

BEATSON'S BUILDING SUPPLIES LIMITED
FINANCIAL STATEMENTS
FOR
31 JULY 2003



BEATSON'S BUILDING SUPPLIES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 JULY 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 July 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was supplying building materials. The directors anticipate 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 2003	At 1 August 2002
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:

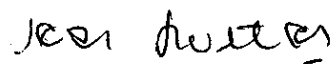
	£	2002 £
Charitable	3,819	5,185

BEATSON'S BUILDING SUPPLIES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JULY 2003

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'J Hunter', with a horizontal line underneath the name.

J Hunter
Company Secretary

Approved by the directors on 8 January 2004

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 2003

We have audited the financial statements on pages 4 to 16 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 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



MILLER COLQUHOUN
Chartered Accountants
& Registered Auditors

15 January 2004

BEATSON'S BUILDING SUPPLIES LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 JULY 2003**

	Note	£	2002 £
TURNOVER	2	10,812,122	8,815,318
Cost of sales		(7,607,087)	(6,234,438)
GROSS PROFIT		<u>3,205,035</u>	<u>2,580,880</u>
Administrative expenses		(2,732,758)	(2,203,776)
Other operating income	3	34,450	(40,774)
OPERATING PROFIT	4	<u>506,727</u>	<u>417,878</u>
Profit on disposal of fixed assets	7	110,000	—
		<u>616,727</u>	<u>417,878</u>
Interest receivable and similar income		42,047	1,477
Interest payable and similar charges	8	(44,085)	(5,580)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>614,689</u>	<u>413,775</u>
Tax on profit on ordinary activities	9	(157,117)	(107,635)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>457,572</u>	<u>306,140</u>
Dividends		-	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>457,572</u>	<u>306,140</u>

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

The notes on pages 8 to 16 form part of these financial statements.

BEATSON'S BUILDING SUPPLIES LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 31 JULY 2003**

	£	2002 £
Profit for the financial year attributable to the shareholder	457,572	306,140
Unrealised profit on revaluation of investment properties	58,800	—
Total recognised gains and losses relating to the year	<u>516,372</u>	<u>306,140</u>
Prior year adjustment (see note 10)	—	(64,866)
Total gains and losses recognised since the last annual report	<u>516,372</u>	<u>241,274</u>

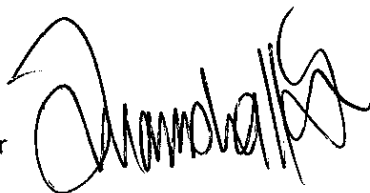
The notes on pages 8 to 16 form part of these financial statements.

BEATSON'S BUILDING SUPPLIES LIMITED**BALANCE SHEET AT 31 JULY 2003**

	Note	£	£	2002 £
FIXED ASSETS				
Tangible assets	11		1,883,998	<u>1,762,979</u>
CURRENT ASSETS				
Stocks	12	845,982		728,931
Debtors	13	2,176,066		1,810,909
Cash in hand		213		750
		<u>3,022,261</u>		<u>2,540,590</u>
CREDITORS: amounts falling due within one year	14	<u>(2,252,396)</u>		<u>(2,156,415)</u>
NET CURRENT ASSETS			769,865	384,175
TOTAL ASSETS LESS CURRENT LIABILITIES			2,653,863	2,147,154
CREDITORS: amounts falling due after more than one year	15		<u>(34,708)</u>	<u>(46,608)</u>
			2,619,155	2,100,546
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation	17		<u>(77,587)</u>	<u>(75,350)</u>
			<u>2,541,568</u>	<u>2,025,196</u>
CAPITAL AND RESERVES				
Called-up equity share capital	18	315,000		315,000
Other reserves	19	66,135		35,889
Profit and loss account	20	2,160,433		1,674,307
SHAREHOLDER'S FUNDS	21	<u>2,541,568</u>		<u>2,025,196</u>

These financial statements were approved by the directors on the 8 January 2004 and are signed on their behalf by:

J Marshall Jnr



S Marshall



The notes on pages 8 to 16 form part of these financial statements.

BEATSON'S BUILDING SUPPLIES LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 JULY 2003**

	Note	£	£	2002 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	22		553,352	443,102
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	23		(2,038)	(4,103)
TAXATION			(96,497)	(50,860)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets		(440,535)		(442,154)
Receipts from sale of investment property	7	150,000		-
Receipts from sale of other fixed assets		51,295		63,362
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(239,240)	(378,792)
CASH INFLOW BEFORE FINANCING			215,577	9,347
FINANCING				
New finance leases		-		59,500
Capital element of finance leases		(11,900)		(992)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING			(11,900)	58,508
INCREASE IN CASH	24		203,677	67,855

The notes on pages 8 to 16 form part of these financial statements.

BEATSON'S BUILDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2003

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:

Heritable land and buildings	
Investment properties	- nil
Others	- 2% straight line
Plant and machinery	- 15% straight line
Furniture and fittings	- 15% and 33% 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.

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2003****1. ACCOUNTING POLICIES (continued)****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

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:

	£	2002 £
United Kingdom	10,812,122	8,815,318

3. OTHER OPERATING INCOME

	£	2002 £
Rent receivable	14,283	18,071
Commission receivable	20,167	22,703
	<u>34,450</u>	<u>40,774</u>

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

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	£	2002 £
Depreciation of owned fixed assets	294,150	212,036
Depreciation of assets held under finance lease agreements	3,775	—
(Profit)/Loss on disposal of fixed assets	(10,904)	7,732
Auditors' remuneration		
- as auditors	<u>8,000</u>	<u>7,000</u>

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2003****5. PARTICULARS OF EMPLOYEES**

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

	No	2002 No
Number of production staff	48	36
Number of administrative staff	19	24
	<u>67</u>	<u>60</u>

The aggregate payroll costs of the above were:

	£	2002 £
Wages and salaries	1,382,997	1,137,909
Social security costs	126,673	109,943
Staff pension contributions	21,388	19,897
Other pension costs	91,800	126,600
	<u>1,622,858</u>	<u>1,394,349</u>

6. DIRECTORS' EMOLUMENTS

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

	£	2002 £
Emoluments receivable	220,438	221,668
Value of company pension contributions to money purchase schemes	91,800	126,600
	<u>312,238</u>	<u>348,268</u>

Emoluments of highest paid director:

	£	2002 £
Total emoluments (excluding pension contributions):	191,678	194,152
Value of company pension contributions to money purchase schemes	78,800	121,700
	<u>270,478</u>	<u>315,852</u>

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

	No	2002 No
Money purchase schemes	<u>2</u>	<u>2</u>

7. PROFIT ON DISPOSAL OF FIXED ASSETS

	£	2002 £
Disposal proceeds	150,000	—
Net book value	(40,000)	—
Profit on disposal of investment property	<u>110,000</u>	<u>—</u>

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2003****8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2002	
	£	£
Interest payable on bank borrowing	2,159	5,328
Finance charges	3,024	252
Other similar charges payable	38,902	—
	<u>44,085</u>	<u>5,580</u>

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

	2002	
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	154,880	97,151
Total current tax	<u>154,880</u>	<u>97,151</u>
Deferred tax:		
Increase in deferred tax provision	2,237	10,484
Tax on profit on ordinary activities	<u>157,117</u>	<u>107,635</u>

(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% (2002 - 30%).

	2002	
	£	£
Profit on ordinary activities before taxation	<u>614,689</u>	<u>413,775</u>
Profit on ordinary activities multiplied by standard rate of corporation tax of 30%	184,407	124,133
Disallowable expenses	5,625	5,137
Timing differences	3,749	(4,446)
Marginal and small company relief	(24,781)	(28,029)
Other differences	—	(298)
Under-provision in prior year	—	654
Notional tax on exceptional item	(33,000)	—
Tax on chargeable gains (exceptional item)	18,880	—
Total current tax (note 9(a))	<u>154,880</u>	<u>97,151</u>

10. PRIOR YEAR ADJUSTMENT

The prior year adjustment in 2002 was in respect of the implementation of Financial Reporting Standard No.19 in respect of deferred taxation.

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2003****11. TANGIBLE FIXED ASSETS**

	Heritable property £	Investment property £	Plant & machinery £	Furniture & fittings £	Motor vehicles £	Total £
COST						
At 1 Aug 2002	1,020,107	86,200	478,766	187,326	648,670	2,421,069
Additions	47,295	—	23,000	209,714	160,526	440,535
Disposals	—	(40,000)	(43,250)	—	(79,244)	(162,494)
Revaluation	—	58,800	—	—	—	58,800
At 31 Jul 2003	1,067,402	105,000	458,516	397,040	729,952	2,757,910
DEPRECIATION						
At 1 Aug 2002	118,175	—	153,170	98,336	288,409	658,090
Charge for the year	27,786	—	65,524	60,927	143,688	297,925
On disposals	—	—	(23,450)	—	(58,653)	(82,103)
At 31 Jul 2003	145,961	—	195,244	159,263	373,444	873,912
NET BOOK VALUE						
At 31 Jul 2003	921,441	105,000	263,272	237,777	356,508	1,883,998
At 31 Jul 2002	901,932	86,200	325,595	88,990	360,262	1,762,979

The investment properties were revalued at 31 July 2003 by the directors 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. If the properties were sold at these values a tax charge of approximately £15,000 would arise. The historical cost of the investment property is £35,498 (2002 £57,798).

Finance lease agreements

Included within the net book value of £1,883,998 is £55,725 (2002 - £59,500) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £3,775 (2002 - £Nil).

12. STOCKS

	£	2002 £
Finished goods and goods for resale	845,982	728,931

13. DEBTORS

	£	2002 £
Trade debtors	2,122,650	1,749,334
Other debtors	11,736	16,044
Prepayments and accrued income	41,680	45,531
	2,176,066	1,810,909

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2003****14. CREDITORS: amounts falling due within one year**

	£	2002 £
Bank loans and overdrafts	265,862	470,076
Trade creditors	1,531,947	1,087,335
Corporation tax	154,880	96,497
PAYE and social security	142,470	62,588
VAT	65,888	75,195
Finance lease agreements	11,900	11,900
Directors current accounts	32,682	134,983
Accruals and deferred income	46,767	217,841
	<u>2,252,396</u>	<u>2,156,415</u>

The following liabilities disclosed under creditors falling due within one year are secured over the assets to which the contracts relate:

	£	2002 £
Obligations due under finance lease agreements	<u>11,900</u>	<u>11,900</u>

15. CREDITORS: amounts falling due after more than one year

	£	2002 £
Finance lease agreements	<u>34,708</u>	<u>46,608</u>

The following liabilities disclosed under creditors falling due within one year are secured over the assets to which the contracts relate:

	£	2002 £
Obligations due under finance lease agreements	<u>34,708</u>	<u>46,608</u>

16. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	£	2002 £
Amounts payable within 1 year	11,900	11,900
Amounts payable between 1 and 2 years	34,708	46,608
	<u>46,608</u>	<u>58,508</u>

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2003****17. DEFERRED TAXATION**

	£	2002 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	75,350	—
Prior year adjustment (note 10)	—	64,866
Profit and loss account movement arising during the year	2,237	10,484
Provision carried forward	<u>77,587</u>	<u>75,350</u>

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

	£	2002 £
Excess of taxation allowances over depreciation on fixed assets	77,587	75,350
	<u>77,587</u>	<u>75,350</u>

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

	£	2002 £
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	£	2002 No	£
Ordinary shares of £1 each	<u>315,000</u>	<u>315,000</u>	<u>315,000</u>	<u>315,000</u>

19. OTHER RESERVES**Investment property revaluation reserve**

	£	2002 £
Balance brought forward	35,889	35,889
Transfer to the profit and loss account	(28,554)	—
Revaluation of investment property	58,800	—
	<u>66,135</u>	<u>35,889</u>

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2003****20. PROFIT AND LOSS ACCOUNT**

	£	2002 £
Original balance brought forward	1,674,307	1,433,033
Prior year adjustment (note 10)	—	(64,866)
Restated balance brought forward	1,674,307	1,368,167
Retained profit for the financial year	457,572	306,140
Transfer from revaluation reserve	28,554	—
Balance carried forward	<u>2,160,433</u>	<u>1,674,307</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	£	2002 £
Profit for the financial year	457,572	306,140
Revaluation of investment property	58,800	—
Net addition to funds	516,372	306,140
Opening shareholder's equity funds	2,025,196	1,783,922
Prior year adjustment (see note 10)	—	(64,866)
	<u>2,025,196</u>	<u>1,719,056</u>
Closing shareholder's equity funds	<u>2,541,568</u>	<u>2,025,196</u>

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

	£	2002 £
Operating profit	506,727	417,878
Depreciation	297,925	212,036
(Profit)/Loss on disposal of fixed assets	(10,904)	7,732
(Increase)/decrease in stocks	(117,051)	59,848
Increase in debtors	(365,157)	(213,744)
Increase/(decrease) in creditors	241,812	(40,648)
Net cash inflow from operating activities	<u>553,352</u>	<u>443,102</u>

23. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	£	2002 £
Interest received	42,047	1,477
Interest paid	(41,061)	(5,328)
Interest element of finance leases	(3,024)	(252)
Net cash outflow from returns on investments and servicing of finance	<u>(2,038)</u>	<u>(4,103)</u>

BEATSON'S BUILDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JULY 2003****24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	£	£	2002 £
Increase in cash in the period	203,677		67,855
Cash outflow in respect of finance leases	<u>11,900</u>		<u>992</u>
Change in net debt resulting from cash flows		215,577	68,847
New finance leases		-	(59,500)
Net debt at 1 August 2002		(527,834)	(537,181)
Net debt at 31 July 2003		<u>(312,257)</u>	<u>(527,834)</u>

25. ANALYSIS OF CHANGES IN NET DEBT

	At 1 August 2002 £	Cash flows £	At 31 July 2003 £
Net cash:			
Cash in hand and at bank	750	(537)	213
Overdrafts	<u>(470,076)</u>	<u>204,214</u>	<u>(265,862)</u>
	<u>(469,326)</u>	<u>203,677</u>	<u>(265,649)</u>
Debt:			
Finance lease agreements	<u>(58,508)</u>	<u>11,900</u>	<u>(46,608)</u>
Net debt	<u>(527,834)</u>	<u>215,577</u>	<u>(312,257)</u>

26. 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 £32,682 (2002 £134,983) advanced by him to the company. 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 Warehousing Limited, a company which is under the control equally of one of the directors, J Marshall Jnr, his brother, Robert Marshall and his sister Jean Hunter. Included in turnover is £502 (2002 £1,098) of goods sold to Marshall Warehousing Limited and included in trade debtors is £219 (2002 £107) due from that company.

At the balance sheet date the company owed J Marshall Snr., the father of J Marshall Jnr, £2,399 (2002 £2,186)