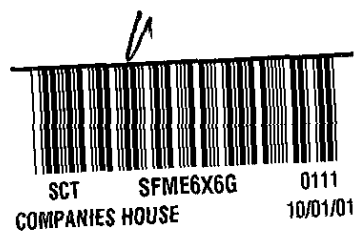


BEATSON'S BUILDING SUPPLIES LIMITED
FINANCIAL STATEMENTS
FOR
31 JULY 2000

Company Registration Number 44008



BEATSON'S BUILDING SUPPLIES LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31 JULY 2000

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 July 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was supplying building materials.

The director anticipates that increased turnover and profit will be sustained.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The director has not recommended a dividend.

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:

		Ordinary Shares of £1 each	
		At 31 July 2000	At 1 August 1999
J Marshall Jnr		315,000	315,000
D J Ryan	(Resigned 27 July 2000)	-	-

DIRECTOR'S 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 7, 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.

DONATIONS

During the year the company made the following contributions:

	2000	1999
	£	£
Charitable	1,164	496

BEATSON'S BUILDING SUPPLIES LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 JULY 2000

Signed by order of the director

A handwritten signature in black ink, appearing to read 'J Hunter', with a small horizontal line at the end.

J Hunter
Company Secretary

Approved by the director on 15 November 2000

□ 4 Dumbarton Road, Clydebank G81 1TU
Tel: 0141 941 3232 Fax: 0141 951 1116
E mail: clyde@millerc.co.uk

□ 2 Colquhoun Street, Helensburgh G64 2AJ
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E mail: hel@millerc.co.uk

R M McGowan CA · W McKenna CA · G H Reid BAcc CA · G W Whitelaw CA

BEATSON'S BUILDING SUPPLIES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDER

YEAR ENDED 31 JULY 2000

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention as modified by the revaluation of investment properties and the accounting policies set out on page 7.

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.

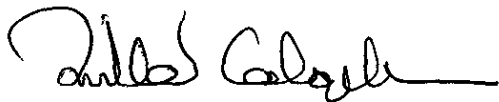
BASIS OF OPINION

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 July 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.



MILLER COLQUHOUN
Chartered Accountants
& Registered Auditors

4 Dumbarton Road
Clydebank
G81 1TU

22 November 2000



BEATSON'S BUILDING SUPPLIES LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 JULY 2000**

	Note	2000 £	1999 £
TURNOVER	2	7,534,955	5,188,060
Cost of sales		(5,515,706)	(3,851,277)
GROSS PROFIT		<u>2,019,249</u>	<u>1,336,783</u>
Administrative expenses		(1,778,835)	(1,336,126)
Other operating income	3	15,632	11,240
OPERATING PROFIT	4	<u>256,046</u>	<u>11,897</u>
Interest receivable		1,423	20,780
Interest payable	7	(4,008)	(3,397)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>253,461</u>	<u>29,280</u>
Tax on profit on ordinary activities	8	(40,952)	4,399
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>212,509</u>	<u>33,679</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 7 to 12 form part of these financial statements.

BEATSON'S BUILDING SUPPLIES LIMITED**BALANCE SHEET AT 31 JULY 2000**

	Note	£	2000 £	1999 £
FIXED ASSETS				
Tangible assets	9		1,546,403	<u>1,451,141</u>
CURRENT ASSETS				
Stocks	10	806,889		626,814
Debtors	11	1,425,414		1,332,420
Cash in hand		633		291
		<u>2,232,936</u>		<u>1,959,525</u>
CREDITORS: Amounts falling due within one year	12	<u>(2,219,656)</u>		<u>(2,063,492)</u>
NET CURRENT ASSETS/(LIABILITIES)			13,280	<u>(103,967)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,559,683</u>	<u>1,347,174</u>
CAPITAL AND RESERVES				
Called-up equity share capital	14		315,000	315,000
Other reserves	15		35,889	35,889
Profit and Loss Account	16		1,208,794	996,285
SHAREHOLDER'S FUNDS	17		<u>1,559,683</u>	<u>1,347,174</u>

These financial statements were approved and signed by the director on 15 November 2000


J Marshall Jnr

BEATSON'S BUILDING SUPPLIES LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 JULY 2000**

	Note	£	2000 £	1999 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	18		168,166	(234,632)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		1,423		20,780
Interest paid		(4,008)		(3,397)
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(2,585)	17,383
TAXATION			3,546	(3,546)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets		(248,504)		(1,090,839)
Receipts from sale of fixed assets		7,300		5,532
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(241,204)	(1,085,307)
DECREASE IN CASH	19		<u>(72,077)</u>	<u>(1,306,102)</u>

The notes on pages 7 to 12 form part of these financial statements.

BEATSON'S BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of investment properties, and in accordance with applicable accounting standards.

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:

Heritable land and buildings	
Investment properties	- nil
Others	- 2% straight line
Plant and machinery	- 15% straight line
Furniture and fittings	- 15% straight line
Motor vehicles	- 20% straight line

Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with Statement of Standard Accounting Practice 19 which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

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

Rents receivable from and rentals payable under operating leases are recognised 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.

BEATSON'S BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2000

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	£	1999 £
United Kingdom	<u>7,534,955</u>	<u>5,188,060</u>

3. OTHER OPERATING INCOME

	£	1999 £
Rent receivable	11,922	7,240
Profit on disposal of fixed assets	<u>3,710</u>	<u>4,000</u>
	<u>15,632</u>	<u>11,240</u>

The rents receivable are in respect of rents receivable under operating leases.

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	£	1999 £
Depreciation	149,652	104,374
Profit on disposal of fixed assets	(3,710)	(4,000)
Auditors' remuneration		
- as auditors	<u>6,125</u>	<u>5,000</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	No.	1999 No.
Number of production staff	35	24
Number of administrative staff	<u>21</u>	<u>17</u>
	<u>56</u>	<u>41</u>

The aggregate payroll costs of the above were:

	£	1999 £
Wages and salaries	934,482	667,023
Social security costs	104,500	60,573
Staff pension contributions	25,975	21,286
Other pension costs	<u>39,929</u>	<u>66,784</u>
	<u>1,104,886</u>	<u>815,666</u>

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2000****6. DIRECTOR'S EMOLUMENTS**

The director's aggregate emoluments in respect of qualifying services were:

	£	1999 £
Emoluments receivable	185,907	133,765
Value of company pension contributions to money purchase schemes	39,929	66,784
	<u>225,836</u>	<u>200,549</u>

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

	No.	1999 No.
Money purchase schemes	<u>1</u>	<u>1</u>

7. INTEREST PAYABLE

	£	1999 £
Interest payable on bank borrowing	<u>4,008</u>	<u>3,397</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	£	1999 £
Corporation Tax based on the results for the year at 20% (1999 - 21%)	<u>40,952</u>	<u>(4,399)</u>

9. TANGIBLE FIXED ASSETS

	Heritable property £	Plant & machinery £	Furniture & fittings £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 August 1999	1,005,551	235,551	135,877	384,261	1,761,240
Additions	25,195	37,785	28,859	156,665	248,504
Disposals	-	(15,919)	-	(5,335)	(21,254)
At 31 July 2000	<u>1,030,746</u>	<u>257,417</u>	<u>164,736</u>	<u>535,591</u>	<u>1,988,490</u>
DEPRECIATION					
At 1 August 1999	55,470	71,273	30,475	152,881	310,099
Charge for the year	23,382	32,627	19,838	73,805	149,652
On disposals	-	(14,129)	-	(3,535)	(17,664)
At 31 July 2000	<u>78,852</u>	<u>89,771</u>	<u>50,313</u>	<u>223,151</u>	<u>442,087</u>
NET BOOK VALUE					
At 31 July 2000	<u>951,894</u>	<u>167,646</u>	<u>114,423</u>	<u>312,440</u>	<u>1,546,403</u>
At 31 July 1999	<u>950,081</u>	<u>164,278</u>	<u>105,402</u>	<u>231,380</u>	<u>1,451,141</u>

Included in heritable property is £86,200 (1999 £86,200) relating to investment properties from which the company receives operating lease rentals. These properties were revalued at 31 July 2000 by the director and are included in the financial statements at values which represent his opinion of the open market value, with the surplus being credited to the investment property revaluation reserve.

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2000****10. STOCKS**

	£	1999 £
Finished goods and goods for resale	806,889	626,814

11. DEBTORS

	£	1999 £
Trade debtors	1,394,448	1,307,404
Corporation tax recoverable	-	3,546
Other debtors	27,929	21,258
Prepayments and accrued income	3,037	212
	<u>1,425,414</u>	<u>1,332,420</u>

12. CREDITORS: Amounts falling due within one year

	£	1999 £
Bank loans and overdrafts	729,946	657,527
Trade creditors	864,963	914,626
Director's loan account	230,885	273,007
Corporation Tax	40,952	-
PAYE and social security	98,966	35,052
VAT	34,934	41,368
Accruals and deferred income	219,010	141,912
	<u>2,219,656</u>	<u>2,063,492</u>

13. DEFERRED TAXATION

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows:

	£	1999 £
Excess of taxation allowances over depreciation on fixed assets	33,937	24,117

14. SHARE CAPITAL**Authorised share capital:**

	£	1999 £
1,000,000 Ordinary shares of £1.00 each	1,000,000	1,000,000

Allotted, called up and fully paid:

	£	1999 £
Ordinary share capital	315,000	315,000

15. OTHER RESERVES

	£	1999 £
Investment property revaluation reserve	35,889	35,889

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2000****16. PROFIT AND LOSS ACCOUNT**

	£	1999 £
Balance brought forward	996,285	962,606
Retained profit for the financial year	212,509	33,679
Balance carried forward	<u>1,208,794</u>	<u>996,285</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	£	1999 £
Profit for the financial year	212,509	33,679
Opening shareholder's equity funds	1,347,174	1,313,495
Closing shareholder's equity funds	<u>1,559,683</u>	<u>1,347,174</u>

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	£	1999 £
Operating profit	256,046	11,897
Depreciation	149,652	104,374
Profit on disposal of fixed assets	(3,710)	(4,000)
Increase in stocks	(180,075)	(273,817)
Increase in debtors	(96,540)	(729,610)
Increase in creditors	42,793	656,524
Net cash inflow/(outflow) from operating activities	<u>168,166</u>	<u>(234,632)</u>

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£	1999 £
Decrease in cash in the period	(72,077)	(1,306,102)
Movement in net debt in the period	(72,077)	(1,306,102)
Net debt at 1 August 1999	(657,236)	648,866
Net debt at 31 July 2000	<u>(729,313)</u>	<u>(657,236)</u>

20. ANALYSIS OF CHANGES IN NET DEBT

	At 1 August 1999 £	Cash flows £	At 31 July 2000 £
Net cash:			
Cash in hand and at bank	291	342	633
Overdrafts	(657,527)	(72,419)	(729,946)
Net debt	<u>(657,236)</u>	<u>(72,077)</u>	<u>(729,313)</u>

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2000****21. RELATED PARTY DISCLOSURES**

J Marshall Jnr, who is a director of the company, is the beneficial owner of 100% of the issued share capital of the company. Included in creditors is £230,885 advanced by him to the company (1999 £273,007). The amount due carried no interest charge and there are no fixed repayment terms.

Beatson's Building Supplies Limited trades on a regular basis with Marshall Construction Limited a company which is under the control of R Marshall, the brother of J Marshall Jnr. Included in turnover is £667,029 (1999 £627,588) of goods sold to Marshall Construction Limited and included in trade debtors is £118,243 owing from that company (1999 £102,250). During the year £105,136 (1999 £116,844) of goods were purchased from Marshall Construction Limited and included in trade creditors is £33,800 (1999 £12,064) owing to that company in respect of those goods.