,102,000). Costs relating to the issues were €64,000 (2006 €139,000). In accordance with the terms of the 1999 Grafton Group Share Scheme and the Grafton Group (UK) plc Approved Share Option Scheme, entitlements to acquire 2,255,900 (2006 2,273,500) Grafton Units were granted during the year to employees of Grafton Group subsidiary companies which include employees of the Company. Total Group entitlements outstanding at 31 December 2007 amounted to 12,952,626 (2006 11,970,557). Grafton Units may be acquired, in accordance with the terms of the schemes, at prices ranging between €1.07 and €11.50 during the period to 2016.

## Notes (continued)

### 20 Share based payments (continued)

#### UK SAYE Scheme

Options over 1,033,139 (2006 1,135,499) Grafton Units were outstanding at 31 December 2007 relating to all Grafton Group UK subsidiary companies, pursuant to a new three year saving contract under Grafton Group (UK) plc Saving's Related Share Option Scheme at a price of €7.64, which represented a discount of 20 per cent to the market price on the date of the grant. These options are normally exercisable within a period of six months after the third anniversary of the savings contract, being April 2008. The number of Grafton units issued during the year under the Grafton Group's SAYE scheme for good leavers was 9,446 (2006 4,670) and the total consideration amounted to €72,000 (2006 €35,000).

A summary of the share entitlements granted in 2007 and 2006 are set out below

Grant Date	1999 Grafton Group Share Scheme 2007 24 September 2007	1999 Grafton Group Share Scheme 2006 8 November 2006
Share price at grant date	€8.48	€11.50
Exercise price	€8.48	€11.50
Number of Group employees	136	124
Shares under grant – Group	2,255,900	2,273,500
Vesting period	5 years	5 years
Expected volatility	27%	27%
Option life	10 years	10 years
Expected life	6 years	6 years
Risk free rate	4.2%	4.64%
Expected dividends expressed as dividend yield	1.72%	1.58%
Possibility of ceasing employment before vesting	0%	0%
Valuation model	Binomial model	Binomial model
Fair value per option	€2.42	€3.55

This expected volatility is based on historic volatility over the last 5 years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon government bonds of a term consistent with the assumed option life. Reconciliation of total Grafton Group share entitlements under the Grafton Group Share Option Scheme and the 1999 Grafton Group Share Scheme is as follows:

	2007		2006	
	Number	Weighted Average exercise price €	Number	Weighted Average exercise price €
Outstanding at 1 January	11,970,557	6.32	11,780,873	4.69
Granted	2,255,900	8.48	2,273,500	11.50
Forfeited	(491,314)	7.90	(261,096)	6.28
Exercised	(782,517)	3.25	(1,822,720)	2.25
Outstanding at 31 December	12,952,626	6.82	11,970,557	6.32
Exercisable at 31 December	3,181,126	2.72	2,684,251	2.25

## Notes (continued)

### 21 Acquisition

On 1 January 2007 the company acquired the trade and net assets of a fellow subsidiary undertaking, Briten Limited. Details of the net assets acquired are as follows:

	Net book value and fair value £
Tangible fixed assets	191,255
Stocks	413,713
Trade debtors	879,116
Other debtors	177,734
Cash and bank	947,200
Trade creditors	(647,566)
Other creditors	(115,697)
	<hr/>
	1,845,755
	<hr/>
Consideration	1,845,755
	<hr/>
Goodwill	-
	<hr/>

Consideration was settled via inter company account

In the period before the date of the acquisition the turnover, operating profit and profit for the period were £5,226,692, £693,278 and £728,997 respectively

### 22 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Grafton Group plc incorporated in Great Britain

The smallest and largest group in which the results of the company are consolidated is that headed by Grafton Group plc incorporated in the Republic of Ireland. The consolidated accounts of this company are available to the public and may be obtained from Grafton Group plc, Heron House, Corrig Road, Sandymount Industrial Estate, Dublin 18, Ireland