

CHANDLER MATERIAL SUPPLIES LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1998

REGISTERED NO. 1480021

HLB KIDSONS
Chartered Accountants
Chelmsford



CHANDLER MATERIAL SUPPLIES LIMITED

ACCOUNTS

31 DECEMBER 1998

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The following pages do not form part of the statutory accounts

Detailed profit and loss account	Appendix I
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CHANDLER MATERIAL SUPPLIES LIMITED

DIRECTORS' REPORT

31 DECEMBER 1998

The directors present their annual report and the audited accounts of the company for the year ended 31 December 1998.

Statement of directors' responsibilities

We are required under company law to prepare accounts 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 year.

In preparing these accounts we are required to:

select suitable accounting policies and apply them consistently

make reasonable and prudent judgements and estimates

state whether accounting standards have been followed, and give details of any departures

prepare the accounts on a going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

keeping proper accounting records

safeguarding the company's assets

taking reasonable steps for the prevention and detection of fraud.

Principal activity

The principal activity of the company is to trade as suppliers of materials to the building trade and builders.

Directors

The directors of the company during the year are shown below together with their interests in the company's shares at the year end.

	31 December 1998	31 December 1997
D O Chandler	30	30
J R Chandler	30	30
P A Chandler	30	30

Auditors

A resolution to reappoint HLB Kidsons (formerly Kidsons Impey) as auditors to the company will be put to the forthcoming Annual General Meeting.

CHANDLER MATERIAL SUPPLIES LIMITED

DIRECTORS' REPORT

31 DECEMBER 1998

(Continued)

Year 2000 compliance

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

A company-wide programme, designed to address the impact of the Year 2000 on our business, has been commissioned by the board and is complete.

A significant risk analysis has been performed to determine the impact of the issue on all our activities. From this, prioritised action plans will be developed which are designed to address the key risks in advance of critical dates and without disruption to the underlying business activities. Priority will be given to these systems which could cause a significant financial or legal impact on the company's business if they were to fail. The plan also included a requirement for the testing of systems changes, involving the participation of users.

The risk analysis also considers the impact on our business of Year 2000 related failures by our significant suppliers and customers. In appropriate cases we have initiated formal communication with those other parties.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However the board believes that it has achieved an acceptable state of readiness and has also provided resources to deal promptly with significant subsequent failures or issues that might arise.

All expenditure associated with implementing the above assessment was absorbed into the ongoing running costs of the company.

Small company provisions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board



P A Chandler
Secretary

Date: 3 August 1999

CHANDLER MATERIAL SUPPLIES LIMITED

AUDITORS' REPORT

Auditors' report to the shareholders of Chandler Material Supplies Limited

We have audited the accounts on pages 4 to 11 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

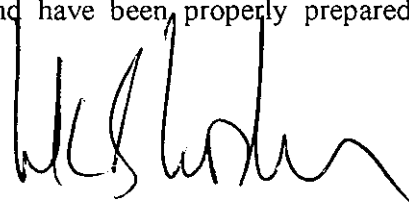
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chelmsford, Essex

Date: 3 August 1999

HLB KIDSONS
Registered Auditors
Chartered Accountants

CHANDLER MATERIAL SUPPLIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998

	Note	1998 £	1997 £
Turnover	2	2,234,151	1,986,668
Cost of sales		<u>(1,788,808)</u>	<u>(1,590,610)</u>
Gross profit		445,343	396,058
Administrative expenses		<u>(291,342)</u>	<u>(264,718)</u>
Operating profit		154,001	131,340
Interest receivable and similar income		264,248	17,977
Interest payable and similar charges		<u>(1,055)</u>	<u>(651)</u>
Profit on ordinary activities before taxation	3	417,194	148,666
Tax on profit on ordinary activities	5	<u>(39,972)</u>	<u>(23,947)</u>
Profit for the financial year		377,222	124,719
Dividends	6	<u>(120,000)</u>	<u>(150,000)</u>
Profit/(loss) retained	14	<u>257,222</u>	<u>(25,281)</u>

Movements in reserves are set out in note 14.

Turnover and operating profit derive from continuing operations.

Total gains recognised wholly comprise the profit/(loss) for the current and preceding financial year as detailed above. A statement of total recognised gains and losses is therefore not required.

There is no difference between the figures stated above and their historical cost equivalent.

CHANDLER MATERIAL SUPPLIES LIMITED

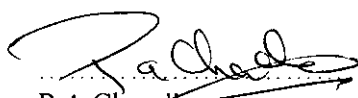
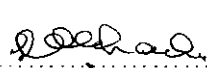
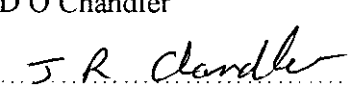
BALANCE SHEET

31 DECEMBER 1998

	Note	1998	1997
		£	£
Fixed assets			
Tangible assets	7	121,810	137,573
Investments	8	<u>60</u>	<u>60</u>
		121,870	137,633
Current assets			
Stocks	9	322,052	301,798
Debtors	10	403,957	168,910
Cash at bank and in hand		<u>373,364</u>	<u>134,652</u>
		1,099,373	605,360
Creditors: amounts falling due within one year	11	<u>(590,768)</u>	<u>(367,372)</u>
Net current assets		<u>508,605</u>	<u>237,988</u>
Total assets less current liabilities		630,475	375,621
Creditors: amounts falling due after more than one year	12	<u>-</u>	<u>(2,368)</u>
		<u>630,475</u>	<u>373,253</u>
Capital and reserves			
Called up share capital	13	90	90
Profit and loss account	14	<u>630,385</u>	<u>373,163</u>
Equity shareholders' funds		<u>630,475</u>	<u>373,253</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies. *3 August 1999*

These accounts were approved by the board on:


 P A Chandler)

 D O Chandler) Directors

 J R Chandler)

CHANDLER MATERIAL SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1998

1 Accounting policies

Basis of accounting

The accounts are prepared in accordance with applicable accounting standards under the historical cost convention.

Depreciation

Fixed assets are stated at cost or professional valuation less depreciation. Depreciation is calculated to write off fixed assets, less estimated residual value, over their estimated useful lives at the following annual rates:

Improvements to property	10% straight line basis
Plant and machinery	25% on written down value
Motor vehicles	25% on written down value

Finance leases and hire purchase contracts

Assets acquired under finance leases and hire purchase contracts are capitalised, with an equivalent liability included as appropriate under creditors due within one year or after more than one year. Associated finance charges are written off to profit and loss account, by the annuity method or by equal instalments, over the primary period of the finance lease or over the period of the hire purchase contract.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is based on estimated selling price.

Deferred taxation

Provision is made at the current rate of corporation tax for timing differences that arise between the accounting and taxation treatment of income and expenditure to the extent that it is probable that a liability or asset will crystallise.

Pension contributions

Pension contributions in respect of directors are paid to a defined contributions scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs are charged to the profit and loss account in the year they are payable by the company. The charge for the year ended 31 December 1998 was £3,138 (1997: £3,138). There were arrears of premiums of £1,472 (1997: £Nil) at the balance sheet date.

Exemption from consolidation

Chandler Material Supplies Limited is exempt from preparing group accounts as the group satisfies, both for this year and the preceding financial year, the criteria for exemption laid down by Section 248 of the Companies Act 1985. Accordingly these accounts give information about the company as an individual undertaking.

CHANDLER MATERIAL SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1998

(Continued)

2 Turnover

Turnover represents the invoiced amount of goods sold and services provided net of value added tax and trade discounts.

The turnover originated in the United Kingdom.

3 Profit on ordinary activities before taxation	1998 £	1997 £
After charging:		
Depreciation (note 7):		
Owned assets	34,869	36,949
Assets acquired under finance leases and hire purchase contracts	2,540	3,386
Hire of plant and machinery	-	56
Finance charges payable – finance lease and hire purchase contracts	1,055	651
Directors' remuneration (note 4)	65,854	81,178
Auditors' remuneration - audit services	2,530	3,350
- other services	1,500	3,240
	<u> </u>	<u> </u>
Dividends receivable	(251,748)	-
Interest receivable and similar income	<u>(12,500)</u>	<u>(17,977)</u>

4 Directors' remuneration

Emoluments	92,716	78,040
Pension contributions	<u>3,138</u>	<u>3,138</u>
	<u>95,854</u>	<u>81,178</u>

- The pension contributions made by the company are in respect of defined contribution schemes.

- No payments were made or shares issued to directors under long term incentive schemes.

- Three directors were accruing retirement benefits under defined contribution schemes.

5 Tax on profit on ordinary activities

On the profit for the year:		
Corporation tax	<u>40,000</u>	<u>23,947</u>
	40,000	23,947
Prior year:		
Corporation tax - overprovision	<u>(28)</u>	<u>-</u>
	<u>39,972</u>	<u>23,947</u>

CHANDLER MATERIAL SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1998

(Continued)

6	Dividends			1998	1997
				£	£
	Dividend paid			<u>120,000</u>	<u>150,000</u>
7	Tangible fixed assets	Improvement to property £	Plant and machinery £	Motor Vehicles £	Total £
	Cost				
	1 January 1998	69,828	30,388	173,574	273,790
	Additions	-	332	21,314	21,646
	31 December 1998	<u>69,828</u>	<u>30,720</u>	<u>194,888</u>	<u>295,436</u>
	Depreciation				
	1 January 1998	32,308	17,732	86,177	136,217
	Charge	6,983	3,248	27,178	37,409
	31 December 1998	<u>39,291</u>	<u>20,980</u>	<u>113,355</u>	<u>173,626</u>
	Net book amount				
	31 December 1998	<u>30,537</u>	<u>9,740</u>	<u>81,533</u>	<u>121,810</u>
	31 December 1997	<u>37,520</u>	<u>12,656</u>	<u>87,397</u>	<u>137,573</u>
	Finance leases and hire purchase contracts included in the above net book amounts				
	31 December 1998	<u>-</u>	<u>-</u>	<u>17,619</u>	<u>17,619</u>
	31 December 1997	<u>-</u>	<u>-</u>	<u>10,159</u>	<u>10,159</u>

CHANDLER MATERIAL SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1998

(Continued)

8	i) Investments		1998	£
	1 January 1998		60	
	Additions		-	
	Disposals		-	
				<hr/>
	31 December 1998		60	<hr/>
	ii) Name of subsidiary	R W Chandler & Son Builders Limited		
	Cost of shares held	£60		
	Percentage of £1 ordinary shares held	100		
	Country of incorporation	Great Britain		
	Capital and reserves at 31 December 1998	£10,400		
	Loss for the year	£214,781		
	Main activities	Builders		
	iii)	The value of the investment in R W Chandler and Son (Builders) Limited is considered by the directors to be well in excess of the cost.		
9	Stocks		1998	1997
			£	£
	General stock		<u>322,052</u>	<u>301,798</u>
10	Debtors			
	Trade debtors		130,052	129,750
	Other debtors		273,905	19,719
	Corporation tax recoverable		<u>-</u>	<u>19,441</u>
			403,957	168,910

CHANDLER MATERIAL SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1998

(Continued)

11	Creditors: amounts falling due within one year	1998	1997
		£	£
	Bank overdraft	86,775	52,419
	Trade creditors	111,978	105,122
	Corporation tax	10,000	471
	Advance corporation taxation	-	37,500
	Other taxes and social security costs	43,589	29,882
	Other creditors	13,552	8,802
	Obligations under finance leases and hire purchase contracts (note 12)	2,368	4,667
	Directors' loans	77,516	49,453
	Amounts due to group undertakings	244,990	79,056
		<u>590,768</u>	<u>367,372</u>

The bank overdraft is secured by a floating charge over the company's assets.

12	Creditors: amounts falling due after more than one year		
	Obligations under finance leases and hire purchase contracts	<u>-</u>	<u>2,368</u>
	Payable between one and two years	<u>-</u>	<u>2,368</u>

The amount repayable within one year of £2,368 (1997: £4,667) is shown in note 11.

13	Share capital		
	Authorised:		
	100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	Allotted, called up and fully paid:		
	90 ordinary shares of £1 each	<u>90</u>	<u>90</u>

CHANDLER MATERIAL SUPPLIES LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1998

(Continued)

14	Profit and loss account		1998
			£
	1 January 1998		373,163
	Profit retained		<u>257,222</u>
	31 December 1998		<u>630,385</u>
15	Reconciliation of equity shareholders' funds	1997	1998
		£	£
	Profit for the financial year after taxation	377,222	124,719
	Dividends (note 6)	<u>(120,000)</u>	<u>(150,000)</u>
	Total recognised gains and losses for the year after dividends	257,222	(25,281)
	Opening equity shareholders' funds	<u>373,253</u>	<u>398,534</u>
	Closing equity shareholders' funds	<u>630,475</u>	<u>373,253</u>
16	Related party transactions		
	i) Chandler Material Supplies Limited has been charged a management charge of £Nil (1997: £1,810) by its subsidiary R W Chandler and Son (Builders) Limited in respect of expenses paid by the company on behalf of the group as a whole.		
	ii) Chandler Material Supplies Limited has made sales of building material of £661 (1997: £15,500) to its subsidiary R W Chandler and Son (Builders) Limited.		
	iii) Included in trade debtors is £Nil (1997: £115) owed by R W Chandler and Son (Builders) Limited at the balance sheet date.		
	iv) Included in note 11 is the amount due to this related undertaking at the year end.		