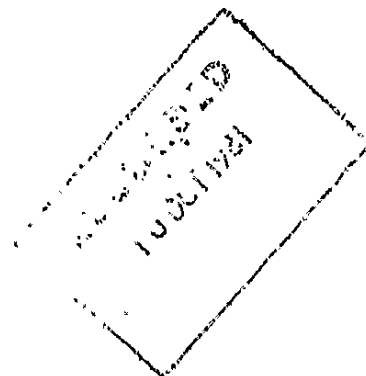


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Officers & Professional Advisers

Directors	C. R. Carr, T.D. (<i>Chairman</i>) T. I. Perkins (<i>Managing</i>) E. C. Adams, F.C.A. J. H. Carr, T.D. J. S. Faulder, M. A. R. J. Marshall D. C. W. Perkins S. P. Smythe
Secretary	A. L. Gurney, F.C.I.S., A.I.B.
Registered Office	Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, ME20 7AG.
Auditors	Touche Ross & Co., Hill House, 1 Little New Street, London, EC4A 3TR.
Bankers	National Westminster Bank Limited, 3 High Street, Maidstone, Kent, ME14 1XU. Midland Bank Limited, 16 High Street, Maidstone, Kent, ME14 1XU.
Solicitors	Clifford-Turner & Co., Blackfriars House, 19 New Bridge St., London, EC4V 6BY.

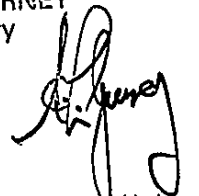
Notice of Meeting

Notice is hereby given that the Seventeenth Annual General Meeting of Sandell Perkins Limited will be held at The Charing Cross Hotel, Strand, London WC2N 5HX, on Thursday, 24th September, 1981 at 11.30 a.m. for the following purposes:

1. To receive and adopt the directors' report and the audited accounts for the year ended 31st March 1981, together with the auditors' report.
2. To declare a final dividend.
3. To re-elect the following directors:
J. H. Carr
J. S. Faulder
4. To re-appoint Touche Ross & Co., Chartered Accountants, as auditors, and authorise the directors to fix their remuneration.

Cobtree House,
Forstal Road,
Aylesford,
Maidstone,
Kent ME20 7AG.
26th August 1981

By Order of the Board
A. L. GURNEY
Secretary



Notes 1 A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (whether a member or not) to attend and vote instead of him. Forms of proxy must reach the registered office of the Company not less than 48 hours before the time appointed for the holding of the meeting.

2 The register of directors' shareholdings and transactions will be available for reference at the commencement of and during the continuance of the Annual General Meeting.

3 Copies of the directors' service contracts will be available for inspection at the registered office of the Company from the date of this notice until the date of the meeting and at the meeting for a period of 15 minutes prior to commencement.

Chairman's Statement

It is hardly necessary to remind shareholders of the economic recession which the U.K. has been facing. Evidence enough is all around us.

One of the first industries invariably to suffer is the Building Trade. Since 1979 the number of new houses started has dropped to 152,000 per year, a decline of 31%. The number of people registered as unemployed in the Building Industry is 360,000 or 20% of the workforce. The amount spent on home improvements, usually the one growth element in our business, fell nationally last year by 6%.

Financial Results:

It is in this context that our results for the year under review should be judged. Our pretax profits for the year ended 31st March 1981 were down by 15% on the previous year but still just exceeded £3,000,000 on sales up by 13% to £45,519,000. In addition to the trading profit there is an extraordinary item of £104,000 representing the surplus on acquisition of the S. F. Williams Group.

Dividends:

The Directors are pleased to be able to recommend a final dividend of 46% which is an increase of 15% over last year's final and an increase of 10% taken year on year. This still leaves the dividend cover at 3.1 times. If approved at the A.G.M. the final dividend will be posted to shareholders on the 1st October to those on the Register at 10th September 1981.

Taxation:

The charge in the profit and loss account for taxation has not merely varied with the profits of the Group but is changed by our investments in new plant, machinery and buildings, and more particularly, with the relief provided on the increase in value of stocks. This year these have all contrived to give an effective tax rate of 42%. During the year the basis of stock relief was changed by the Government and the new system is considered an improvement although it does not yet fully compensate for the effects of inflation in our profits.

Current Cost Accounting:

This year for the first time we are publishing Current Cost Accounting information which can be found on Pages 16-19. Although inflation has been reduced during the year under review to more digestible levels, it should not be forgotten that at the start of the year in April 1980, it was running at 21.9%. The real earnings per share have gone down from 20.8p. in historic accounting terms to 16.4p. It must be remembered that our profits provide not only the opportunity for wage increases, dividend improvements and the protection of the current business against the ravages of inflation, but are also vital to maintain our programme of investment and acquisitions in order to achieve self-generated growth – the only real course open to an unlisted company.

Companies Act 1980 – Implications:

Shareholders will find elsewhere details of the proposed Extraordinary General Meeting which is being held to incorporate changes resulting from the Companies Act 1980. You will see that it is your Board's intention to elect under that legislation for status as a Public Limited Company necessitating a change in the Company's name. In addition, because the balance of the unissued share capital is only £56,049.90 (or 560,499 ordinary 10p. shares), your Board recommends that the authorised share capital of £900,000 be increased to £3,000,000 by the creation of an additional 21,000,000 ordinary 10p. shares and that part of the reserves be capitalised by a 2 for 1 scrip issue. This will result in an unissued share capital of £468,149.70 (4,681,497 ordinary 10p. shares) which the Board feels will give it more room for manoeuvre in the event of further acquisitions requiring part settlement in shares. The Board has no immediate plans for such use of the shares nor will it issue a large amount of shares for such purposes without first seeking the approval of shareholders. Renounceable Allotment letters will be issued on 30th October 1981 provided the necessary resolutions are passed at the E.G.M.

**The Year in
Retrospect:**

Very early in the year your Board realised that the targets we had set ourselves in the Budgets for the period April 1980 to March 1981 and which we believed were achievable were not going to be met. Trading conditions became increasingly more difficult with sales volumes collapsing and margins being eroded because of intense competition. By the end of the year under review we had missed our sales target by 16% and softwood volumes, for example, had declined by 14%. With the recession biting more deeply than we had at first anticipated and with economies demanded in our costs and overheads, it was necessary, during the Autumn months, to close three of our retail branches at Weybridge, West Wickham and Daventry. The latter had only been opened at the beginning of the year. There is now, in my view, too much capacity run by too many retail giants in this once glamour sector for present needs.

We had to reduce the number of employees during the year by 7% and a large proportion of this was done by natural wastage.

In June 1980 we purchased new businesses to which I referred in my statement last year. S. F. Williams Group has not had as successful a first ten months as had been predicted. Also at that time we bought the assets of C. & F. L. Crisford at Eastbourne. This business is now trading as a Sandell Perkins branch and should prove a useful link to our South Coast yards.

During the year we commenced the voluntary winding up of sixteen dormant subsidiary companies. Thus many old and one-time renowned names that are part of the history of the timber trade or builders' merchants industry like Fry's, Samuel Putney, Elliott, King & Scarborough, Richardson and Cooper have disappeared forever.

**Prospects for the
Coming Year:**

The steps which we took last year have left Sandell Perkins healthier and with less fat so that we can face the future with confidence. We will continue to take the necessary corrective measures should the trading outlook become even worse. I am glad to report however that the recession appears to have bottomed out and that although there are, as yet, no real signs of any improvement in business, we hope this will be evident towards the end of the year. Sales for the first quarter are marginally up compared with last year and estimated profits, although down, are on line with budget and should compare better as this year progresses.

New Developments:

At the end of June we bought the assets of two companies from Hollis Bros. Ltd. This was the business of T. W. Smith & Sons with branches at Cheltenham, which is leasehold, and Woolwich, which is freehold; the total consideration in cash being approximately £750,000. The two businesses are primarily Timber and Panel Products Merchants but do include some Builders' Merchants activity.

Staff:

In times like these the efforts, forbearance and initiative of our staff cannot go unrecorded. There has been a very difficult year and on your behalf I would send them our thanks. Those of the staff who have retired also deserve consideration by the Company in these harsh times and we propose from the 31st December 1981 to increase all pensions by 5%.

Conclusion:

So much of what happens to industry is caused by external factors – Government policy, raw material costs, the strength of currency and even the weather. It is our ability as a Company to react quickly to events and tackle problems in advance that will ensure we can still prosper, even in these difficult times. I hope Sandell Perkins has shown its resourcefulness in this past year to do just that.

Richard Carr
Chairman

Report of the Directors

The directors have pleasure in submitting to the members the audited accounts of the Company for the year ended 31st March 1981.

The principal activities of the group are the marketing and distribution of timber, timber products and building materials to the building trade and industry generally within the United Kingdom.

Activities

Results and Dividends

	£	1981	£	1980
Profit before taxation		3,002,174		3,523,749
Taxation		1,249,224		1,328,330
Profit after taxation		1,752,950		2,195,419
Extraordinary item		104,125		—
Profit after extraordinary item		1,857,075		2,195,419
Dividends:				
Interim 20%				
(1980: 20%)	168,790		168,336	
Proposed final 46%				
(1980: 40%)	388,217		336,612	
		557,007		504,918
Profit retained		£1,300,068		£1,690,501

The directors recommend the payment of a final dividend of 46% making a total payment for the year of 66%.

No goods were exported by the Company during the year (1980: NIL).

Exports

Directors

The following were directors of the Company during the year. Their interests in the shares of the Company were as follows:

	Beneficial holdings	Ordinary shares of 10p each Family and other holdings	Beneficial holdings	Family and other holdings
	31.3.81	31.3.81	31.3.80	31.3.80
C. R. Carr	101,925	23,285	101,000	22,591
H. M. W. Harris			53,165	20,216
T. I. Perkins	201,173	125,668	201,173	125,668
E. C. Adams	14,000	—	12,000	—
J. H. Carr	81,057	27,708	80,132	26,320
J. S. Faulder	—	—	—	—
R. J. Marshall	16,700	—	12,000	—
D. C. W. Perkins	200,173	125,668	200,173	125,668
S. P. Smythe	122,015	69,000	122,015	69,000

Mr. H. M. W. Harris resigned on the 31st May 1980.

Report of the Directors Continued

Under article 21 of the Company, J. H. Carr and J. S. Faulder retire and, being eligible, offer themselves for re-election.

Share Capital

During the year, the Company issued 24,200 Ordinary Shares of 10p each for a cash consideration of £18,392 as an incentive to employees. Two Directors, Mr. E. C. Adams and Mr. R. J. Marshall, were issued with 2000 shares each.

On the 24th September at an extraordinary general meeting of the members it will be proposed that the share capital of the company be increased from £900,000 to £3,000,000 and that a scrip issue of two shares for every one held be made.

Acquisitions

S. F. Williams (Builders Merchants) Ltd., was acquired on 2nd June 1980 for a total consideration of £1,450,000 being made up of £750,000 cash and £700,000 Loan Stock. The business of T. W. Smith and Sons (Timber) Ltd. and T. W. Smith and Sons (Cheltenham) Ltd. located at Woolwich and Cheltenham respectively were purchased on 30th June 1981 for approximately £750,000.

Employees

The average number of persons employed by the group each week during the year was 1,074 at an aggregate annual remuneration of £5,638,742.

Close company status

It has been agreed with the Inland Revenue that the close company provisions of the Income and Corporation Taxes Act 1970 did not apply to the Company at the 31st March 1977. In the opinion of the directors there has been no change in the status of the Company since that date.

By Order of the Board
A. L. GURNEY
Secretary

21st August 1981

Auditors' Report to the Members of Sandell Perkins Limited

We have audited the accounts and notes on pages 8 to 19 in accordance with approved Auditing Standards.

In our opinion, the accounts and notes on pages 8 to 15 give under the historical cost convention stated in note 1(a), a true and fair view of the state of affairs of the company and the group at 31st March 1981 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1980.

In our opinion, the abridged current cost statements on pages 16 to 19 have been properly prepared in accordance with the policies and methods described in notes 1 and 2 to give the information required by Statement of Standard Accounting Practice No. 16.

Touche Ross & Co.
Touche Ross & Co.
Chartered Accountants
London

21st August 1981

Consolidated Profit and Loss Account

For the year ended 31st March 1981

	Notes	1981 £	1980 £
Turnover	2	£45,518,915	£40,125,312
Profit from operation	3	3,002,174	3,523,749
Taxation	4	1,249,224	1,328,330
Profit after taxation	5	1,752,950	2,195,419
Extraordinary item	6	104,125	—
Profit after extraordinary item		1,857,075	2,195,419
Dividend	7	557,007	504,918
Undistributed profit transferred to reserves		£1,300,068	£1,690,501
Earnings per ordinary 10p share before extraordinary item		20.8p	26.1p
after extraordinary item		22.0p	26.1p
Statement of retained profits:			
Retained profits for the year		1,300,068	1,690,501
Surplus on acquisition of subsidiaries released to retained profits		261,027	—
Retained profits at beginning of year		9,115,298	7,424,797
Retained profits at end of year		£10,676,393	£9,115,298

Consolidated Balance Sheet

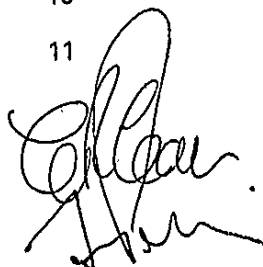
31st March 1981

	Notes	£	1981 £	1980 £
Fixed assets	8		9,170,254	<u>7,993,585</u>
Current assets:				
Stock		7,985,074		8,587,625
Debtors		6,897,273		6,971,231
Cash at bank and in hand		11,221		39,882
		<u>14,893,568</u>		<u>15,598,738</u>
Current liabilities:				
Bank overdraft and acceptances		1,105,939		1,480,651
Creditors		6,048,055		6,951,568
Corporation tax		1,552,936		1,507,227
Dividend proposed		388,217		336,612
		<u>9,095,147</u>		<u>10,276,058</u>
Net current assets			5,798,421	5,322,680
			<u>£14,968,675</u>	<u>£13,316,265</u>
Capital Employed				
Share capital	12		843,950	841,530
Reserves	13		13,028,604	11,712,564
			<u>13,872,554</u>	<u>12,554,094</u>
Deferred taxation	10		(3,879)	12,171
Loans	11		1,100,000	750,000
			<u>£14,968,675</u>	<u>£13,316,265</u>

C. R. CARR

T. I. PERKINS

Directors



The accounts were approved by the Board of Directors on 15th July 1981

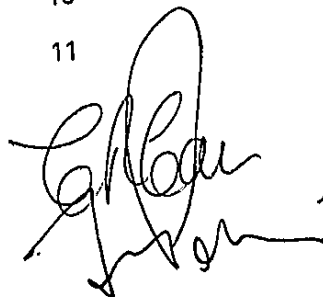
Balance Sheet

31st March 1981

	Notes	£	1981 £	1980 £
Fixed assets	8		8,613,624	7,481,701
Interest in subsidiaries	14		(809,274)	(896,745)
Current assets:				
Stock		6,992,853		8,138,428
Debtors		6,472,101		6,864,102
Cash		10,897		9,505
		<u>13,475,851</u>		<u>15,012,035</u>
Current liabilities:				
Bank overdraft and acceptances		1,093,759		1,480,651
Creditors		5,344,735		6,743,377
Corporation tax		1,461,589		1,501,559
Dividend proposed		388,217		336,612
		<u>8,288,300</u>		<u>10,062,199</u>
Net current assets			5,187,551	4,949,836
			<u>£12,991,901</u>	<u>£11,534,792</u>
Capital Employed			843,950	841,530
Share capital	12		11,051,830	9,931,091
Reserves	13		11,895,780	10,772,621
			(3,879)	12,171
Deferred taxation	10		1,100,000	750,000
Loans	11		<u>£12,991,901</u>	<u>£11,534,792</u>

C. R. CARR
T. I. PERKINS }

Directors



Consolidated Source & Application of Funds

For the year ended 31st March 1981

	£	1981	£	£	1980	£
Source of Funds:						
Profit before taxation			3,002,174			3,523,749
Adjustment for items not involving movement of funds:						
Depreciation			676,483			497,999
			<u>3,678,657</u>			<u>4,021,748</u>
Total generated from operations:			18,392			25,200
Issue of shares			378,646			86,312
Disposal of fixed assets			602,551			(2,188,766)
Decrease/(Increase) in stocks			73,958			(1,765,690)
Decrease/(Increase) in debtors						
Surplus on acquisition of subsidiaries (*)			104,125			38,551
Loan notes			350,000			—
			<u>5,206,329</u>			<u>217,355</u>
Application of Funds:						
Purchase of fixed assets		2,231,798		1,862,024		
Dividends paid		505,402		440,666		
Taxation paid		1,219,565		1,049,347		
Decrease/(Increase) in creditors		903,513		(1,910,060)		
		<u>4,860,278</u>		<u>1,441,977</u>		
			£346,051			£(1,224,622)
Movement in Net Liquid Funds:						

Net Liquid Funds comprise cash balances and overdrafts.

* Summary of the effect of the acquisition of subsidiaries

	£
Fixed assets	758,259
Net current assets	822,967
	<u>1,581,226</u>
Consideration	1,477,101
Surplus on acquisition	<u>£104,125</u>

Notes to the Accounts

1. Accounting Policies

(a) The accounts have been prepared under the historical cost convention as modified by the revaluation of land and buildings.

(b) Basis of consolidation

The group accounts consolidate the accounts of the Company and all subsidiaries made up to 31st March 1981.

Investments in subsidiaries are stated at cost less amounts written off, representing in respect of acquisitions:

For cash	—	The cash consideration
By exchange of shares	—	The estimated market value of the shares on the day the offer became unconditional

It is the Company's policy to write-off goodwill or to credit any surplus on acquisition to the profit and loss account in the year of acquisition.

(c) Depreciation

Depreciation is not charged on freehold land or investment properties; depreciation on other fixed assets is charged in equal annual instalments over the following periods:

	Estimated useful life
Freehold and long leasehold buildings	Period of lease
Short leasehold properties	4 years
Motor cars and transits	4 "
Office machinery and shop equipment	5 "
Lorries	6 "
Side-loaders, forklifts, mobile cranes, and small electrical plant	10 "
Fixed cranes, mill plant and all other plant	

(d) Stock

Stock is valued at the lower of cost and net realisable value. Cost represents the invoiced price plus transportation and storage charges where applicable.

(e) Deferred taxation

Provision is made in the accounts for taxation which is deferred due to timing differences except to the extent that it can be demonstrated with reasonable probability that the timing differences will continue in the foreseeable future. The amounts provided and the potential liabilities are set out in Note 10.

2. Turnover

Turnover represents group sales to third parties excluding V.A.T.

3. Profit from operation

Profit from operation is after charging:

	1981 £	1980 £
Depreciation	676,483	497,999
Interest payable —		
Short term loans and overdrafts	457,831	186,280
Long term loans	178,281	122,804
Auditors' remuneration	27,500	27,000
Additional pension costs	—	71,000
Directors' emoluments —		
Remuneration	164,056	180,770
Pension fund contributions	23,353	42,509
and after crediting:		
Rent receivable	79,468	66,162
Interest receivable	12,991	3,672
Additional information relating to directors' emoluments:		
Chairman:		
Remuneration	23,417	24,058
Pension fund contributions	3,792	3,146
Highest paid director:		
Remuneration	25,500	25,717
Pension fund contributions	3,794	2,200

The number of directors with remuneration in the following ranges was:

£	1981	1980
0 — 5,000	2	1
15,001 — 20,000	2	—
20,001 — 25,000	3	3
25,001 — 30,000	2	5

Notes to the Accounts Continued

	1981 £	1980 £
4. Taxation		
Corporation tax at 52% (1980: 52%) based on the taxable profit for the year	1,243,123	834,400
Prior year adjustments	6,101	370,000
Deferred Taxation	<u>1,249,224</u>	<u>1,204,400</u>
	<u>£1,249,224</u>	<u>£1,328,330</u>

If deferred taxation, using the liability method, had been fully provided, the charge for taxation would have been £1,735,005 (1980: £2,193,570).

5. Profit after taxation	Of the profit after taxation £1,661,774 (1980: £2,097,257) has been dealt with in the accounts of Sandell Perkins Limited.													
6. Extraordinary item	Surplus on acquisition of subsidiaries in the year	£104,125 (1980: NIL)												
7. Dividends	Interim – 20% (1980: 20%) Proposed final – 46% (1980: 40%)	<table> <tr> <th></th><th>1981 £</th><th>1980 £</th></tr> <tr> <td></td><td>168,790</td><td>168,306</td></tr> <tr> <td></td><td>388,217</td><td>336,612</td></tr> <tr> <td></td><td><u>£557,007</u></td><td><u>£504,918</u></td></tr> </table>		1981 £	1980 £		168,790	168,306		388,217	336,612		<u>£557,007</u>	<u>£504,918</u>
	1981 £	1980 £												
	168,790	168,306												
	388,217	336,612												
	<u>£557,007</u>	<u>£504,918</u>												

8. Fixed Assets	Freehold property £	Long leasehold property £	Short leasehold property £	Plant vehicles and equipment £	Total £
(a) The Group					
Cost/Valuation					
Balance at 1st April 1980	5,424,104	229,956	1,047,910	2,698,812	9,400,782
Additions from subsidiaries acquired at cost	712,500	—	2,500	106,776	821,776
Capital expenditure	704,834	80,237	20,449	668,019	1,473,539
Disposals	(315,000)	—	(5,000)	(229,157)	(549,157)
Balance at 31st March 1981	<u>6,526,438</u>	<u>310,193</u>	<u>1,065,859</u>	<u>3,244,450</u>	<u>11,146,940</u>
At cost	1,692,113	310,193	231,859	3,244,450	5,478,615
At 1979 valuation	4,834,325	—	834,000	—	5,668,325
Balance at 31st March 1981	<u>6,526,438</u>	<u>310,193</u>	<u>1,065,859</u>	<u>3,244,450</u>	<u>11,146,940</u>
Depreciation					
Balance at 1st April 1980	89,470	—	54,671	1,263,056	1,407,197
From subsidiaries acquired	—	—	501	63,016	63,517
Charge for the year	110,869	8,863	56,011	500,740	676,483
Eliminated on disposals	(286)	—	(5,000)	(165,225)	(170,511)
Balance at 31st March 1981	<u>200,053</u>	<u>8,863</u>	<u>106,183</u>	<u>1,661,587</u>	<u>1,976,686</u>
Net book value at 31st March 1981	<u>£6,326,385</u>	<u>£301,330</u>	<u>£959,676</u>	<u>£1,582,863</u>	<u>£9,170,254</u>
Net book value at 31st March 1980	<u>£5,334,634</u>	<u>£229,956</u>	<u>£993,239</u>	<u>£1,435,756</u>	<u>£7,993,585</u>

Notes to the Accounts Continued

	Freehold property	Long leasehold property	Short leasehold property	Plant vehicles and equipment	Total
	£	£	£	£	£
(b) The Company					
Cost/Valuation	4,928,492	229,956	1,047,910	2,639,885	8,846,243
Balance at 1st April 1980	495,611	—	—	21,011	516,622
Inter-group transfers	687,162	80,237	20,449	619,134	1,406,982
Capital expenditure	(65,000)	—	(5,000)	(204,955)	(274,955)
Disposals	—	—	—	—	—
Balance at 31st March 1981	6,046,265	310,193	1,063,359	3,075,075	10,494,892
At cost	1,211,940	310,193	229,359	3,075,075	4,826,567
At 1979 valuation	4,834,325	—	834,000	—	5,668,325
Balance at 31st March 1981	6,046,265	310,193	1,063,359	3,075,075	10,494,892
Depreciation	74,142	—	54,671	1,235,729	1,364,542
Balance at 1st April 1980	15,328	—	—	4,027	19,355
Inter-group transfers	103,702	8,863	55,844	477,966	646,375
Charge for the year	(286)	—	(5,000)	(143,718)	(149,004)
Eliminated on disposals	—	—	—	—	—
Balance at 31st March 1981	192,886	8,863	105,515	1,574,004	1,881,268
Net book value at 31st March 1981	£5,853,379	£301,330	£957,844	£1,501,071	£8,613,624
Net book value at 31st March 1980	£4,854,350	£229,956	£993,239	£1,404,156	£7,481,701
9. Capital Commitments					
Company and Group					
Capital expenditure for which orders have been placed				1,881	1980
Capital expenditure authorised by the directors for which no orders have yet been placed				£	£
				120,274	452,000
				110,000	222,000
				£230,274	£674,000
10. Deferred taxation					
	The Group	The Company			
	1981	1980	1981	1980	
	£	£	£	£	
Unrealised surplus on revaluation of property	180,000	176,000	180,000	176,000	
Short term timing differences	(17,500)	(19,601)	(17,500)	(19,601)	
Advance corporation tax recoverable	(166,379)	(144,228)	(166,379)	(144,228)	
	£(3,879)	£12,171	£(3,879)	£12,171	
In accordance with the group's accounting policy for taxation, provision has been made for deferred taxation liabilities where it cannot be demonstrated with reasonable probability that the timing difference will continue.					
The amount of deferred tax which has not been provided is as follows:					
	The Group	The Company			
	1981	1980	1981	1980	
	£	£	£	£	
Stock appreciation relief	2,797,287	2,098,570	2,366,887	1,891,751	
Capital allowances in excess of depreciation	1,157,433	975,928	1,131,833	968,000	
Capital gains rolled over	255,473	232,214	250,973	232,214	
	£4,210,193	£3,306,712	£3,749,693	£3,091,975	

In accordance with the group's accounting policy for taxation, provision has been made for deferred taxation liabilities where it cannot be demonstrated with reasonable probability that the timing difference will continue.

The amount of deferred tax which has not been provided is as follows:

	The Group	The Company
	£(3,879)	£(2,177)

The Group		The Company	
1981	1980	1981	1980
£	£	£	£
2,797,287	2,098,570	2,366,887	1,891,751
1,157,433	975,928	1,131,833	968,005
255,473	232,214	250,973	232,214
<u>£4,210,193</u>	<u>£3,306,712</u>	<u>£3,749,693</u>	<u>£3,091,970</u>

With the exception of the properties held as investments, no provision has been made for tax on capital gains which would arise if the properties were disposed of at their book values. It is estimated that liability to tax would amount to approximately £680,000 (1980: £650,000).

Notes to the Accounts Continued

11. Loans

	The Group and the Company	
	1981	1980
	£	£
5% loan notes (repayable 30th April 1982)	350,000	—
Three month London Inter Bank offered rate (plus 1.625%)*	750,000	750,000
	<u>£1,100,000</u>	<u>£750,000</u>

*£120,000 is repayable by 1st September 1984, £310,000 by 1st September 1985 and £320,000 by 1st September 1986. This loan is guaranteed by all trading subsidiaries.

12. Share Capital

	The Group and the Company	
	Authorised	Issued and fully paid
	£	£
Ordinary shares of 10p each	£900,000	£841,530
Issued during the year	—	2,420
	<u>£900,000</u>	<u>£843,950</u>

13. Reserves

	The Group		The Company	
	1981	1980	1981	1980
	£	£	£	£
Retained Profits	10,676,393	9,115,298	8,749,619	7,644,852
Share premium account	158,042	142,070	158,042	142,070
Surplus on acquisition of subsidiaries	—	261,027	—	—
Surplus on revaluation of fixed assets	2,194,169	2,194,169	2,144,169	2,144,169
	<u>£13,028,604</u>	<u>£11,712,564</u>	<u>£11,051,830</u>	<u>£9,931,091</u>

14. Interest in subsidiaries

	1981	1980
	£	£
Shares at cost less amounts written off	2,726,422	3,162,376
Debentures at cost	350,000	350,000
Amount due to subsidiaries	(3,885,696)	(4,409,121)
	<u>£(809,274)</u>	<u>£(896,745)</u>

Subsidiaries, all of which are wholly owned and incorporated in the United Kingdom:

Wallboard Distributors Limited
 Sandell, Smythe & Drayson Limited and its subsidiaries:
 T. Holland and Son Limited
 Broad and Company Limited
 Cobtree Nominees Limited
 Ingram Perkins and Company Limited
 One Stop Home and Garden Centres Limited
 Broads Builders Merchants Limited
 S. E. Haward and Company Limited
 L. & P. Developments Limited
 Doransel Limited
 S. F. Williams (Builders Merchants) Limited and its subsidiaries:
 Trowbridge Home Improvements Limited
 Bath Builders Merchants Limited

Other dormant subsidiaries were put into voluntary liquidation during the year.

15. Contingent liability

The Company has guaranteed an overdraft facility made to its subsidiary S. F. Williams (Builders Merchants) Ltd. by National Westminster Bank Ltd. for £150,000.

Consolidated Current Cost Profit and Loss Account

For the year ended 31st March 1981

	Note	£'000	£'000
Turnover			<u>45,519</u>
Profit before interest and taxation as in the historical cost accounts			3,638
Current cost operating adjustments	3		<u>493</u>
Current cost operating profit			3,145
Gearing adjustment		(128)	
Interest		<u>636</u>	
			<u>508</u>
Current cost profit before taxation			2,637
Taxation			<u>1,249</u>
Current cost profit after taxation			1,388
Extraordinary item			<u>104</u>
Current cost profit attributable to shareholders of Sandell Perkins Ltd.			1,492
Dividend			<u>557</u>
Surplus transferred to reserves			<u>935</u>

Summarised Consolidated Current Cost Balance Sheet

31st March 1981

	Note	£'000	£'000
Fixed assets	4		9,445
Net current assets:			
Stock		8,020	
Monetary working capital		1,415	
		<u>9,435</u>	
Less: Proposed dividends		(388)	
Other net current liabilities		<u>(3,214)</u>	
			5,833
			<u>15,278</u>
Capital Employed			
Share capital			844
Current cost reserve	5		2,869
Other reserves and retained profits	6		10,469
			<u>14,182</u>
Deferred taxation			(4)
Loans			<u>1,100</u>
			<u>15,278</u>

Notes to the Current Cost Accounts

1. Description

The current cost accounts on pages 16 and 17 have been prepared in compliance with Statement of Standard Accounting Practice number 16. The current cost system, whilst not a system of accounting for general inflation, allows for changes in cost prices specific to the business when reporting both assets employed and the profits earned by those assets.

The current cost operating profit is the surplus before interest and taxation arising from the ordinary activities of the business in the period. It is determined after allowing for the impact of price changes on the cost of replacing that part of the productive assets of the business which has been used up during the period. This result is achieved by modifying historical cost trading profit before interest by three adjustments, each relating to a different group of productive assets – a depreciation adjustment, a cost of sales adjustment relating to stock and a monetary working capital adjustment.

The current cost profit attributable to shareholders is the surplus after interest and taxation after allowing for the impact of price changes on only that proportion of the productive assets which shareholders have financed. This involves calculating the average proportion of net operating assets that has been financed by net borrowings over the year, and applying that proportion to the total of the current cost adjustments to operating profit, in order to determine the amount of "gearing adjustment" which should be credited back to profit. This gearing adjustment is regarded as attributable to shareholders because it represents that part of the operating adjustments which, on the evidence of the proportion of borrowed funds over the year, could be financed by borrowing.

2. Accounting Policies

(a) Plant, vehicles and equipment

Plant, vehicles and equipment have been valued at net current replacement cost using the Department of Industry's indices appropriate to the various sub-categories of asset.

(b) Property

Property is included in the current cost balance sheet at professional valuation as at 31st March 1979. In the opinion of the directors and their professional advisers no significant change in the value of property has since taken place.

(c) Depreciation

Depreciation has been based on the revalued amounts, using the same asset lives as in the historical cost accounts.

(d) Stock

Stocks have been valued using the Department of Industry's Index 27600 for building materials and internally generated indices for the remainder. The cost of sales adjustment has been calculated using the "averaging" method which, by calculating opening and closing inventory at average purchase prices for the year, produces an acceptably close approximation to charging actual replacement cost against each sale during the year.

(e) Monetary working capital

Monetary working capital consists of trade debtors less trade creditors. The monetary working capital adjustment was calculated using the averaging method as in (d) above, with the appropriate indices.

(f) Gearing adjustment

The gearing adjustment has been calculated using the average of opening and closing current cost balance sheets to determine the proportion of net assets which is financed by net borrowing. This proportion has been applied to the sum of the current cost operating adjustments, to give the gearing adjustment shown in the profit and loss account.

(g) Other policies

All other accounting policies adopted in the preparation of these statements are identical to those in the historical cost accounts.

Notes to the Current Cost Accounts Continued

3. Current cost operating adjustments

	1981 £'000
Working capital	557
Cost of sales	(261)
Monetary working capital	<u>296</u>
Additional depreciation adjusted for disposals	197
	<u><u>493</u></u>

4. Fixed assets

	31st March 1981	
	Gross	Net
	£'000	£'000
Property	7,902	7,587
Plant, vehicles and equipment	5,113	1,858
	<u>13,015</u>	<u>9,445</u>

5. Current cost reserve

	1981 £'000
Surplus on revaluation	2,666
Property plant and equipment	35
Stock	(261)
Monetary working capital adjustment	557
Cost of sales adjustment	(128)
Gearing adjustment	<u>2,869</u>
Balance at 31st March 1981	<u><u></u></u>

6. Other reserves and retained profits

	1981 £'000
Balance at 1st April 1980	9,518
Increase in share premium account	16
Surplus from current cost profit and loss account	935
Balance at 31st March 1981	<u><u>10,469</u></u>

Ten Year Review

Results (£000's)	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Sales	4,869	6,643	10,036	11,099	15,246	21,588	26,457	31,487	40,125	45,519
Profit from operation	443	856	1,344	1,077	1,195	2,009	1,849	2,751	3,524	3,002
Profit after taxation	284	571	1,096	599	496	1,630	1,166	1,570	2,195	1,753
Extraordinary items	-	+ 174	+ 615	-	+ 294	-	-	-	-	+ 104
Dividends	87	106	151	190	227	253	283	377	505	557

Ratios & Statistics

Earnings per share before extraordinary items	3.7p	7.5p	14.5p	7.8p	6.0p	19.5p	13.9p	18.7p	26.1p	20.8p
Net book value per 10p share	19.9p	28.2p	43.0p	53.6p	55.6p	71.9p	85.8p	128.9p	149.2p	164.4p
Dividend - Pence per share	1.2p	1.4p	2.0p	2.5p	2.7p	3.0p	3.4p	4.5p	6.0p	6.6p
Profit from operation % of sales	9.1%	12.9%	13.4%	9.7%	7.8%	9.3%	7.0%	8.7%	8.8%	6.6%
Profit from operation per employee	£972	£1,637	£2,506	£2,009	£1,690	£2,520	£2,075	£2,890	£3,236	£2,795