CHANDLER MATERIAL SUPPLIES LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2000

Company Registration Number 1480021

HLB KIDSONS
Chartered Accountants & Registered Auditors
Ocean House
Waterloo Lane
Chelmsford
Essex
CM1 1BD



CHANDLER MATERIAL SUPPLIES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

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CHANDLER MATERIAL SUPPLIES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2000.

Principal activities

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

The directors and their interests in shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 December 2000	At 1 January 2000
D O Chandler	**Ordinary**	**-**	**425**
	Preference	**213,000**	**220,000**
J R Chandler	**Ordinary**	**260**	**260**
	Preference	**213,000**	**220,000**
P A Chandler	**Ordinary**	**260**	**315**
	Preference	**220,000**	**220,000**

D O Chandler retired as a director on 31st December 2000

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint HLB Kidsons as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

CHANDLER MATERIAL SUPPLIES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2000

Small company provisions

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

Registered office:
91 Widford Road
Chelmsford
Essex
CM2 8SY

Signed by order of the directors

P A Chandler
Company Secretary

Approved by the directors on 21-7-01

CHANDLER MATERIAL SUPPLIES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2000

We have audited the financial statements on pages 4 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 6 .

Respective responsibilities of the directors and the auditors

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

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

HLB KIDSONS
Chartered Accountants
& Registered Auditors

Ocean House
Waterloo Lane
Chelmsford
Essex
CM1 1BD

21 July 2001

CHANDLER MATERIAL SUPPLIES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2000

	Note	2000 £	1999 £
Turnover		**2,798,419**	2,604,395
Cost of sales		**2,216,073**	2,055,616
Gross profit		**582,346**	548,779
Distribution costs		**102,214**	110,924
Administrative expenses		**308,652**	309,569
Operating profit	**2**	**171,480**	128,286
Profit on disposal of fixed assets		**993**	1,757
Profit on realisation of investment		**-**	10,462
		172,473	140,505
Income from other fixed asset investments	**5**	**1,000**	-
Interest receivable		**14,725**	12,275
Interest payable		**-**	(326)
Profit on ordinary activities before taxation		**188,198**	152,454
Tax on profit on ordinary activities	**6**	**(38,687)**	(30,753)
Profit on ordinary activities after taxation		**149,511**	121,701
Dividends (including non-equity)	**7**	**99,550**	90,000
Retained profit for the financial year		**49,961**	31,701

CHANDLER MATERIAL SUPPLIES LIMITED

BALANCE SHEET

31 DECEMBER 2000

	Note	£	2000 £	1999 £
Fixed assets				
Tangible assets	8		122,044	125,923
Investments	9		10,382	-
			132,426	125,923
Current assets				
Stocks	10	341,984		315,813
Debtors	11	224,016		222,620
Cash at bank		337,626		503,252
		903,626		1,041,685
Creditors: amounts falling due within one year	12	(323,717)		(505,432)
Net current assets			579,909	536,253
Total assets less current liabilities			712,335	662,176
Provisions for liabilities and charges				
Deferred taxation	13		(198)	-
			712,137	662,176
Capital and reserves				
Called-up share capital	16		661,000	661,000
Profit and loss account	17		51,137	1,176
Shareholders' funds (including non-equity interests)			712,137	662,176

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 21-7-01, and are signed on their behalf by:

D O Chandler

J R Chandler

P A Chandler

CHANDLER MATERIAL SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

The turnover shown in the Profit and Loss Account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Improvements to property	-	10% straight line basis
Plant & Machinery	-	25% on written down value
Motor Vehicles	-	25% on written down value

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. Operating profit

Operating profit is stated after charging:

	2000	1999
	£	£
Depreciation	**35,486**	39,522
Auditors' fees	**2,700**	2,600

3. Particulars of employees

The aggregate payroll costs of the above were:

	2000	1999
	£	£
Wages and salaries	**332,637**	310,143
Social security costs	**36,265**	32,098
Other pension costs	**15,542**	18,864
	384,444	361,105

4. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Aggregate emoluments	**109,792**	115,244
Value of company pension contributions to money purchase schemes	**8,210**	13,138
	118,002	128,382

The number of directors who are accruing benefits under company pension schemes were as follows:

	2000	1999
	No.	No.
Money purchase schemes	**2**	3

5. Income from other fixed asset investments

	2000	1999
	£	£
Dividend income received	**1,000**	-

6. Tax on profit on ordinary activities

	2000 £	1999 £
In respect of the year:		
Corporation Tax based on the results for the year at 20% (1999 - 22.10%)	**38,500**	30,900
Increase in deferred tax provision **(Note 13)**:		
Capital allowances	**198**	-
	38,698	30,900
Adjustment in respect of previous years:		
Corporation Tax	**(11)**	(147)
	38,687	30,753

7. Dividends

The following dividends have been paid or proposed in respect of the year:

	2000 £	1999 £
Proposed dividend on ordinary shares	**55,000**	-
Dividend paid on ordinary shares	**-**	90,000
Dividend paid on preference shares	**44,550**	-
	99,550	90,000

8. Tangible fixed assets

	Property Imp £	Plant & Machinery £	Motor Vehicles £	Total £
Cost				
At 1 January 2000	**77,754**	**31,420**	**229,632**	**338,806**
Additions	**11,719**	**19,997**	**-**	**31,716**
Disposals	**-**	**(6,000)**	**-**	**(6,000)**
At 31 December 2000	**89,473**	**45,417**	**229,632**	**364,522**
Depreciation				
At 1 January 2000	**47,069**	**23,591**	**142,225**	**212,885**
Charge for the year	**6,704**	**6,930**	**21,852**	**35,486**
On disposals	**-**	**(5,893)**	**-**	**(5,893)**
At 31 December 2000	**53,773**	**24,628**	**164,077**	**242,478**
Net book value				
At 31 December 2000	**35,700**	**20,789**	**65,555**	**122,044**
At 31 December 1999	30,685	7,829	87,407	125,921

9. Investments

	£
Cost	
Additions	**10,382**
At 31 December 2000	**10,382**
Net book value	
At 31 December 2000	**10,382**

10. Stocks

	2000 £	1999 £
Stock	**341,984**	315,813

11. Debtors

	2000 £	1999 £
Trade debtors	**198,858**	189,233
Other debtors	**25,158**	33,387
	224,016	222,620

12. Creditors: amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	-	170,907
Trade creditors	**149,851**	154,998
Other creditors	**173,866**	179,527
	323,717	505,432

13. Deferred taxation

	2000	1999
	£	£
The movement in the deferred taxation provision during the year was:		
Provision for year	**198**	-
Provision carried forward	**198**	-

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2000	1999
	£	£
Excess of taxation allowances over depreciation on fixed assets	**198**	-

14. Commitments under operating leases

At 31 December 2000 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2000	1999
	£	£
Operating leases which expire:		
After more than 5 years	**39,600**	39,600

15. Related party transactions

The company rents it's premises under an operating lease from the three directors who jointly own the land, at an annual charge of £39,600 (1999:£39,600), which was paid during the year. No amount was outstanding at the year end in respect of this rent (1999:nil). This transaction is under normal commercial terms and is subject to review each year.

16. Share capital

Authorised share capital:

	2000	1999
	£	£
1,500 Ordinary shares of £1.00 each	**1,500**	1,000
748,500 Preference shares of £1.00 each	**748,500**	748,500
	750,000	749,500

Allotted, called up and fully paid:

	2000		1999	
	No.	**£**	No.	£
Ordinary shares	**1,000**	**1,000**	1,000	1,000
Preference shares	**660,000**	**660,000**	660,000	660,000
	661,000	**661,000**	661,000	661,000

17. Profit and loss account

	2000	1999
	£	£
Balance brought forward	**1,176**	630,385
Retained profit for the financial year	**49,961**	31,701
Capitalisation of reserves	**-**	(660,910)
Balance carried forward	**51,137**	1,176