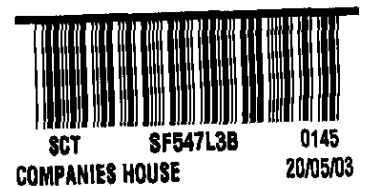


BEATSON'S BUILDING SUPPLIES LIMITED
FINANCIAL STATEMENTS
FOR
31 JULY 2002

Company Registration Number 44008



BEATSON'S BUILDING SUPPLIES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 JULY 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 July 2002.

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 directors have 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 2002	At 1 August 2001
J Marshall Jnr	315,000	315,000
S Marshall	—	—

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 pages 8 to 9, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; 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 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:

	£	2001 £
Charitable	5,185	2,415

BEATSON'S BUILDING SUPPLIES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JULY 2002

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'J Hunter', written in a cursive style.

J Hunter
Company Secretary

Approved by the directors on 30 April 2003



Miller Colquhoun

chartered accountants

E-mail: clyde@millerc.co.uk Facsimile: 0141 951 1116 Telephone: 0141 941 3232 4 Dumbarton Road
Clydebank G81 1TU

BEATSON'S BUILDING SUPPLIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER YEAR ENDED 31 JULY 2002

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholder, 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 shareholder those matters we are required to state to them in an auditors' 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 1. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 2002 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

13 May 2003



BEATSON'S BUILDING SUPPLIES LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 JULY 2002**

	Note	£	2001 £
TURNOVER	2	8,815,318	8,135,839
Cost of sales		(6,234,438)	(5,795,281)
GROSS PROFIT		2,580,880	2,340,558
Administrative expenses		(2,203,776)	(2,082,473)
Other operating income	3	40,774	25,188
OPERATING PROFIT	4	417,878	283,273
Interest receivable		1,477	956
Interest payable	7	(5,580)	(9,784)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		413,775	274,445
Tax on profit on ordinary activities	8	(107,635)	(50,206)
RETAINED PROFIT FOR THE FINANCIAL YEAR		306,140	224,239

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

The notes on pages 8 to 15 form part of these financial statements.

BEATSON'S BUILDING SUPPLIES LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 31 JULY 2002**

	£	2001 £
Profit for the financial year attributable to the shareholder	306,140	224,239
Total recognised gains and losses relating to the year	<u>306,140</u>	<u>224,239</u>
Prior year adjustment (see note 9)	(64,866)	
Total gains and losses recognised since the last annual report	<u>241,274</u>	

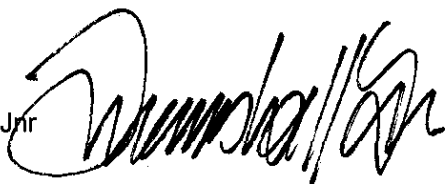
The notes on pages 8 to 15 form part of these financial statements.

BEATSON'S BUILDING SUPPLIES LIMITED**BALANCE SHEET AT 31 JULY 2002**

	Note	£	£	2001 £
FIXED ASSETS				
Tangible assets	10		1,762,979	<u>1,603,955</u>
CURRENT ASSETS				
Stocks	11	728,931		788,779
Debtors	12	1,810,909		1,597,165
Cash in hand		750		357
		<u>2,540,590</u>		<u>2,386,301</u>
CREDITORS: Amounts falling due within one year	13	<u>(2,156,415)</u>		<u>(2,206,334)</u>
NET CURRENT ASSETS			384,175	179,967
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,147,154</u>	<u>1,783,922</u>
CREDITORS: Amounts falling due after more than one year	14		(46,608)	—
			<u>2,100,546</u>	<u>1,783,922</u>
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation	16		(75,350)	—
			<u>2,025,196</u>	<u>1,783,922</u>
CAPITAL AND RESERVES				
Called-up equity share capital	17		315,000	315,000
Other reserves	18		35,889	35,889
Profit and Loss Account	19		1,674,307	1,433,033
SHAREHOLDER'S FUNDS	20		<u>2,025,196</u>	<u>1,783,922</u>

These financial statements were approved by the directors on the 30 April 2003 and are signed on their behalf by:

J Marshall Jnr



S Marshall



BEATSON'S BUILDING SUPPLIES LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 JULY 2002**

	Note	£	£	2001 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	21		443,102	464,058
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	22		(4,103)	(8,828)
TAXATION			(50,860)	(40,952)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets		(442,154)		(277,364)
Receipts from sale of fixed assets		63,362		55,218
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(378,792)	(222,146)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING			9,347	192,132
FINANCING				
New finance leases		59,500		
Capital element of finance leases		(992)		—
NET CASH INFLOW FROM FINANCING			58,508	—
INCREASE IN CASH	23		67,855	192,132

The notes on pages 8 to 15 form part of these financial statements.

BEATSON'S BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

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:

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.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

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.

BEATSON'S BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations.

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:

	£	2001 £
United Kingdom	<u>8,815,318</u>	<u>8,135,839</u>

3. OTHER OPERATING INCOME

	£	2001 £
Rent receivable	18,071	18,975
Commission receivable	22,703	6,213
	<u>40,774</u>	<u>25,188</u>

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

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	£	2001 £
Depreciation	212,036	181,784
Loss/(profit) on disposal of fixed assets	7,732	(17,190)
Auditors' remuneration		
- as auditors	<u>7,000</u>	<u>6,500</u>

5. PARTICULARS OF EMPLOYEES

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

	No	2001 No
Number of production staff	36	36
Number of administrative staff	24	24
	<u>60</u>	<u>60</u>

The aggregate payroll costs of the above were:

	£	2001 £
Wages and salaries	1,137,909	1,070,978
Social security costs	109,943	104,066
Staff pension contributions	19,897	19,880
Other pension costs	126,600	135,600
	<u>1,394,349</u>	<u>1,330,524</u>

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2002****6. DIRECTORS' EMOLUMENTS**

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

	£	2001 £
Emoluments receivable	221,668	183,063
Value of company pension contributions to money purchase schemes	126,600	135,600
	<u>348,268</u>	<u>318,663</u>

Emoluments of highest paid director:

	£	2001 £
Total emoluments (excluding pension contributions):	194,152	183,063
Value of company pension contributions to money purchase schemes	121,700	135,600
	<u>315,852</u>	<u>318,663</u>

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

	No	2001 No
Money purchase schemes	<u>2</u>	<u>2</u>

7. INTEREST PAYABLE

	£	2001 £
Interest payable on bank borrowing	5,328	9,784
Finance charges	252	—
	<u>5,580</u>	<u>9,784</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	£	2001 £
Current tax:		
<i>In respect of the year:</i>		
UK Corporation tax based on the results for the year at 30% (2001 - 30%)	97,151	50,206
Total current tax	<u>97,151</u>	<u>50,206</u>
Deferred tax:		
Increase in deferred tax provision	10,484	—
Tax on profit on ordinary activities	<u>107,635</u>	<u>50,206</u>

BEATSON'S BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

8. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2001 - 30%).

	£	2001 £
Profit on ordinary activities before taxation	413,775	274,445
Profit on ordinary activities multiplied by standard rate of corporation tax of 30%	124,133	82,334
Disallowable expenses	5,137	-
Timing differences	(4,446)	-
Marginal and small company relief	(28,029)	(32,128)
Other differences	(298)	-
Underprovision in prior year	654	-
Total current tax (note 8(a))	97,151	50,206

9. PRIOR YEAR ADJUSTMENT

The prior year adjustment is in respect of the implementation of Financial Reporting Standard No.19 in respect of deferred taxation.

10. TANGIBLE FIXED ASSETS

	Heritable property £	Plant & machinery £	Furniture & fittings £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 August 2001	1,041,244	281,951	172,910	623,477	2,119,582
Additions	65,063	218,464	14,416	144,211	442,154
Disposals	-	(21,649)	-	(119,016)	(140,665)
At 31 July 2002	1,106,307	478,766	187,326	648,672	2,421,071
DEPRECIATION					
At 1 August 2001	97,758	105,287	73,777	238,805	515,627
Charge for the year	20,417	51,534	24,559	115,526	212,036
On disposals	-	(3,650)	-	(65,921)	(69,571)
At 31 July 2002	118,175	153,171	98,336	288,410	658,092
NET BOOK VALUE					
At 31 July 2002	988,132	325,595	88,990	360,262	1,762,979
At 31 July 2001	943,486	176,664	99,133	384,672	1,603,955

Included in heritable property is £86,200 (2001 £86,200) relating to investment properties from which the company receives operating lease rentals. These properties were revalued at 31 July 2002 by the director and are included in the financial statements at values which represent their opinion of the open market value, with the surplus being credited to the investment property revaluation reserve.

Finance lease agreements

Included within the net book value of £1,762,979 is £59,500 (2001 - £Nil) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £Nil (2001 - £Nil).

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2002****11. STOCKS**

	£	2001 £
Finished goods and goods for resale	<u>728,931</u>	<u>788,779</u>

12. DEBTORS

	£	2001 £
Trade debtors	1,749,334	1,535,367
Other debtors	16,044	23,336
Prepayments and accrued income	45,531	38,462
	<u>1,810,909</u>	<u>1,597,165</u>

13. CREDITORS: Amounts falling due within one year

	£	2001 £
Bank loans and overdrafts	470,076	537,538
Trade creditors	1,087,335	1,017,194
Corporation tax	96,497	50,206
PAYE and social security	62,588	52,849
VAT	75,195	80,588
Finance lease agreements	11,900	—
Directors current accounts	134,983	231,784
Accruals and deferred income	217,841	236,175
	<u>2,156,415</u>	<u>2,206,334</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	£	2001 £
Obligations due under finance leases	<u>11,900</u>	<u>—</u>

14. CREDITORS: Amounts falling due after more than one year

	£	2001 £
Other creditors:		
Finance lease agreements	<u>46,608</u>	<u>—</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	£	2001 £
Obligations due under finance leases	<u>46,608</u>	<u>—</u>

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2002****15. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS**

Future commitments under finance lease agreements are as follows:

	£	2001 £
Amounts payable within 1 year	11,900	—
Amounts payable between 1 and 2 years	46,608	—
	<u>58,508</u>	<u>—</u>

16. DEFERRED TAXATION

	£	2001 £
The movement in the deferred taxation provision during the year was:		
Profit and Loss Account movement arising during the year	10,484	—
Prior year adjustment (note 9)	64,866	—
Provision carried forward	<u>75,350</u>	<u>—</u>

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

	£	2001 £
Excess of taxation allowances over depreciation on fixed assets	<u>75,350</u>	<u>—</u>

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

	£	2001 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	No	£	2001 No	£
Ordinary shares of £1 each	<u>315,000</u>	<u>315,000</u>	<u>315,000</u>	<u>315,000</u>

18. OTHER RESERVES

	£	2001 £
Investment property revaluation reserve	<u>35,889</u>	<u>35,889</u>

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2002****19. PROFIT AND LOSS ACCOUNT**

	£	2001 £
Original balance brought forward	1,433,033	1,208,794
Prior year adjustment (note 9)	(64,866)	—
Restated balance brought forward	1,368,167	1,208,794
Retained profit for the financial year	306,140	224,239
Balance carried forward	<u>1,674,307</u>	<u>1,433,033</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	£	£	2001 £
Profit for the financial year		306,140	224,239
Opening shareholder's equity funds	1,783,922		1,559,683
Prior year adjustment (see note 9)	<u>(64,866)</u>		—
		1,719,056	1,559,683
Closing shareholder's equity funds		<u>2,025,196</u>	<u>1,783,922</u>

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	£	2001 £
Operating profit	417,878	283,273
Depreciation	212,036	181,784
Loss/(Profit) on disposal of fixed assets	7,732	(17,190)
Decrease in stocks	59,848	18,110
Increase in debtors	(213,744)	(171,751)
(Decrease)/increase in creditors	<u>(40,648)</u>	<u>169,832</u>
Net cash inflow from operating activities	<u>443,102</u>	<u>464,058</u>

22. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	£	2001 £
Interest received	1,477	956
Interest paid	(5,328)	(9,784)
Interest element of finance leases	<u>(252)</u>	<u>—</u>
Net cash outflow from returns on investments and servicing of finance	<u>(4,103)</u>	<u>(8,828)</u>

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2002****23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	£	£	2001 £
Increase in cash in the period	67,855		192,132
Cash outflow in respect of finance leases	992		—
Change in net debt resulting from cash flows		68,847	192,132
New finance leases		(59,500)	—
Net debt at 1 August 2001		(537,181)	(729,313)
Net debt at 31 July 2002		<u>(527,834)</u>	<u>(537,181)</u>

24. ANALYSIS OF CHANGES IN NET DEBT

	At 1 August 2001 £	Cash flows £	Other changes £	At 31 July 2002 £
Net cash:				
Cash in hand and at bank	357	393	—	750
Overdrafts	(537,538)	67,462	—	(470,076)
	<u>(537,181)</u>	<u>67,855</u>	<u>—</u>	<u>(469,326)</u>
Debt:				
Finance lease agreements	—	992	(59,500)	(58,508)
Net debt	<u>(537,181)</u>	<u>68,847</u>	<u>(59,500)</u>	<u>(527,834)</u>

25. 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 £134,983 advanced by him to the company (2001 £231,784). The amount due carried no interest charge and there are no fixed repayment terms.

During the year J Marshall Jnr. purchased a vehicle from the company at a cost of £30,000.

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 £544,192 (2001 £429,910) of goods sold to Marshall Construction Limited and included in trade debtors is £33,499 owing from that company (2001 £90,224). During the year £93,685 (2001 £92,890) of goods were purchased from Marshall Construction Limited and included in trade creditors is £21,300 (2001 £26,359) owing to that company in respect of those goods.